

EXHIBIT A

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT
by and among
THE DENTISTS INSURANCE COMPANY
and
TDIC INSURANCE SOLUTIONS,
as Purchasers,
and
MODA, INC.
and
MODA HEALTH PLAN, INC.,
as Sellers

Dated as of June 10, 2016

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STOCK PURCHASE AGREEMENT

This **STOCK PURCHASE AGREEMENT**, dated as of June 10, 2016, is made by and among The Dentists Insurance Company, an insurance company domiciled in the State of California ("**TDIC**"), TDIC Insurance Solutions, a California corporation ("**TDIC IS**" and together with TDIC, each a "**Purchaser**" and together the "**Purchasers**"), and Moda, Inc., an Oregon corporation ("**Moda**"), and Moda Health Plan, Inc., an Oregon corporation (together with Moda, each a "**Seller**" and together the "**Sellers**").

RECITALS

WHEREAS, (i) Moda Health Plan, Inc. is the sole record and beneficial owner of all of the outstanding common stock (the "**DBIC Shares**") of Dentists Benefits Insurance Company, an insurance company domiciled in the State of Oregon ("**DBIC**"), and (ii) Moda is (a) the sole record and beneficial owner of all of the outstanding common stock (the "**DBC Shares**") of Dentists Benefits Corporation, an Oregon corporation ("**DBC**") and (b) the record and beneficial owner of 75% of the outstanding common stock (the "**NORDIC Shares**" and together with the DBIC Shares and the DBC Shares, collectively, the "**Shares**") of Northwest Dentists Insurance Company, an insurance company domiciled in the State of Washington ("**NORDIC**" and together with DBIC and DBC, each a "**Company**" and together, the "**Companies**");

WHEREAS, the Shares represent (i) all of the outstanding capital stock of each of DBIC and DBC and (ii) 75% of the outstanding capital stock of NORDIC;

WHEREAS, the Companies are duly licensed and authorized to engage in insurance business in the states set forth in the Seller Disclosure Schedule (the "**Business**"); and

WHEREAS, Sellers wish to sell, and Purchasers wish to purchase, the Shares on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sellers and Purchasers agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions.

(a) As used in this Agreement, the following terms shall have the following meanings:

"**Action**" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"**Affiliate**" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the Person specified. The term "control" (including the terms "controlling," "controlled by" and "under common control with") means possession, direct or indirect, of the power to direct or cause the direction of the

management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” means this Stock Purchase Agreement, together with the Exhibits attached hereto and the Seller Disclosure Schedule.

“Applicable Insurance Code(s)” means the insurance Laws to which any of the Companies are subject, including the insurance Laws of the State of Oregon and of the State of Washington, as applicable, and, in all cases, includes the rules, regulations, bulletins and published interpretations promulgated under any of the foregoing.

“Applicable Regulator(s)” means the insurance regulatory agencies by which any of the Companies are subject to supervision, including the State of Idaho Department of Insurance, the State of Oregon Department of Consumer and Business Services, Division of Financial Regulation, the State of Montana Insurance Department and The Office of the Insurance Commissioner of the State of Washington.

“Business Day” means any day other than a day on which commercial banks located in Sacramento, California are authorized or required to be closed for the conduct of regular banking business.

“Business Material Adverse Effect” means any event, circumstance, occurrence, fact, change, development, condition, or effect that, either individually or in the aggregate, has had or could reasonably be expected to have a material adverse effect on (a) the business, results of operations, financial condition, assets or other aspects of the business of the Companies, or (b) the ability of Sellers to consummate the transactions contemplated hereby on a timely basis. For purposes hereof, (i) a Business Material Adverse Effect shall include an actual or reasonably expected adverse effect on (x) the combined Statutory Surplus Amount of DBIC and NORDIC of greater than \$850,000 and (y) the Professional Liability policy count for DBIC and NORDIC, as determined as of the date hereof, of greater than 6%, and (ii) the interpretation of the foregoing definition of Business Material Adverse Effect shall be determined by reference and analogy to such quantitative objective criteria.

“Closing” means the closing of the sale and purchase of the Shares as contemplated by this Agreement.

“Closing Date Payment” means the Purchase Price, minus the Escrow Amounts minus the Transaction Expenses minus the Sweep Account Payable.

“Code” means the Internal Revenue Code of 1986, as amended.

“Company Intellectual Property” means all Intellectual Property that is owned or held for use by any of the Companies.

“Company IP Agreements” means all licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, permissions and other Contracts (including any right to receive or obligation to pay royalties or any other consideration), whether written or oral, relating to Intellectual Property to which any of the Companies a party, beneficiary or otherwise bound.

“Company IP Registrations” means all Company Intellectual Property that is subject to any issuance registration, application or other filing by, to or with any Governmental Authority or

authorized private registrar in any jurisdiction, including registered trademarks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing.

“Contracts” means all agreements, contracts, commitments and undertakings, indentures, notes, bonds, loans, instruments, leases, mortgages or arrangements that are legally binding.

“Copyrights” means all rights (whether or not registered) to original works of authorship including all derivative works thereof and the underlying copyright registrations and applications for registration thereof, and all other rights provided by international treaties or conventions.

“DBC Lease” means a new sublease or lease between DBC and Sublessor, on terms reasonably satisfactory to Purchaser Representative, effective immediately after the Closing.

“DBC Net Book Value” means the excess of total assets over total liabilities of DBC as shown on the Closing Date Balance Sheet, prepared in accordance with GAAP applied on a basis consistent with the classifications, judgments and valuation and estimation methodologies used in the preparation of the Financial Statements.

“DBIC Retention Adjustment Factor” means \$7,445.

“DBIC Retention Shortfall” shall be equal to the difference between (i) 1757 (representing 94% of the Professional Liability policy count for DBIC as of May 31, 2016) and (ii) the number of Professional Liability policies in place at DBIC as of May 31, 2017. If the amount calculated in clause (ii) above exceeds the amount calculated in clause (i) above, then the DBIC Retention Shortfall shall be deemed to be zero.

“Encumbrances” means any and all liens, charges, security interests, mortgages, pledges, community property interest, condition, equitable interest, option, easement, encroachment, right of way, right of first refusal or other encumbrances.

“Environmental Claim” means any Action, Governmental Order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release of, or exposure to, any Hazardous Materials; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

“Environmental Law” means any applicable Law, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term “Environmental Law” includes, without limitation, the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, the Federal Water Pollution Control Act of 1972, as amended by the Clean Water

Act of 1977, the Toxic Substances Control Act of 1976, as amended, the Emergency Planning and Community Right-to-Know Act of 1986, the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, and the Occupational Safety and Health Act of 1970, as amended.

“Environmental Notice” means any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any Environmental Law or any term or condition of any Environmental Permit.

“Environmental Permit” means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” means any Person required at any particular time to be aggregated with the Companies under Sections 414(b), (c), (m) or (o) of the Code or Section 4001 of ERISA.

“Escrow Agent” means U.S. Bank National Association, a national banking association.

“Escrow Agreement” means that certain Escrow Agreement by and among Purchaser Representative, Seller Representative and the Escrow Agent, to be dated as of the Closing Date and otherwise in form and substance reasonably satisfactory to Seller Representative and Purchaser Representative.

“Escrow Amounts” means the sum of the Special Escrow Amount and plus the Standard Escrow Amount.

“GAAP” means United States generally accepted accounting principles.

“General Release and Discharge” means a general release and discharge, substantially in the form attached hereto as Exhibit A.

“Governmental Authority” means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of law), or any arbitrator, court or tribunal of competent jurisdiction.

“Governmental Order” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

“Hazardous Materials” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls.

“Indebtedness” means, without duplication and with respect to any Company, all (a) indebtedness for borrowed money; (b) obligations for the deferred purchase price of property or

services, (c) long or short-term obligations evidenced by notes, bonds, debentures or other similar instruments; (d) obligations under any interest rate, currency swap or other hedging agreement or arrangement; (e) capital lease obligations; (f) reimbursement obligations under any letter of credit, banker's acceptance or similar credit transactions; (g) guarantees made by any Company on behalf of any third party in respect of obligations of the kind referred to in the foregoing clauses (a) through (f); and (h) any unpaid interest, prepayment penalties, premiums, costs and fees that would arise or become due as a result of the prepayment of any of the obligations referred to in the foregoing clauses (a) through (g).

“Indemnified Party” means either the Purchaser Indemnified Party or the Seller Indemnified Party, as the case may be, claiming indemnification under any provision of **Article VII**.

“Indemnifying Party” means any Person against whom a claim for indemnification is being asserted under any provision of **Article VII**.

“Independent Accountant” means an impartial nationally recognized firm of independent certified public accountants appointed by mutual agreement of Purchaser Representative and Seller Representative hereunder.

“Insurance Company” means each of (i) Dentists Benefits Insurance Company, an insurance company domiciled in the State of Oregon, (ii) Northwest Dentists Insurance Company, an insurance company domiciled in the State of Washington, and (iii) any other Company not included in the foregoing list to the extent such entity is required under the Laws of any jurisdiction to be licensed as an insurance company.

“Intellectual Property” means Patents, Copyrights, Trademarks, Technology and Internet Property, and other proprietary rights relating to any of the foregoing (including associated goodwill and remedies against infringements thereof and rights of protection of an interest therein under the laws of all jurisdictions), and copies and tangible embodiments thereof.

“Internet Property” means URLs, domain names, Internet web sites and the content thereof.

“Knowledge” means the actual knowledge, after due inquiry, of Robert Gootee, Dave Evans, Tom Bikales, Chris Verbiest, Mary Lou True, Sue Hansen and Diane Abbondola.

“Law” means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, writ, injunction, decree, other requirement or rule of law of any Governmental Authority.

“Losses” means any and all actual losses, damages, fines, fees, penalties, deficiencies, liabilities, claims, demands, judgments, settlements, interest, awards, and costs and expenses of whatever kind, including reasonable attorneys' fees and disbursements and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

“Minimum DBC Net Book Value” means \$400,000.

“Minimum Statutory Surplus Amount” means \$23,882,329.

“NORDIC Retention Adjustment Factor” means \$5,403.

“NORDIC Retention Shortfall” shall be equal to the difference between (i) 2672 (representing 94% of the Professional Liability policy count for NORDIC as of May 31, 2016) and (ii) the number of Professional Liability policies in place at NORDIC as of May 31, 2017. If the amount calculated in clause (ii) above exceeds the amount calculated in clause (i) above, then the NORDIC Retention Shortfall shall be deemed to be zero.

“Patents” means all rights to United States, and foreign patent registrations, applications for inventions, including reissue, division, continuations, continuations in part, extensions and reexaminations thereof and any other Governmental Authority-issued indicia of invention ownership (including inventor’s certificates, petty patents and patent utility models) and all rights therein provided by international treaties or conventions, and all improvements thereto.

“Permit” means any permit, license, franchise, approval, consent, registration, clearance, variance, exemption, order, certificate, authorization and similar rights obtained, or required to be obtained, by or from any Governmental Authority.

“Permitted Encumbrances” means (i) Encumbrances for Taxes or other governmental charges not yet due and payable; (ii) mechanics’, carriers’, warehousemen’s, workers’ and other similar liens arising or incurred in the ordinary course of business consistent with past practice; (iii) easements, rights of way, building, zoning and other similar encumbrances affecting real property of the Companies; and (iv) other than with respect to real property, liens arising under original purchase price conditional sales contracts and equipment leases with third parties in the ordinary course of business consistent with past practice which are not, individually or in the aggregate, material to the business of the Companies.

“Person” means any natural person, corporation, general partnership, limited partnership, limited or unlimited liability company, proprietorship, trust, joint venture, other business entity or Governmental Authority.

“Plan” means any bonus, incentive compensation, deferred compensation, pension, profit-sharing, retirement, stock purchase, stock option, stock ownership, stock appreciation rights, phantom stock, equity (or equity-based), leave of absence, layoff, vacation, day or dependent care, legal services, education, Code section 125 cafeteria, life, health, medical, dental, vision, welfare, accident, disability, workmen’s compensation or other insurance, severance, separation, termination, change of control, collective bargaining or other benefit plan, agreement, practice, policy or arrangement of any kind, whether written or oral, and whether or not subject to ERISA, including any “employee benefit plan” within the meaning of Section 3(3) of ERISA.

“Post-Closing Adjustment” shall be the adjustments in favor of Purchaser or Seller, as the case may be, based on the Post-Closing Net Book Value Adjustment and the Post-Closing Statutory Surplus Adjustment.

“Post-Closing Net Book Value Adjustment” means a Purchaser Post-Closing Net Book Value Adjustment or a Seller Post-Closing Net Book Value Adjustment, as the case may be.

“Post-Closing Statutory Surplus Adjustment” means a Purchaser Post-Closing Surplus Adjustment or a Seller Post-Closing Surplus Adjustment, as the case may be.

“Purchaser Material Adverse Effect” means a material adverse effect on the enforceability of Purchasers’ obligations under this Agreement or the Transaction Documents or Purchaser’s ability to perform its obligations under this Agreement or the Transaction Documents in a

timely manner or to consummate the transactions contemplated by this Agreement or the Transaction Documents without material delay.

“Real Property” means the real property owned, leased or subleased by any of the Companies, together with all buildings, structures and facilities located thereon.

“Reinsurance Contracts” means all Contracts, treaties, facultative certificates, policies or other arrangements, to which any of the Companies is a party or by which any of the Companies is bound or subject, providing for ceding or assumption of reinsurance or retrocession, including, without limitation, all reinsurance policies, and retrocession agreements, in each case as such Contract, treaty, facultative certificate, policy or other arrangement may have been amended, modified or supplemented irrespective of how such arrangement is accounted for.

“Release” means any actual release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

“Representative” means, with respect to any Person, any and all directors, officers, managers, employees, consultants, financial advisors, counsel, accountants and other authorized agents or representatives of such Person.

“Restricted Area” means all (i) States where Sellers, the Companies, or Purchaser are licensed as of the date hereof, and (ii) all States contiguous with such foregoing States.

“Restricted Business” means the development, marketing, underwriting, issuance, sale, administration, renewal or servicing of the type of insurance policies that constitute a part of the Business as of the Closing Date.

“Retention Purchase Price Adjustment” means an amount equal to the sum of (i) the product of the DBIC Retention Adjustment Factor and the DBIC Retention Shortfall and (ii) the product of the NORDIC Retention Adjustment Factor and the NORDIC Retention Shortfall, as adjusted pursuant Section 2.8(c).

“Special Escrow Amount” means Five Hundred Thousand Dollars and no/100 (\$500,000). The Special Escrow Amount shall serve solely as security, and a source of payment, for amounts payable to Purchasers pursuant to Section 7.2(e), if any.

“Standard Escrow Amount” means Three Million Four Hundred Thousand Dollars and no/100 (\$3,400,000). The Standard Escrow Amount shall serve as security, and a source of payment, for amounts payable to Purchasers hereunder, if any.

“Statutory Accounting Principles” means the statutory accounting practices set forth in the National Association of Insurance Commissioners’ Accounting Practices and Procedures Manual.

“Statutory Surplus Amount” means the excess of net admitted assets over total liabilities, of the Insurance Companies as calculated in accordance with the methodology used in reporting in Line 37 of the liabilities and surplus page of the Annual and Quarterly statements filed with the Applicable Regulators by each of the Insurance Companies.

“Stop Loss Policy” means that certain Stop Loss Policy issued by DBIC to Clark Public Utilities (aka Clark PUD), a public utility agency in Clark County, Washington, Policy No. 10000178-SL-WA, effective January 1, 2012, together with any amendments, renewals or modifications thereto.

“Sublessor” means ODS Plaza, Inc.

“Subsidiary” means, with respect to any Person, any other Person (i) of which the first Person owns directly or indirectly more than 50% of the equity interest in the other Person; (ii) of which the first Person or any other Subsidiary of the first Person is a general partner; or (iii) of which securities or other ownership interests having ordinary voting power (without regard to the occurrence of any contingency) to elect a majority of the board of directors or other persons performing similar functions with respect to the other Person are at the time owned by the first Person and/or one or more of the first Person’s Subsidiaries.

“Sweep Account Payable” that certain intercompany payable by DBC in favor Moda, which is estimated to be \$450,000 as of the Closing Date, with respect to the eDIMS system.

“Tax” or “Taxes” shall mean any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs duties, capital stock, franchise, profits, withholding, payroll, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

“Tax Authority” shall mean the Internal Revenue Service and any other domestic or foreign Governmental Authority responsible for the administration of any Taxes.

“Tax Return” means any return, declaration, report, claim for refund or information return or statement required to be filed with respect to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Technology” means all ideas, discoveries, concepts, inventions (whether patentable or not), coded values, formats, data, historical or current databases, software and firmware, including data files, source code, object code, application programming interfaces, architecture, files, records, schematics, computerized databases and other related specifications and documentation, whether or not copyrightable, invention disclosures, improvements, trade secrets, confidential and proprietary information, know how, algorithms, technology, technical data, methodologies and all documentation relating to any of the foregoing.

“Trademarks” means trademarks, service marks, trade dress, logos, trade names, corporate names, and other source identifiers (whether or not registered) including all common law rights, and registrations and applications for registration thereof, all rights therein provided by international treaties or conventions, and all extensions and renewals of any of the foregoing, together with the goodwill associated therewith.

“Transaction Expenses” means all out of pocket fees and expenses of the Companies or Sellers in connection with the preparation of this Agreement and the transactions contemplated by this Agreement, including the fees and expenses of legal counsel and accountants, fees and expenses payable in connection with the Escrow Agreement, fees and expenses payable to financial advisors, investment bankers and brokers of the Companies or Sellers notwithstanding any contingencies for earnouts, holdback, etc., any fees and expenses incurred in connection with the termination of any Plan.

“Transaction Documents” means the Escrow Agreement, the General Release and Discharges, the DBC Lease, the Transition Services Agreement and the WSDA Agreement.

“Transition Services Agreement” means that certain Transition Services Agreement by and among Purchasers and Sellers, to be dated as of the Closing Date and otherwise in form and substance reasonably satisfactory to Seller Representative and Purchaser Representative.

“WSDA” means Washington State Dental Association, a Washington nonprofit corporation.

“WSDA Agreement” means an agreement or agreements between TDIC and WSDA regarding the acquisition by TDIC of all or at least 5% of WSDA’s 25% ownership interest in NORDIC and any associated governance or other issues related thereto.

Section 1.2. Other Defined Terms and Rules of Construction.

(a) Other terms defined are in the other parts of this Agreement indicated below:

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|---|------------|
| “ <u>Acquisition Proposal</u> ” | 5.8(a) |
| “ <u>Allocation Schedule</u> ” | 8.2(b) |
| “ <u>Annual Statements</u> ” | 3.6(b) |
| “ <u>Balance Sheet</u> ” | 3.6(a) |
| “ <u>Balance Sheet Date</u> ” | 3.6(a) |
| “ <u>Basket</u> ” | 7.4(a) |
| “ <u>Benefit Plan</u> ” | 3.27(a) |
| “ <u>Burdensome Condition</u> ” | 6.1(a) |
| “ <u>Business</u> ” | Recitals |
| “ <u>Business Employees</u> ” | 3.9(a) |
| “ <u>Closing Date</u> ” | 2.3 |
| “ <u>Closing Date Balance Sheet</u> ” | 2.8(a)(ii) |
| “ <u>Companies</u> ” | Recitals |
| “ <u>Confidentiality Agreement</u> ” | 5.2 |
| “ <u>DBC</u> ” | Recitals |
| “ <u>DBC Shares</u> ” | Recitals |
| “ <u>DBIC</u> ” | Recitals |
| “ <u>DBIC Shares</u> ” | Recitals |
| “ <u>Direct Claim</u> ” | 7.5(c) |
| “ <u>Draft Closing Date Balance Sheet</u> ” | 2.8(a)(i) |
| “ <u>Financial Statements</u> ” | 3.6(a) |
| “ <u>Fundamental Representations</u> ” | 7.1(a) |
| “ <u>GAAP/SAP Financial Statements</u> ” | 3.6(a) |
| “ <u>General Survival Period</u> ” | 7.1(a) |
| “ <u>Hired Employee</u> ” | 5.5 |
| “ <u>Insurance Permits</u> ” | 3.23(a) |
| “ <u>Insurance Policies</u> ” | 3.24 |
| “ <u>Interim Balance Sheet</u> ” | 3.6(a) |
| “ <u>Interim Balance Sheet Date</u> ” | 3.6(a) |
| “ <u>Interim Financial Statements</u> ” | 3.6(a) |
| “ <u>Investment Assets</u> ” | 3.25(a) |
| “ <u>Liabilities</u> ” | 3.7 |
| “ <u>Material Contract</u> ” | 3.12(a) |

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| “ <u>Material Customers</u> ” | 3.17(a) |
| “ <u>Material Supplies</u> ” | 3.17(b) |
| “ <u>Multiemployer Plans</u> ” | 3.27(c) |
| “ <u>NORDIC</u> ” | Recitals |
| “ <u>NORDIC Shares</u> ” | Recitals |
| “ <u>Post-Closing Adjustment Payment</u> ” | 2.8(b)(iii) |
| “ <u>Post-Closing Tax Period</u> ” | 8.1(c)(i) |
| “ <u>Pre-Closing Tax Periods</u> ” | 8.1(b) |
| “ <u>Purchase Price</u> ” | 2.2 |
| “ <u>Purchaser(s)</u> ” | Preamble |
| “ <u>Purchaser Indemnified Parties</u> ” | 7.2 |
| “ <u>Purchaser Post-Closing Net Book Value Adjustment</u> ” | 2.8(b)(i) |
| “ <u>Purchaser Post-Closing Statutory Surplus Adjustment</u> ” | 2.8(b)(ii) |
| “ <u>Purchaser Representative</u> ” | 2.9(a) |
| “ <u>Qualified Benefit Plan</u> ” | 3.27(c) |
| “ <u>Quarterly Statements</u> ” | 3.6(b) |
| “ <u>Regulatory Agreement</u> ” | 3.11(e) |
| “ <u>Restricted Period</u> ” | 5.10(a) |
| “ <u>Review Period</u> ” | 9.2 |
| “ <u>Section 338 Forms</u> ” | 8.2(c) |
| “ <u>Section 338(h)(10) Election</u> ” | 8.2(a) |
| “ <u>Seller</u> ” | Preamble |
| “ <u>Seller Disclosure Schedule</u> ” | Article III |
| “ <u>Seller Indemnified Parties</u> ” | 7.3 |
| “ <u>Seller Post-Closing Net Book Value Adjustment</u> ” | 2.8(b)(i) |
| “ <u>Seller Post-Closing Statutory Surplus Adjustment</u> ” | 2.8(b)(ii) |
| “ <u>Seller Representative</u> ” | 2.10(a) |
| “ <u>Shares</u> ” | Recitals |
| “ <u>Significant Agents</u> ” | 3.19(a) |
| “ <u>Statutory Statements</u> ” | 3.6(b) |
| “ <u>Straddle Periods</u> ” | 8.1(b) |
| “ <u>TDIC</u> ” | Preamble |
| “ <u>TDIC IS</u> ” | Preamble |
| “ <u>Third Party Claim</u> ” | 7.5 |
| “ <u>Transition Period</u> ” | 5.13 |
| “ <u>Union</u> ” | 3.9(b) |

(b) For the purposes of this Agreement, except to the extent that the context otherwise requires:

(i) when a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated;

(ii) the table of contents and headings for this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;

(iii) whenever the words “include,” “includes” or “including” (or similar terms) are used in this Agreement, they are deemed to be followed by the words “without limitation”;

(iv) the words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

(v) all terms defined in this Agreement have their defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein;

(vi) the definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms;

(vii) if any action is to be taken by any party hereto pursuant to this Agreement on a day that is not a Business Day, such action shall be taken on the next Business Day following such day;

(viii) references to a Person are also to its permitted successors and assigns; and

(ix) the use of “or” is not intended to be exclusive unless expressly indicated otherwise.

(c) This Agreement is the product of negotiation by the parties having the assistance of counsel and other advisors. It is the intention of the parties that none of the parties shall be considered the drafter hereof and that this Agreement not be construed more strictly with regard to Seller, on the one hand, or Purchasers on the other hand.

ARTICLE II

PURCHASE AND SALE OF SHARES

Section 2.1. Purchase and Sale. At the Closing, upon the terms and subject to the conditions of this Agreement: Sellers will sell, transfer, assign, convey and deliver to TDIC, and TDIC will purchase and accept from Sellers, the DBIC Shares and NORDIC Shares, in each case, free and clear of all Encumbrances as contemplated in **Article II**; and Sellers will sell, transfer, assign, convey and deliver to TDIC IS, and TDIC IS will purchase and accept from Sellers, the DBC Shares free and clear of all Encumbrances as contemplated in **Article II**.

Section 2.2. Purchase Price. The purchase price (the “Purchase Price”) to be paid to Sellers for the Shares at the Closing shall be \$34,000,000 less the outstanding amount of the Sweep Account Payable (determined as of the Closing Date), subject to adjustment as provided in Section 2.8. The Purchase Price shall be paid by Purchasers as follows:

(a) *first*, to the Escrow Agent, the Escrow Amounts, to be held and disbursed by the Escrow Agent in accordance with the Escrow Agreement, by wire transfer of immediately available funds in accordance with wire instructions provided by the Escrow Agent prior to the Closing;

(b) *second*, Purchasers shall pay the Persons specified in writing by the Seller Representative not later than three (3) days prior to the Closing, the Transaction Expenses, by wire transfer of immediately available funds, in accordance with the wire instructions provided by the Seller in such writing;

- (c) *third*, Purchasers shall pay to Sellers the Closing Date Payment; and
- (d) *fourth*, immediately after Closing, Purchasers shall pay to Moda the Sweep Account Payable.

Section 2.3. Closing. Subject to the terms and conditions of this Agreement, the Closing shall be held at the offices of Squire Patton Boggs (US) LLP, 275 Battery Street, Suite 2600, San Francisco, CA 94111, at 10:00 a.m. local time, on the second Business Day following the satisfaction or waiver of all conditions set forth in **Article VI** (other than conditions that, by their nature, are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions) or at such other time or place as Purchaser Representative and Seller mutually agree (the "Closing Date"). Closing Deliveries by Purchasers. At the Closing (or, in the case of clause (b) below, immediately after the Closing), Purchasers will deliver or cause to be delivered to Seller Representative (or Sellers, in the case of clause (a) below, and Moda, in the case of clause (b) below):

- (a) the Closing Date Payment by wire transfer of immediately available funds to such account as Seller may direct by written notice to Purchaser Representative;
- (b) the Sweep Account Payable;
- (c) a certificate, dated the Closing Date and duly executed by each Purchaser's Chief Executive Officer, in form and substance reasonably satisfactory to Seller, to the effect that the conditions specified in Sections 6.3(a) and (b) have been fulfilled.
- (d) the Escrow Agreement, duly executed by Purchaser Representative;
- (e) the Transition Services Agreement, duly executed by Purchasers; and
- (f) any other Transaction Document.

Section 2.5. Closing Deliveries by Seller. At the Closing, Seller Representative will deliver to Purchaser Representative:

- (a) stock certificates (or affidavit of lost certificate, if applicable), evidencing the Shares, in each case endorsed in blank or with an executed blank stock power attached sufficient to vest good and valid title to the Shares in each applicable Purchaser;
- (b) written resignations of each of all directors (or equivalent Persons) and officers of the Companies effective as of the Closing Date, in form and substance reasonably acceptable to Purchaser Representative;
- (c) evidence that Sellers and the Companies have changed the authorized signatures on its respective bank accounts listed on Section 3.31 of the Seller Disclosure Schedule to the Persons designated by Purchaser Representative;
- (d) a certificate, dated the Closing Date and duly executed by the Chief Executive Officer of Seller, in form and substance reasonably satisfactory to Purchaser Representative, to the effect that the conditions specified in Sections 6.2(a) and (c) have been fulfilled;
- (e) a certification in the form contained in Section 1.1445-2(b)(2)(iv) of the United States Department of the Treasury Regulations to the effect that Seller is not a "foreign person";

- (f) an executed IRS Form 8023 as provided in Section 8.2(c);
- (g) evidence satisfactory to Purchaser Representative with respect to the satisfaction of Sellers' covenants in Section 5.15;
- (h) the Escrow Agreement, duly executed by Seller Representative;
- (i) the General Release and Discharge, one duly executed by each Seller;
- (j) the Transition Services Agreement, duly executed by Sellers;
- (k) the DBC Lease, duly executed by Sublessor;
- (l) any other Transaction Document; and
- (m) such other documents, instruments or certificates as Purchaser Representative may reasonably request.

Section 2.6. Purchase Price Allocation. Within sixty (60) days after the Closing Date Purchaser Representative will prepare and deliver to Seller Representative the allocation of total consideration for the Companies equal to the Purchase Price among the DBIC Shares, the DBC Shares and the NORDIC Shares. None of the parties shall take a position on any Tax Return inconsistent with the foregoing purchase price allocation unless otherwise required by law. In the event that a Section 338(h)(10) election is made, the parties agree to allocate the Purchase Price for tax purposes as provided in Section 8.2.

Section 2.7. Withholding. Except for amounts Purchasers deduct and withhold from the Purchase Price for any Taxes required by law, the Purchase Price shall be paid to Seller as contemplated herein. All such withheld amounts shall be treated as delivered to Sellers hereunder. Seller shall provide any statements, forms or other documents reasonably requested by Purchaser Representative to reduce or eliminate such deduction or withholding.Purchase Price Adjustment.

(a) Preparation of Closing Date Balance Sheet.

(i) Within sixty (60) days after the Closing Date, Purchaser Representative will prepare and deliver to Seller Representative draft balance sheets for the Companies as of the close of business on the Closing Date (determined on a pro forma basis as though the parties had not consummated the transactions contemplated by this Agreement) (the "Draft Closing Date Balance Sheet") together with Purchaser Representative's calculation of (A) the DBC Net Book Value with respect to DBC and (B) the Statutory Surplus Amount with respect to the Insurance Companies. Purchaser Representative will prepare (1) the Draft Closing Date Balance Sheet (including the DBC Net Book Value) in accordance with GAAP or applicable Statutory Accounting Principles, applied on a basis consistent with the classifications, judgments and valuation and estimation methodologies used in the preparation of the Financial Statements; provided, however, that assets, liabilities, gains, losses, revenues, and expenses in interim periods or as of dates other than year-end (which normally are determined through the application of so-called interim accounting conventions or procedures) shall be determined, for purposes of the Draft Closing Date Balance Sheet, through full application of the procedures used in preparing the most recent balance sheet included

within the Financial Statements, and (2) the Statutory Surplus Amount accordance with Statutory Accounting Principles and Applicable Insurance Codes.

(ii) If Seller Representative has any objections to the Draft Closing Date Balance Sheet, including the calculations of the DBC Net Book Value and/or the Statutory Surplus Amount, then it shall deliver a detailed statement describing its objections to Purchaser Representative within thirty (30) days after receiving the Draft Closing Date Balance Sheet. Purchaser Representative and Seller Representative shall use reasonable efforts to resolve any such objections themselves. If Purchaser Representative and Seller Representative do not obtain a final resolution within thirty (30) days after Purchaser Representative has received such statement of objections, however, the Independent Accountant shall resolve any remaining objections. The determination of the Independent Accountant shall be set forth in writing and shall be conclusive and binding upon the parties hereto. Purchaser Representative shall revise the Draft Closing Date Balance Sheet, the DBC Net Book Value and/or the Statutory Surplus Amount as appropriate to reflect the resolution of any objections thereto pursuant to this Section 2.8. If Seller Representative does not deliver any objection to Purchaser Representative by the expiration of the thirty (30) days after receipt of the Draft Closing Date Balance Sheet, then the Draft Closing Date Balance Sheet shall become the Closing Date Balance Sheet (defined below) and the calculations of the DBC Net Book Value and the Statutory Surplus Amount shall be final. The “Closing Date Balance Sheet” shall mean the Draft Closing Date Balance Sheet together with any revisions thereto pursuant to this Section 2.8 and the calculation of the DBC Net Book Value and the Statutory Surplus Amount with any revisions thereto pursuant to this Section 2.8.

(iii) In the event Purchaser Representative and Seller Representative submit any unresolved objections to the Independent Accountant for resolution as provided in Section 2.8(a)(ii) above, the fees and expenses of the Independent Accountant shall be paid by Sellers, on the one hand, and by Purchasers, on the other hand, based upon the percentage that the amount actually contested but not awarded to Sellers or Purchasers, respectively, bears to the aggregate amount actually contested by Seller Representative and Purchaser Representative.

(iv) Purchaser Representative will make the work papers and back-up materials used in preparing the Draft Closing Date Balance Sheet, the DBC Net Book Value and the Statutory Surplus Amount available to Seller Representative and its accountants and other Representatives necessary for its evaluation at reasonable times and upon reasonable notice at any time during (A) the preparation by Purchaser Representative of the Draft Closing Date Balance Sheet, the DBC Net Book Value and the Statutory Surplus Amount, (B) the review by Seller Representative of the Draft Closing Date Balance Sheet, the DBC Net Book Value and the Statutory Surplus Amount, and (C) the resolution by Purchaser Representative and Seller Representative of any objections thereto.

(b) Post-Closing Adjustment.

(i) If the DBC Net Book Value (calculated using the Closing Date Balance Sheet) is less than the Minimum DBC Net Book Value, then Purchasers shall be entitled to receive the amount by which such DBC Net Book Value was less than the amount of the Minimum DBC Net Book Value (“Purchaser Post-Closing Net Book Value Adjustment”). If the DBC Net Book Value (calculated using the Closing Date Balance

Sheet) is greater than the Minimum DBC Net Book Value, then Sellers shall be entitled to receive the amount by which such DBC Net Book Value was greater than the amount of the Minimum DBC Net Book Value ("Seller Post-Closing Net Book Value Adjustment").

(ii) If the Statutory Surplus Amount is less than the Minimum Statutory Surplus Amount (calculated using the Closing Date Balance Sheet), then Purchasers shall be entitled to receive the amount by which the Statutory Surplus Amount was less than the amount of the Minimum Statutory Surplus Amount ("Purchaser Post-Closing Statutory Surplus Adjustment"). If the Statutory Surplus Amount is greater than the Minimum Statutory Surplus Amount (calculated using the Closing Date Balance Sheet), then Sellers shall be entitled to receive the amount by which the Statutory Surplus Amount was greater than the amount of the Minimum Statutory Surplus Amount ("Seller Post-Closing Statutory Surplus Adjustment").

(iii) Any Post-Closing Adjustment shall be due and payable in cash within three (3) Business Days of the date on which the Closing Date Balance Sheet (together with the DBC Net Book Value and the Statutory Surplus Amount) is either accepted or otherwise finally determined pursuant to this Section 2.8 ("Post-Closing Adjustment Payment"). Any Post-Closing Adjustment attributable to NORDIC shall be adjusted by a factor of 0.75 to account for the Moda's 75% ownership of NORDIC; provided, if Moda's ownership of NORDIC changes prior to Closing then such adjustment factor shall be revised to reflect such ownership.

(iv) If Purchasers are owed a Post-Closing Adjustment Payment, then at Purchaser Representative's sole election and upon Purchaser Representative sending a request to Seller Representative, Purchaser Representative and Seller Representative shall promptly deliver to Escrow Agent joint written instructions to the Escrow Agent instructing the Escrow Agent to disburse to Purchasers the full amount or any portion of such Post-Closing Adjustment Payment from the Standard Escrow Amount (with any balance to be paid in cash pursuant to clause (iii) above).

(v) Notwithstanding anything to the contrary contained herein, the amount of any Post-Closing Adjustment Payment payable hereunder shall not be subject to the limitations set forth in Section 7.4. Any Post-Closing Adjustment Payment made pursuant to this Section 2.8(b) shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

(c) Retention Purchase Price Adjustment.

(i) Within thirty (30) days after May 31, 2017, Purchaser Representative will prepare and deliver to Seller Representative a draft calculation of the Retention Purchase Price Adjustment. Such calculation will be prepared in accordance with GAAP applied on a consistent basis throughout the periods involved.

(ii) If Seller Representative has any objections to the draft Retention Purchase Price Adjustment, then it shall deliver a detailed statement describing its objections to Purchaser Representative within thirty (30) days after receiving the draft Retention Purchase Price Adjustment.

(iii) Purchaser Representative and Seller Representative shall use reasonable efforts to resolve any such objections themselves. If Purchaser Representative and Seller Representative do not obtain a final resolution within thirty (30) days after Purchaser Representative has received such statement of objections, however, the Independent Accountant shall resolve any remaining objections. The determination of the Independent Accountant shall be set forth in writing and shall be conclusive and binding upon the parties hereto. Purchaser Representative shall revise the draft Retention Purchase Price Adjustment as appropriate to reflect the resolution of any objections thereto pursuant to this Section 2.8(c). If Seller Representative does not deliver any objection to Purchaser Representative by the expiration of the thirty (30) days after receipt of the draft Retention Purchase Price Adjustment, then the draft Retention Purchase Price Adjustment shall become the final Retention Purchase Price Adjustment and shall be final.

(iv) In the event Purchaser Representative and Seller Representative submit any unresolved objections to the Independent Accountant for resolution as provided above, the fees and expenses of the Independent Accountant shall be paid by Sellers, on the one hand, and by Purchasers, on the other hand, based upon the percentage that the amount actually contested but not awarded to Sellers or Purchasers, respectively, bears to the aggregate amount actually contested by Seller Representative and Purchaser Representative.

(v) Purchaser Representative will make the work papers and back-up materials used in preparing the draft Retention Purchase Price Adjustment available to Seller Representative and its accountants and other Representatives necessary for its evaluation at reasonable times and upon reasonable notice at any time during (A) the preparation by Purchaser Representative of the draft Retention Purchase Price Adjustment, (B) the review by Seller Representative of the draft Retention Purchase Price Adjustment, and (C) the resolution by Purchaser Representative and Seller Representative of any objections thereto.

(vi) If Purchasers are entitled to receive any Retention Purchase Price Adjustment, then Purchaser Representative and Seller Representative shall promptly deliver to Escrow Agent joint written instructions instructing the Escrow Agent to disburse to Purchasers the amount of the Retention Purchase Price Adjustment first from the Standard Escrow Amount, and next, to the extent such obligation exceeds the Standard Escrow Amount, and/or the Standard Escrow Amount is otherwise unavailable, then Sellers shall, jointly and severally, promptly pay to Purchasers any remainder owing to Purchasers. All payments due from Sellers with respect to any Retention Purchase Price Adjustment shall be made within two (2) Business Days of the determination of the Retention Purchase Price Adjustment as set forth in this Section 2.8(c).

(vii) Notwithstanding anything to the contrary contained herein, the amount of any Retention Purchase Price Adjustment payable hereunder shall not be subject to the limitations set forth in Section 7.4. Any Retention Purchase Price Adjustment made pursuant to this Section 2.8(c) shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

Section 2.9. Purchaser Representative. In order to administer efficiently the transactions contemplated by this Agreement, including (i) the waiver of any breach or default hereunder or of any condition to the obligations of Purchasers to consummate the transactions contemplated hereby and (ii)

the defense and/or settlement of any claims that may be made by any Seller following the Closing, Purchasers hereby designate TDIC as their representative and Purchasers, jointly and severally, hereby accept such appointment (the “Purchaser Representative”).

(b) Each Purchaser hereby irrevocably grant the Purchaser Representative full power and authority to act as agent and attorney-in-fact for such Purchaser, (i) to take all action necessary in connection with the waiver of any breach or default hereunder, the waiver of any condition to the obligations of Purchasers to consummate the transactions contemplated hereby, or the defense and/or settlement of any claims that may be made by Sellers following the Closing, (ii) to give and receive all notices required to be given or received by Purchasers under this Agreement, (iii) to authorize payment to Sellers of cash in satisfaction of claims by Sellers, to object to such deliveries, to agree to negotiate, enter into settlements and compromises of, and demand arbitration and comply with orders with respect to such claims, and (iv) to take any and all additional action necessary or appropriate in the judgment of the Purchaser Representative for the accomplishment of the foregoing or as is contemplated to be taken by or on behalf of Purchaser Representatives by the terms of this Agreement or other Transaction Documents.

(c) The agency of the Purchaser Representative may be changed by all of Purchasers from time to time upon not less than thirty (30) days’ prior written notice to Seller Representative. In the event that the Purchaser Representative becomes unable to perform its responsibilities hereunder or resigns from such position, Purchasers shall select another representative to fill such vacancy and such substituted representative shall be deemed to be the Purchaser Representative for all purposes of this Agreement and the documents delivered pursuant hereto. The Purchaser Representative shall not receive compensation for its services.

(d) All decisions and actions by the Purchaser Representative, including without limitation any agreement between the Purchaser Representative and Seller Representative relating to the defense and/or settlement of any claims that may be made by Seller Representative following the Closing, shall be binding upon all Purchasers and no Purchaser shall have the right to object, dissent, protest or otherwise contest the same.

(e) By each Seller’s and each Purchaser’s execution of this Agreement, each Purchaser agrees, severally and not jointly, that:

(i) each Seller shall be able to rely conclusively on the instructions and decisions of the Purchaser Representative as to the settlement of any claims for indemnification of such Seller pursuant to **Article VII** and **Article VIII** below or any other actions required or permitted to be taken by the Purchaser Representative hereunder, and no party hereto shall have any cause of action against such Seller to the extent that such Seller has relied upon the instructions or decisions of the Purchaser Representative;

(ii) all actions, decisions and instructions of the Purchaser Representative shall be conclusive and binding upon each Purchaser, and therefore, such Purchaser shall not have any cause of action against the Purchaser Representative for any action taken, decision made or instruction given by the Purchaser Representative under this Agreement, except for fraud or willful breach of this Agreement by the Purchaser Representative;

(iii) notices or communications to or from the Purchaser Representative shall constitute notice to or from each Purchaser for purposes of this Agreement;

(iv) the provisions of this Section 2.9 are independent and severable, are irrevocable and coupled with an interest and shall be enforceable notwithstanding any rights or remedies that any Purchaser may have in connection with the transactions contemplated by this Agreement;

(v) remedies available at Law for any breach of the provisions of this Section 2.9 are inadequate; therefore, each Seller shall be entitled to temporary and permanent injunctive relief without the necessity of proving damages if such Seller or the Purchaser Representative brings an action to enforce the provisions of this Section 2.9;

(vi) the Purchaser Representative shall have full power to determine all questions and doubts arising in relation to any of the provisions of this Agreement and every such determination made in good faith shall be conclusive and binding on Purchasers, and the Purchaser Representative may act on the opinion or advice of, or information obtained from, any attorney, banker, broker, accountant or other expert and shall not be responsible for any loss occasioned by so acting;

(vii) Purchasers shall jointly and severally indemnify the Purchaser Representative from and against any and all Liabilities, Losses, Actions or Orders or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Purchaser Representative by Sellers, or any other person in connection with this Agreement;

(viii) in performing the functions specified in this Agreement, the Purchaser Representative shall not be liable to any Purchaser in the absence of willful misconduct on the part of the Purchaser Representative; and

(ix) the provisions of this Section 2.9 shall be binding upon the executors, heirs, legal representatives, personal representatives, successor trustees, and successors of each Purchaser, and any references in this Agreement to a Purchaser shall mean and include the successors to a Purchaser rights hereunder, whether pursuant to testamentary disposition, the laws of descent and distribution, operation of law or otherwise.

Section 2.10. Seller Representative. In order to administer efficiently the transactions contemplated by this Agreement, including (i) the waiver of any breach or default hereunder or of any condition to the obligations of Sellers to consummate the transactions contemplated hereby and (ii) the defense and/or settlement of any claims that may be made by any Purchaser following the Closing, Sellers hereby designate Moda as their representative and Sellers, jointly and severally, hereby accept such appointment (the "Seller Representative").

(b) Each Seller hereby irrevocably grant the Seller Representative full power and authority to act as agent and attorney-in-fact for such Seller, (i) to take all action necessary in connection with the waiver of any breach or default hereunder, the waiver of any condition to the obligations of Sellers to consummate the transactions contemplated hereby, or the defense and/or settlement of any claims that may be made by Purchasers following the Closing, (ii) to give and receive all notices required to be given or received by Sellers under this Agreement, (iii) to authorize payment to Purchaser of cash in satisfaction of claims by Purchasers, to object to such deliveries, to agree to negotiate, enter into settlements and compromises of, and demand arbitration and comply with orders with respect to such claims, and (iv) to take any and all additional action necessary or appropriate in the judgment of the Seller

Representative for the accomplishment of the foregoing or as is contemplated to be taken by or on behalf of Seller Representatives by the terms of this Agreement or other Transaction Documents.

(c) The agency of the Seller Representative may be changed by all of Sellers from time to time upon not less than thirty (30) days' prior written notice to Purchaser. In the event that the Seller Representative becomes unable to perform its responsibilities hereunder or resigns from such position, Sellers shall select another representative to fill such vacancy and such substituted representative shall be deemed to be the Seller Representative for all purposes of this Agreement and the documents delivered pursuant hereto. The Seller Representative shall not receive compensation for its services.

(d) All decisions and actions by the Seller Representative, including without limitation any agreement between the Seller Representative and Purchaser relating to the defense and/or settlement of any claims that may be made by Purchasers following the Closing, shall be binding upon all Sellers and no Seller shall have the right to object, dissent, protest or otherwise contest the same.

(e) By each Purchaser's and each Seller's execution of this Agreement, each Seller agrees, severally and not jointly, that:

(i) each Purchaser shall be able to rely conclusively on the instructions and decisions of the Seller Representative as to the settlement of any claims for indemnification of such Purchaser pursuant to **Article VII** and **Article VIII** below or any other actions required or permitted to be taken by the Seller Representative hereunder, and no party hereto shall have any cause of action against such Purchaser to the extent that such Purchaser has relied upon the instructions or decisions of the Seller Representative;

(ii) all actions, decisions and instructions of the Seller Representative shall be conclusive and binding upon each Seller, and therefore, such Seller shall not have any cause of action against the Seller Representative for any action taken, decision made or instruction given by the Seller Representative under this Agreement, except for fraud or willful breach of this Agreement by the Seller Representative;

(iii) notices or communications to or from the Seller Representative shall constitute notice to or from each Seller for purposes of this Agreement;

(iv) the provisions of this Section 2.10 are independent and severable, are irrevocable and coupled with an interest and shall be enforceable notwithstanding any rights or remedies that any Seller may have in connection with the transactions contemplated by this Agreement;

(v) remedies available at Law for any breach of the provisions of this Section 2.10 are inadequate; therefore, each Purchaser shall be entitled to temporary and permanent injunctive relief without the necessity of proving damages if such Purchaser or the Seller Representative brings an action to enforce the provisions of this Section 2.10;

(vi) the Seller Representative shall have full power to determine all questions and doubts arising in relation to any of the provisions of this Agreement and every such determination made in good faith shall be conclusive and binding on Sellers, and the Seller Representative may act on the opinion or advice of, or information

obtained from, any attorney, banker, broker, accountant or other expert and shall not be responsible for any loss occasioned by so acting;

(vii) Sellers shall jointly and severally indemnify the Seller Representative from and against any and all Liabilities, Losses, Actions or Orders or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Seller Representative by Purchaser, or any other person in connection with this Agreement;

(viii) in performing the functions specified in this Agreement, the Seller Representative shall not be liable to any Seller in the absence of willful misconduct on the part of the Seller Representative; and

(ix) the provisions of this Section 2.10 shall be binding upon the executors, heirs, legal representatives, personal representatives, successor trustees, and successors of each Seller, and any references in this Agreement to a Seller shall mean and include the successors to a Seller rights hereunder, whether pursuant to testamentary disposition, the laws of descent and distribution, operation of law or otherwise.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Sellers represent and warrant to Purchasers, jointly and severally, that, except as set forth in the disclosure schedule delivered by Sellers to Purchaser Representative prior to the execution and delivery of this Agreement (the "Seller Disclosure Schedule"):

Section 3.1. Organization and Qualification of Sellers.

(a) Moda Health Plan, Inc. is a corporation duly organized and validly existing under the laws of the State of Oregon and has all requisite power and authority to own, license, use or lease and operate its assets and properties and to carry on its business as it is now conducted.

(b) Moda is a corporation duly organized and validly existing under the laws of the State of Oregon and has all requisite corporate power and authority to own, license, use or lease and operate its assets and properties and to carry on its business as it is now conducted.

Section 3.2. Authority; Non-Contravention; Approvals.

(a) Each Seller has all requisite corporate power and authority to execute and deliver this Agreement and the Transaction Documents to which it is a party and to perform the transactions contemplated by this Agreement and the Transaction Documents. The execution and delivery of this Agreement and the Transaction Documents and the performance by each Seller of the transactions contemplated by this Agreement and the Transaction Documents have been approved by the board of directors of such Seller, and no other corporate or other proceedings on the part of Seller and no approval or consent of such Seller's shareholders or other interest holders of such Seller or any of its Affiliates are necessary to authorize the execution and delivery of this Agreement and the Transaction Documents by such Seller and the performance by such Seller of the transactions contemplated by this Agreement and the Transaction Documents. This Agreement has been, and upon their execution the Transaction Documents will be, duly executed and delivered by each Seller and, assuming the due authorization, execution and delivery of this Agreement and the Transaction Documents by Purchasers, constitutes, and

upon their execution the Transaction Documents will constitute, legal, valid and binding obligations of such Seller, enforceable against such Seller in accordance with their respective terms except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting or relating to creditors' rights and remedies generally, and (ii) as to enforceability, general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

(b) Except as set forth on Section 3.2(b) of the Seller Disclosure Schedule, the execution and delivery by each Seller of this Agreement and the Transaction Documents and the performance by it of the transactions contemplated by this Agreement and the Transaction Documents will not (i) conflict with or result in a breach of any provision of the certificate of incorporation or bylaws (or similar organizational documents) of such Seller or the Companies, (ii) result in a violation or breach of or constitute a default (or an event which, with or without notice or lapse of time or both, would constitute a default) under, result in the creation or imposition of an Encumbrance (other than a Permitted Encumbrance) upon any property or assets of such Seller or the Companies pursuant to, or result in the termination of, any contract or other instrument of any kind to which such Seller or the Companies is now a party or by which any of their respective assets are bound or (iii) violate any order, writ, injunction, decree, statute, treaty, rule or regulation applicable to such Seller or the Companies or any of their respective assets other than, in the case of clauses (ii) and (iii) above, as would not have or be reasonably expected to have a Business Material Adverse Effect.

(c) Except as set forth in Section 3.2(c) of the Seller Disclosure Schedule, no declaration, filing or registration with, or notice to, or authorization, consent, order or approval of, any Governmental Authority or other Person, including, but not limited to, any authorization, consent, order, approval or notice under the Applicable Insurance Codes, is required to be obtained or made in connection with or as a result of the execution and delivery and performance of this Agreement and the Transaction Documents by each Seller or the consummation by such Seller or the Companies of the transactions contemplated by this Agreement and the Transaction Documents.

Section 3.3. Ownership of Shares. Except as set forth in Section 3.3 of the Seller Disclosure Schedule, each Seller is the record and beneficial owner of its respective Shares and owns the Shares free and clear of all Encumbrances, except for any restrictions on transfer under federal and state securities laws. Upon the delivery of the Shares by each Seller to each applicable Purchaser in the manner contemplated under **Article II**, and the payment by Purchasers of the Purchase Price to Sellers, each applicable Purchaser will acquire the sole and exclusive beneficial and legal title to the applicable Shares, free and clear of all Encumbrances, except for restrictions on transfer under federal and state securities laws. All of the issued and outstanding equity or membership interests of each of the Companies have been duly authorized, validly issued, fully paid and non-assessable, were offered, issued and sold in compliance with all applicable Laws, were not issued in violation of and are free of any preemptive rights, rights of first refusal or similar restrictions. Except as set forth on Section 3.3 of the Seller Disclosure Schedule, there are no: (a) outstanding securities convertible or exchangeable into equity interests of the Companies; (b) options, warrants, calls, subscriptions or other rights, agreements or commitments obligating any of the Companies to issue, transfer, purchase or sell any equity interests; or (c) voting trusts or other agreements or understandings to which either of the Companies is a party or by which either of the Companies is bound with respect to the voting, transfer or other disposition of equity interests of the Companies.

Section 3.4. Corporate Organization of the Companies. Each of the Companies is duly organized, validly existing and in good standing under the laws of its state of formation or incorporation and has all necessary corporate power and authority to carry on its business as now being conducted and to own, use and lease the assets it now owns, uses, or leases. The Companies are duly qualified, licensed

or admitted to do business and in good standing in every jurisdiction in which such qualification, licensing or admission is necessary because of the nature of the property owned, leased or operated by it or the nature of the business conducted by it. The Companies have no Subsidiaries. Sellers have made available to Purchaser Representative complete and correct copies of the certificate of incorporation, by-laws, corporate minute books and stock ledgers of the Companies as currently in effect.

Section 3.5. Taxes.

(a) Except as set forth on Section 3.5 of the Seller Disclosure Schedule (i) The Companies have timely filed all Tax Returns required to be filed by them, which Tax Returns are true, correct and complete in all material respects, and have paid all such Taxes that have become due, whether or not shown as due on such Tax Returns, (ii) no notices respecting asserted or assessed and unresolved deficiencies for any Tax have been received by the Companies for any Tax periods, (iii) there is no investigation by any Tax Authority presently pending or, to the Knowledge of Sellers, threatened with respect to the Companies, and none of the Companies is a party to any action or proceeding by any Tax Authority for the assessment or collection of Taxes, nor has any such event been asserted or threatened, and none of the Companies is currently pursuing an appeal of any Tax imposed against it, and (iv) the Companies have made all withholdings of Taxes required to be made under all applicable United States, foreign, state and local Tax regulations and such withholdings have either been paid to the respective governmental agencies or set aside in accounts for such purpose, or accrued, reserved against, and entered upon the books of the Companies.

(b) Each Seller has furnished or made available to Purchaser Representative true and complete copies of each federal and state income Tax Return filed by the Company for the three most recent fiscal years.

(c) Other than with respect to the affiliated group of which Moda is the parent, none of the Companies (i) has been a member of an affiliated group filing a consolidated Tax Return or (ii) has any liability for the Taxes of any Person under Treasury Regulations Section 1.1502-6 (or any similar provision of law), as a transferee or successor, by contract, or otherwise.

(d) There are no joint ventures, partnerships, limited liability companies, or other arrangements or contracts to which the Companies is a party and that could be treated as a partnership for federal income Tax purposes.

(e) None of the Companies has, nor has it ever had, a “permanent establishment” in any foreign country, as such term is defined in any applicable Tax treaty or convention between the United States and such foreign country, nor has it otherwise taken steps that have exposed, or will expose, it to the taxing jurisdiction of a foreign country.

(f) No claim has been made in in writing in the last five (5) years by a Tax Authority in a jurisdiction where the Companies does not file Tax Returns that the Companies is or may be subject to taxation by that jurisdiction nor, to the Knowledge of Sellers, is there any factual or legal basis for any such claim.

(g) None of the Companies has waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(h) Except as set forth on Section 3.5 of the Seller Disclosure Schedule, none of the Companies is party to or bound by any Tax sharing agreement or Tax indemnity agreement, other than an

agreement (i) the sole parties to which are the Companies or (ii) made in the ordinary course of business, the primary subject of which is not Tax.

(i) None of the Companies has distributed stock of another corporation, or had its stock distributed by another corporation, in a transaction that was purported or intended to be governed in whole or in part by Section 355 or 361 of the Code.

(j) Each of the Companies has established in its respective books of account, in accordance with GAAP or applicable Statutory Accounting Principles and, in either case, in accordance with past practices, adequate reserves for the payment of any Taxes not yet due and payable.

(k) Each of the Companies has provided Purchaser Representative with copies of all Tax opinions relating to the Company and no Company has had a “material weakness” for purposes of GAAP or applicable Statutory Accounting Principles within the past three years.

(l) None of the Companies is or has been a United States real property holding corporation (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(ii) of the Code.

(m) There are no liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of the Companies.

(n) None of the Companies has engaged in any transaction that, as of the date hereof, is a “listed transaction” under Treasury Regulations Section 1.6011-4(b)(2). The Companies have disclosed in their Tax Returns all information required by the provisions of the Treasury Regulations issued under Section 6011 of the Code with respect to any “reportable transaction” as that term is defined in Section 6707A(c) of the Code.

(o) No private letter rulings or closing agreements have been obtained by any of the Companies that will have any effect on the Tax Returns, Tax positions or other filings of the Companies subsequent to the Closing Date.

(p) The Companies have timely prepared or caused to be prepared all reports and other documentation necessary to avoid the imposition of any penalty under the provisions of Section 6662(e) of the Code.

(q) None of the Companies is or has at any time been a personal holding company as that term has been defined from time to time in Section 542 of the Code, and neither the Company has at any time held directly, indirectly, or constructively shares of any “passive foreign investment company” as that term has been defined from time to time in Section 1296 or 1297 of the Code.

(r) No portion of the indebtedness of the Companies constitutes an “applicable high yield discount obligation” as that term is defined in Section 163(i) of the Code, and there is and will be no limitation on the deductibility of any original issue discount relating to any of the indebtedness of the Companies under the provisions of Section 163(e)(5) of the Code.

(s) None of the Companies has ever elected to be treated as an S corporation under Section 1362 of the Code or any corresponding provision of federal or state Law.

(t) There is no agreement, contract or arrangement to which the Companies is a party that could, individually or collectively, result in the payment of any amount that would not be

deductible by reason of Sections 280G (as determined without regard to Section 280G(b)(4)), 162 (other than 162(a)), or 404 of the Code.

(u) None of the Companies has been, nor will any of them be, required to include any item of income in, or exclude any item of deduction from, taxable income for any Tax period (or portion thereof) ending after the Closing Date (i) pursuant to Section 481 or 263A of the Code or any comparable provision under state or foreign Tax Laws as a result of transactions, events, or accounting methods employed prior to the transactions contemplated hereby, (ii) as a result of any installment sale or open transaction disposition made on or prior to the Closing Date, or (iii) as a result of any prepaid amount received on or prior to the Closing Date.

(v) There are no elections, consents, or agreements as to Taxes in effect with respect to the Companies that will remain in effect following the Closing Date and that have had a material effect on the Companies' taxable income prior to the Closing Date.

(w) The Companies have complied with the requirements of Section 7701(o)(1) of the Code in the case of any transaction to which the economic substance doctrine (as defined in Section 7701(o)(5) of the Code) is relevant.

(x) No gain recognition agreement has been entered into by any of the Companies.

(y) Each Company is in full compliance with all the terms and conditions of any Tax exemption or other Tax reduction agreement or order of a foreign or state government and the consummation of the transactions contemplated by this Agreement will not have any adverse effect on the continued validity and effectiveness of any such Tax exemption or other Tax reduction agreement or order.

(z) None of the Companies has any net operating losses or other Tax attributes that are subject to limitation under Code Sections 382, 383, or 384, the federal consolidated return regulations, or any similar state Tax statute or regulation.

(aa) None of the Companies has any assets that may constitute unclaimed property under applicable Law. Each Company has complied in all material respects with all applicable unclaimed property Laws.

Section 3.6. Financial Statements.

(a) Complete copies of audited consolidated financial statements consisting of the consolidated balance sheets of Moda and its Subsidiaries, and the balance sheet of each Insurance Company, in each case, as of December 31 in each of the years ending 2013, 2014 and 2015 and the related consolidated statements of income and retained earnings, and cash flows for the years then ended on such dates (each of the foregoing financial statements, including the notes thereto, are referred to collectively as the "GAAP/SAP Financial Statements"), and unaudited financial statements consisting of the consolidated balance sheet of Moda and its Subsidiaries and the balance sheets of each Insurance Company, in each case, as at March 31, 2016 and the related statements of operations and retained earnings and, in the case of the Insurance Companies, cash flows for the three (3)-month period then ended (the "Interim Financial Statements" and together with the GAAP/SAP Financial Statements, the "Financial Statements") are included in the Seller Disclosure Schedule. The Financial Statements have been prepared in accordance with GAAP or applicable Statutory Accounting Principles, as applicable, applied on a consistent basis throughout the period involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments (the effect of which will not be materially

adverse). The Financial Statements are based on the books and records of each of Moda and the Companies, as applicable, and fairly present the financial condition of the Companies as of the respective dates they were prepared and the results of their operations and their cash flows for each of the periods indicated. Sellers will receive a clean and unmodified audit opinion with respect to the GAAP/SAP Financial Statements prior to June 15, 2016. The consolidated balance sheets of Moda and its Subsidiaries and the balance sheet of each Insurance Company as of December 31, 2015 is referred to herein as the “Balance Sheet” and the date thereof as the “Balance Sheet Date” and the consolidated balance sheets of Moda and its Subsidiaries and the balance sheet of each Insurance Company as of March 31, 2016 is referred to herein as the “Interim Balance Sheet” and the date thereof as the “Interim Balance Sheet Date”. Moda and the Companies maintain a standard system of accounting established and administered in accordance with GAAP.

(b) Seller Representative heretofore delivered to Purchaser Representative complete and correct copies of the Annual Statements of the Insurance Companies filed with the applicable Regulators for the years 2013, 2014 and 2015, together with all exhibits and schedules thereto (the “Annual Statements”). Seller Representative has furnished, and will furnish to Purchaser Representative, as soon as practicable after their preparation, complete and correct copies of each Quarterly Statement of the Insurance Companies filed with the applicable Regulators for periods up through the quarter ended March 31, 2016 and all exhibits and schedules thereto (the “Quarterly Statements”, and together with the Annual Statements, the “Statutory Statements”). The Statutory Statements have been prepared in accordance with Statutory Accounting Principles and Applicable Insurance Codes throughout the periods involved and in accordance with the books and records of the Insurance Companies, except as expressly set forth or disclosed in the notes, exhibits or schedules thereto. The Statutory Statements fairly and accurately present the assets, liabilities and capital and surplus of the Insurance Companies, as of the dates thereof in accordance with Statutory Accounting Principles and Applicable Insurance Codes, subject, in the case of the Quarterly Statements, to normal year-end adjustments and any other adjustments described therein.

Section 3.7. Undisclosed Liabilities. None of the Companies has any liabilities or obligations, asserted or unasserted, known or unknown, secured or unsecured, absolute or contingent, accrued or unaccrued, matured or unmatured (“Liabilities”), except (a) those which are adequately reflected or reserved against in the Balance Sheet as of the Balance Sheet Date and (b) those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and which are not, individually or in the aggregate, material in amount.

Section 3.8. Absence of Certain Changes, Events and Conditions. Since the Interim Balance Sheet Date, and other than in the ordinary course of business consistent with past practice as contemplated herein, there has not been, with respect to the Companies, any:

- (a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Business Material Adverse Effect;
- (b) amendment of such entities’ chartering documents;
- (c) split, combination or reclassification of any shares of its limited liability company/membership interests, capital stock or other equity interests;
- (d) except any transaction that may occur pursuant to the WSDA Agreement, issuance, sale or other disposition of any of its limited liability company/membership interests, capital stock or other equity interests, or grant of any options, warrants or other rights to purchase or obtain

(including upon conversion, exchange or exercise) any of its limited liability company/membership interests, capital stock or other equity interests;

(e) declaration or payment of any dividends or distributions on or in respect of any of its limited liability company/membership interests, capital stock or other equity interests, or redemption, purchase or acquisition of its limited liability company/membership interests, capital stock or other equity interests;

(f) material change in any method of accounting or accounting practice, except as required by GAAP or SAP or as disclosed in the notes to the Financial Statements;

(g) material change in its cash management practices and its policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;

(h) entry into any contract that would constitute a Material Contract;

(i) incurrence, assumption or guarantee of any Indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;

(j) transfer, assignment, sale or other disposition of any material assets shown or reflected in the Interim Balance Sheet or cancellation of any debts or entitlements;

(k) transfer, assignment or grant of any license or sublicense of any material rights under or with respect to any Company Intellectual Property or Company IP Agreements;

(l) material damage, destruction or loss (whether or not covered by insurance) to an asset material to it;

(m) capital investment in, or any loan to, any other Person;

(n) acceleration, termination, material modification to or cancellation of any Material Contract to which it is a party or by which it is bound;

(o) material capital expenditures;

(p) imposition of any Encumbrance upon its properties, capital stock or assets, tangible or intangible;

(q) (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of the Companies current or former employees, directors, officers, managers, independent contractors or consultants, other than (A) in the ordinary course of business consistent with past practices, (B) as provided for in any written agreements or (C) as required by applicable Law, (ii) change in the terms of employment for any employee or any termination of any employees for which the aggregate costs and expenses exceed \$10,000, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, director, manager, independent contractor or consultant;

(r) hiring or promoting any person as or to (as the case may be) an officer or hiring or promoting any employee below officer except to fill a vacancy in the ordinary course of business;

(s) adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, director, manager, independent contractor or consultant, (ii) Plan or (iii) collective bargaining or other agreement with a union, in each case whether written or oral;

(t) loan to (or forgiveness of any loan to), or entry into any other transaction with, any of its shareholders or members, or current or former directors, managers, officers and employees;

(u) entry into a new line of business or abandonment or discontinuance of existing lines of business;

(v) except for this Agreement, adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(w) purchase, lease or other acquisition of the right to own, use or lease any property or assets for an amount in excess of \$100,000 individually (in the case of a lease, per annum) or \$100,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;

(x) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets or stock or limited liability company/membership interests of, or by any other manner, any business or any Person or any division thereof;

(y) action by it to make, change or revoke any material election in respect of Taxes (except as required by Law), change an annual accounting period, adopt or change any accounting method with respect to Taxes except as may be required as a result of a change in Law, make any material agreement or settlement with respect to Taxes, file any amended Tax return, surrender any right to claim a refund of Taxes, or consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment;

(z) entry, issuance, or filing, with or without the request or consent or over the objection of it, or any order, consent order, of directive relating to any Company of or by any Applicable Regulator, or undertaking or agreement by such Company to or with any Applicable Regulator; or

(aa) Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 3.9. Employees and Labor Relations. The Companies have no direct employees. Section 3.9(a) of the Seller Disclosure Schedule contains a list of (i) agreements by which the Company receives services from employees of Sellers, (ii) all persons who are employees providing services to the Companies as of the date hereof, including any employee who is on a leave of absence of any nature, paid or unpaid, authorized or unauthorized (the “Business Employees”), and sets forth for each such individual the following: (1) name; (2) title or position (including whether full or part time); (3) hire date; (4) current annual base compensation rate; and (5) commission, bonus or other incentive-based compensation. Except as set forth in Section 3.9(a) of the Seller Disclosure Schedule, all Business Employees are at-will

employees and there are no independent contractors or consultants providing services to the Companies, and, as of the date hereof, all compensation, including wages, commissions and bonuses, payable to all employees, independent contractors or consultants providing services to the Companies for services performed on or prior to the date hereof have been paid in full and there are no outstanding agreements, understandings or commitments of any them with respect to any compensation, commissions or bonuses.

(b) None of the Companies is, and none of the Companies has been for the past three (3) years, a party to, bound by, or negotiating any collective bargaining agreement or other Contract with a union, works council or labor organization (collectively, "Union"), and there is not, and has not been for the past three (3) years, any Union representing or purporting to represent any employee providing services to any of the Companies and no Union or group of employees is seeking or has sought to organize employees for the purpose of collective bargaining. There has never been, nor has there been any threat of, any strike, slowdown, work stoppage, lockout, concerted refusal to work overtime or other similar labor disruption or dispute affecting any of the Companies or any employees providing services to the Companies. None of the Companies or Sellers has a duty to bargain with any Union.

(c) With respect to the Business, the Companies and Sellers are and have been in compliance with all applicable Laws pertaining to employment and employment practices, including all Laws relating to labor relations, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers' compensation, leaves of absence and unemployment insurance. All individuals providing services to the Company are characterized and treated by the Companies as independent contractors or consultants are properly treated as independent contractors under all applicable Laws. All employees providing services the Companies classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are properly classified. There are no Actions against any of the Companies or Sellers pending, or to Knowledge of Sellers, threatened to be brought or filed, by or with any Governmental Authority or arbitrator in connection with the employment of any current or former applicant, employee, consultant or independent contractor providing services to the Companies, including, without limitation, any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay, wage and hours or any other employment-related matter arising under applicable Laws.

Section 3.10. Litigation and Proceedings.

(a) Except as set forth on Section 3.10(a) of the Seller Disclosure Schedule and other than Actions arising in the ordinary course of business from or related to the obligations of the Insurance Companies under any Insurance Policy or similar instrument written, assumed or reinsured by the Companies that do not involve claims in excess of the policy limit amounts or for benefits not provided for in the applicable Insurance Policy or similar instrument, as of the date of this Agreement there are no pending or, to the Knowledge of Sellers, threatened, Actions against or otherwise affecting Sellers (solely with respect to the Business) or the Companies or any of their respective properties or assets or any Action challenging the validity or propriety of, or that have the effect of preventing, materially delaying or making illegal or otherwise interfering with any of the transactions contemplated by this Agreement or the Transaction Documents, and there is no, and no event has occurred or circumstances exist that may constitute or result in (with or without notice or lapse of time) an, injunction, order, writ, judgment, decree, settlement, award or regulatory restriction imposed upon Sellers (solely with respect to the Business), the Companies or any of their respective properties or assets which (i) restricts the ability of Sellers or any of the Companies to conduct the Business in the ordinary course of business consistent with past practices and (ii) has had or would, individually or in the aggregate, reasonably be expected to be material.

(b) As of the date of this Agreement, no Person has filed or, to the Knowledge of Sellers, is threatening to file any Action against any current or former officer or director of any Company in his or her capacity as an officer or director of such Company.

(c) No Company is the subject of any pending or, to the Knowledge of Sellers, threatened (i) class Action, (ii) Action alleging a violation of federal or state Racketeer Influenced and Corrupt Organizations Act, Foreign Corrupt Practices Act of 1977, or any similar organized crime, anti-corruption or anti-bribery Laws, or (iii) Action alleging violation of any unfair or deceptive insurance or business trade practices Laws.

Section 3.11. No Violation of Law; Governmental Authorization.

(a) Except as set forth on Section 3.11(a) of the Seller Disclosure Schedule, each of the Companies has complied, and is now complying, with all Laws applicable to it or its business, properties or assets.

(b) All material Permits required for each of the Companies to conduct its business have been obtained by it and are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. Section 3.11(b) of the Seller Disclosure Schedule lists all current Permits issued to any of the Companies. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in Section 3.11(b) of the Seller Disclosure Schedule.

(c) None of the Companies is the subject of any supervision, conservation, rehabilitation, liquidation, receivership, insolvency or other similar proceeding or pending or threatened regulatory proceedings.

(d) (i) Except as set forth on Section 3.11(d) of the Seller Disclosure Schedule, the Companies are, and at all times have been, in compliance in all material respects with the terms of the Permits and all applicable Law, (iii) none of the Companies has received, at any time since January 1, 2013 any notice or other communication (whether oral or written) from any Governmental Authority or any other Person regarding (A) any material actual, alleged, possible, or potential violation of, or failure on the part of the Companies to comply with, any term or requirement of any Permit or (B) any material actual, proposed, possible, or potential revocation, withdrawal, suspension, cancellation, termination of, or modification to any Permit, (iv) no event has occurred or circumstance exists that (with or without the giving of notice or lapse of time or both) (A) constitutes or could result in, directly or indirectly, a material violation of, or a failure to comply with, any applicable Law or any term or requirement of any Permit, or (B) has resulted or could result, directly or indirectly, in the revocation, withdrawal, suspension, cancellation, or termination of, or any modification to, any material Permit, and (v) all applications required to have been filed for the renewal of each such material Permit have been duly filed on a timely basis with the appropriate Governmental Authority, and all other filings required to have been made with respect to each such Permit have been duly made on a timely basis with the appropriate Governmental Authority. Subject to the receipt of each of the consents and approvals set forth on Section 3.2 of the Seller Disclosure Schedule and the applicable change of control insurance Laws, regulations and other requirements of the states of domicile of the Sellers and the Companies, the consummation of the transactions contemplated by this Agreement and the Transaction Documents will not result in any revocation, cancellation, suspension or nonrenewal of any such Permit.

(e) None of the Companies or any of their properties or assets is subject to any outstanding order or is a party to any written agreement, consent agreement or memorandum of

understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any order or directive by, or is a recipient of any supervisory letter from or has adopted any resolutions at the request of any Governmental Authority that by its terms restricts in any material respect the conduct of its business or that in any manner relates to its capital adequacy, its management or its business (each, a “Regulatory Agreement”), nor have the Companies been advised since January 1, 2013 by any Governmental Authority that it is considering issuing or requesting any such Regulatory Agreement.

Section 3.12. Contracts and Other Agreements.

(a) Section 3.12(a) of the Seller Disclosure Schedule contains a true and complete list of all of the following contracts to which the Companies is a party or by which any of their respective assets is bound (such Contracts, together with all Contracts concerning the occupancy, management or operation of any Real Property (including without limitation, brokerage contracts) listed or otherwise disclosed in Section 3.13 of the Seller Disclosure Schedule and all Company IP Agreements set forth in Section 3.15(b) of the Seller Disclosure Schedule) (each, a “Material Contract”):

(i) all contracts with any person containing any provision or covenant prohibiting or limiting the ability of any of the Companies to engage in any business activity or compete with any Person in any geographical area;

(ii) all partnership, joint venture, shareholders’ or other similar contracts with any Person;

(iii) each Contract of any of the Companies involving aggregate consideration in excess of \$10,000 and which, in each case, cannot be cancelled by such Company without penalty or without more than ninety (90) days’ notice;

(iv) all Contracts that require any of the Companies to purchase its total requirements of any product or service from a third party or that contain “take or pay” provisions;

(v) all Contracts that provide for the indemnification by any of the Companies of any Person or the assumption of any Tax, environmental or other Liability of any Person;

(vi) all Contracts that relate to the acquisition or disposition of any business, a material amount of stock, limited liability company/membership interests or assets of any other Person or any real property (whether by merger, sale of stock, sale of limited liability company/membership interests, sale of assets or otherwise);

(vii) all broker, distributor, dealer, representative, franchise, agency, sales promotion, market research, marketing consulting and advertising Contracts to which any of the Companies is a party, in each case involving annual expenses in excess of \$10,000;

(viii) all employment agreements and Contracts with independent contractors or consultants (or similar arrangements) to which any of the Companies is a party or receives the services thereof and which are not cancellable without material penalty or without more than ninety (90) days’ notice;

(ix) except for Contracts relating to trade receivables, all Contracts relating to Indebtedness (including, without limitation, guarantees) of any of the Companies;

(x) all Contracts with any Governmental Authority to which any of the Companies is a party;

(xi) all Reinsurance Contracts to which any of the Companies is a party or under which any Company is an obligor, beneficiary, or has any rights;

(xii) all managing general agency Contracts and any other Contracts for the provision or performance of services relating to the marketing, brokering, solicitation or procurement, servicing or administration, underwriting, or pricing of Insurance Policies (including without limitation all offers, sales, renewals, and cancellations thereof) or relating to the administration, adjustment, investigation, defense, or payment of any claims under any Insurance Policies;

(xiii) all collective bargaining agreements or Contracts with any Union to which any of the Companies is a party; and

(xiv) any other Contract that is material to any of the Companies or may reasonably be expected to have a material effect on any Insurance Permit or the financial condition, capitalization, or liabilities of any of the Companies, and not previously disclosed pursuant to this Section 3.12.

(b) Each Material Contract is valid and binding on the respective Company, as applicable in accordance with its terms and is in full force and effect. None of the Companies or, to Knowledge of Sellers, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been made available to Purchaser Representative.

(c) Seller Representative has made available to Purchaser Representative true and complete copies of each Material Contract, together with all material amendments and supplements thereto.

Section 3.13. Title to Assets; Real Property. No Company owns any Real Property nor is any Company a lessee or tenant pursuant to a lease agreement. Section 3.13 of the Seller Disclosure Schedule lists the street address of all premises currently occupied by the Companies and the current use of such premises and the agreements pursuant to which such Companies have rights to such premises.

Section 3.14. Condition and Sufficiency of Assets. Except as set forth in Section 3.14 of the Seller Disclosure Schedule, the assets owned or leased by the Companies, together with the services set forth on Section 3.14 of the Seller Disclosure Schedule, are sufficient in all material respects for the operation of the Business as currently conducted (including all books, records, computers and computer programs and data processing systems).

Section 3.15. Intellectual Property.

(a) Section 3.15(a) of the Seller Disclosure Schedule lists all material or registered Intellectual Property (i) that is used or held for use in the Business of the Companies as presently conducted and (ii) that was conceived or developed by the Companies and that relates to the Companies, and sets forth, in each case, as applicable, the application or registration number, the jurisdiction where registered or applied for, and the owner of such intellectual property. All required filings and fees related to the Company IP Registrations have been timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and all Company IP Registrations are otherwise in good standing. Seller Representative has provided Purchaser Representative with true and complete copies of file histories, documents, certificates, office actions, correspondence and other materials related to all Company IP Registrations.

(b) Section 3.15(b) of the Seller Disclosure Schedule lists all Company IP Agreements. Seller Representative has provided Purchaser Representative with true and complete copies of all such Company IP Agreements, including all modifications, amendments and supplements thereto and waivers thereunder. Each Company IP Agreement is valid and binding on the respective Company, as applicable, in accordance with its terms and is in full force and effect. None of the Companies or any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of breach or default of or any intention to terminate, any Company IP Agreement.

(c) Except as set forth in Section 3.15(c) of the Seller Disclosure Schedule:

(i) The Companies are the sole and exclusive legal and beneficial, and with respect to the Company IP Registrations, record, owner of all right, title and interest in and to the Company Intellectual Property, and has the valid right to use all other Intellectual Property used in or necessary for the conduct of the Companies' current business or operations, in each case, free and clear of Encumbrances other than Permitted Encumbrances. Without limiting the generality of the foregoing, on or before the Closing, the Companies will have entered into binding, written agreements with every current employee, and with every current independent contractor that worked with or contributed to Company Intellectual Property, whereby such employees and independent contractors (i) assign to the Companies or their Subsidiaries any ownership interest and right they may have in the Company Intellectual Property; and (ii) acknowledge the Companies' exclusive ownership of all Company Intellectual Property. Prior to the Closing, Seller Representative will provide Purchaser Representative with true and complete copies of all such agreements.

(ii) No former employee or former independent contractor that provided services to any of the Companies developed any Company Intellectual Property.

(iii) The consummation of the transactions contemplated hereunder will not result in the loss or impairment of or payment of any additional amounts with respect to, nor require the consent of any other Person in respect of, the Companies' right to own, use or hold for use any Intellectual Property as owned, used or held for use in the conduct of the Companies' business or operations as currently conducted.

(d) The Companies' rights in the Company Intellectual Property are valid, subsisting and enforceable. The Companies have taken all reasonable steps to maintain the Company Intellectual Property and to protect and preserve the confidentiality of all trade secrets included in the Company

Intellectual Property, including requiring all Persons having access thereto to execute written non-disclosure agreements.

(e) To the Knowledge of Sellers, the conduct of the Companies' business as currently and formerly conducted, and the products, processes and services of the Companies, have not infringed, misappropriated, diluted or otherwise violated, and do not and will not infringe, dilute, misappropriate or otherwise violate the Intellectual Property or other rights of any Person. No Person has infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any material Company Intellectual Property.

(f) There are no Actions (including any oppositions, interferences or re-examinations) settled, pending or threatened (including in the form of offers to obtain a license): (i) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any Person by any of the Companies; (ii) challenging the validity, enforceability, registrability or ownership of any Company Intellectual Property or any Company's rights with respect to any Company Intellectual Property; or (iii) by any of the Companies or any other Person alleging any infringement, misappropriation, dilution or violation by any Person of the Company Intellectual Property. None of the Companies is subject to any outstanding or prospective Governmental Order (including any motion or petition therefor) that does or would restrict or impair the use of any Company Intellectual Property.

Section 3.16. Accounts Receivable. The accounts receivable reflected on the Interim Balance Sheet and the accounts receivable arising after the date thereof (a) have arisen from bona fide transactions entered into by the Companies involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; (b) constitute only valid, undisputed claims of the Companies not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice; and (c) subject to a reserve for bad debts shown on the Interim Balance Sheet or, with respect to accounts receivable arising after the Interim Balance Sheet Date, on the accounting records of the Companies, are collectible in full within ninety (90) days after billing. The reserve for bad debts shown on the Interim Balance Sheet or, with respect to accounts receivable arising after the Interim Balance Sheet Date, on the accounting records of the Companies have been determined in accordance with GAAP, consistently applied, subject to normal year-end adjustments and the absence of disclosures normally made in footnotes.

Section 3.17. [Reserved].

Section 3.18. Filings. Except as set forth on Section 3.18 of the Seller Disclosure Schedule, (i) the Companies have filed all material reports, statements, documents, registrations, filings and submissions required to be filed with any Governmental Authority, and all such reports, statements, documents, registrations, filing and submissions complied in all material respects with applicable Law in effect when filed and (ii) no material deficiencies have been asserted by, nor have any material comments been received from, nor any material penalties imposed by, any such Governmental Authorities with respect to such reports, statements, documents, registrations, filings or submissions.

Section 3.19. Agents; Carriers. Section 3.19(a) of the Seller Disclosure Schedule sets forth a list of each insurance agent, producer, managing general agent, or broker or group of related agents, producers, managing general agent, or brokers who accounted for more than one percent of the gross statutory premium income of the Insurance Companies, taken as a whole, for the 12 month period ended December 31, 2015 or who met the definition of “controlling producer” or “managing general agent” with respect to any Insurance Company under the insurance Laws of any jurisdiction in which any Insurance Company conducts Business during such period (“Significant Agents”).

(b) Section 3.19(b) of the Seller Disclosure Schedule lists the standard forms of agreement between (i) the Insurance Companies and their agents and (ii) DBC and its producing agents, in each case, in existence on the date hereof. Except as set forth on Section 3.19(b) of the Seller Disclosure Schedule, there are no side agreements or other agreements (whether oral or written) between the Insurance Companies and their agents which require the payment of compensation in excess of the amounts payable under the Contracts set forth on Section 3.19(b) of the Seller Disclosure Schedule. Except as set forth in Section 3.19(b) of the Seller Disclosure Schedule, no such agent has binding authority on behalf of any Insurance Company.

(c) Seller Representative has provided to Purchaser Representative true, complete and correct copies of the Insurance Companies’ written procedures relating to agent conduct. To the Knowledge of Sellers, (i) each insurance agent, at the time such agent wrote, sold, produced or managed Business for any Insurance Company or produced business for DBC, was duly licensed (for the type of business written, sold, produced or managed by such agent) in the particular jurisdiction in which such agent wrote, sold, produced or managed Business for such Insurance Company or produced business for DBC; (ii) all compensation paid to each such agent was paid in accordance with applicable Law and Permits in all material respects; (iii) no such agent materially violated (or with or without notice or lapse of time or both would have violated) any term or provision of any applicable Law or order applicable to any aspect (including, but not limited to, the marketing, writing, sale, production or management) of the Business; (iv) no insurance regulatory authority suspended or revoked any insurance license held by, entered into a consent order with, or issued an administrative fine to any such agent at the time, or with respect to the time period during which, such agent wrote, sold produced or managed Business for any Insurance Company or produced Business for DCB; and (v) there are no investigations by any insurance regulatory authority now pending, or within the last 36 months completed, into the conduct of any such agent, whether with respect to the Business or otherwise.

(d) Each agent was duly appointed by each Insurance Company under the Laws of each jurisdiction requiring such appointment at the time such agent wrote, sold, produced, or managed Business for any Insurance Company.

(e) Neither Sellers nor any Company has received any written notice that any Significant Agent has cancelled or intends to cancel or not renew, and, to the Knowledge of Sellers, no Significant Agent has threatened to cancel or not renew, any agreement with any Seller or any Company, whether as a result of the consummation of the transactions contemplated by this Agreement or otherwise.

Section 3.20. Claims Handling. Except as required by applicable Law, (i) all insurance claims paid by the Insurance Companies have in all material respects been paid in accordance with the terms of the contracts under which they arose, except for such claims for which the applicable Insurance Company has reasonable belief there was a reasonable basis to contest payment and (ii) each insurance claim received by any Insurance Company has been handled in all material respects in accordance with all applicable insurance claims settlement practices Laws. Market Conduct. (i) The Insurance Companies and, to the Knowledge of Sellers, the Insurance Companies’ agents and representatives, have marketed, sold and issued products of the Insurance Companies in compliance, in all material respects, with

applicable Laws in the respective jurisdictions in which such products have been sold, (ii) all advertising, promotional and sales materials and other marketing practices used by the Insurance Companies and, to the Knowledge of Sellers, the Insurance Companies' representatives, have complied and are currently in compliance, in each case, in all material respects, with applicable Laws and (iii) neither the manner in which the Insurance Companies compensate any Person involved in the sale or servicing of the Insurance Contracts that is not an insurance agent, nor, to the Knowledge of Sellers, the conduct of any such Person, renders such Person an insurance agent under any applicable Laws, and the manner in which the Insurance Companies compensate each Person involved in the sale or servicing of the Insurance Contracts is in compliance in all material respects with all applicable Laws.

Section 3.22. Underwriting.

(a) Seller Representative has provided Purchaser Representative with copies of all current underwriting guidelines and manuals related to the Business utilized by each Insurance Company and such Insurance Company has followed such guidelines in all material respects in the ordinary course of business.

(b) All Insurance Policies issued by the Insurance Companies, or which are being issued by the Insurance Companies as of the date hereof, are in compliance, and at their respective dates of issuance were in compliance, in all material respects with all applicable Laws and, to the extent required under applicable Law, are on forms approved by the applicable Governmental Authorities or have been filed and not objected to (or such objection has been withdrawn or resolved) by such Governmental Authorities within the period provided for objection. All forms of Insurance Policies currently in force together with all amendments thereto, are on the forms that have been previously provided to Purchaser Representative.

(c) All premium rates established by the Insurance Companies comply (or complied at the relevant time) with the insurance Laws applicable thereto. All such premium rates that are required to be filed with or approved by any Governmental Authorities have been so filed or approved and the premiums charged conform in all material respects to the premiums so filed or approved.

(d) There are no in force Insurance Policies of any Insurance Company under which the holders or owners of such Insurance Contracts have any rights with respect to dividends, surplus, profits, participation or voting rights.

Section 3.23. Insurance and Reinsurance Matters.

(a) Section 3.23(a) of the Seller Disclosure Schedule contains a true and complete list of all states in which any of the Companies is licensed to engage in the business of insurance or as an insurance producer or agency. Each Company is in possession of all authorizations, licenses, permits, certificates, approvals, exemptions, orders, registrations and clearances of any Governmental Authority required under applicable Laws respecting the business of insurance, including, without limitation, all certificates of authority held by the Companies ("Insurance Permits") and Section 3.23(a) of the Seller Disclosure Schedule sets forth a true, correct and complete list of all such Insurance Permits, including, without limitation, all certificates of authority required by any Company in order to conduct business as an insurer. Seller Representative has delivered or made available to Purchaser Representative true and complete copies of all Insurance Permits Except as set forth in Section 3.23(a) of the Seller Disclosure Schedule, all such Insurance Permits are valid, unrestricted and in full force and effect.

(b) None of the Companies has engaged in an activity for which an insurance license was required in any jurisdiction in which it did not, at the time it engaged in the activity, possess such an insurance license.

(c) Each Seller has made available for inspection by Purchaser Representative true and complete copies of: (i) each annual and quarterly statement filed with or submitted to any insurance regulatory authority by the Companies; (ii) each report of examination (including, without limitation, financial, market conduct and similar examinations) of the Companies issued by any insurance regulatory authority, and all of their comments on, correspondence, or responses relating thereto; and (iii) all statements made pursuant to the insurance holding company Laws of any jurisdiction, including amendments thereto, filings or submissions made by the Companies with any insurance regulatory authority, including registration statements and any risk management report or own risk and solvency assessment or summary thereof. Each Company has filed all reports, registrations, filings and submissions required to be filed with any insurance regulatory authority. All such reports, registrations, filings and submissions were in compliance with applicable law when filed or as amended or supplemented. No material deficiencies have been asserted by any insurance regulatory authority with respect to any such filings that have not been satisfied.

(d) Except as set forth on Section 3.23(d) of the Seller Disclosure Schedule, there are no examinations by any insurance regulatory authority in progress with respect to any of the Companies, nor, to the Knowledge of Sellers, are any such examinations pending or scheduled.

(e) Section 3.23(e) of the Seller Disclosure Schedule sets forth an accurate, current and complete list of all Reinsurance Contracts. Except as provided on Section 3.23(e) of the Seller Disclosure Schedule, (A) each of the Reinsurance Contracts is valid and binding in all material respects in accordance with its terms, (B) each of the Reinsurance Contracts is in compliance, in all material respects, with Law regarding reinsurance agreements for the coverages provided thereunder, and (C) any amounts recoverable under the Reinsurance Contracts is fully collectible in due course. Except as set forth in Section 3.23(e) of the Seller Disclosure Schedule, no consent is required from any party to an existing Reinsurance Contract in connection with the transactions provided for in this Agreement or the Transaction Documents. Except as set forth in Section 3.23(e) of the Seller Disclosure Schedule, to the Knowledge of Sellers, there is no reason to believe that the financial condition of any other party to any such agreement is impaired with the result that a default thereunder may reasonably be anticipated, whether or not such default may be cured by the operation of any offset clause in such agreement and all amounts recoverable under reinsurance, coinsurance or other similar contracts to which either Insurance Company is a party (including, but not limited to, amounts based on paid and unpaid losses) are fully collectible. Each of the Insurance Companies is entitled to take full credit in its Statutory Statements pursuant to applicable Laws for all reinsurance and coinsurance ceded pursuant to any reinsurance or coinsurance treaty or agreement to which such Insurance Company is party.

(f) Section 3.23(f) of the Seller Disclosure Schedule lists the state of domicile of each Company, and none is a “commercially domiciled insurer” under applicable Law or is otherwise treated as domiciled in a jurisdiction other than its jurisdiction of organization.

Section 3.24. Insurance Coverage. Section 3.24 of the Seller Disclosure Schedule sets forth an accurate, current and complete list of all insurance policies (the “Insurance Policies”) relating to the assets, properties, business, operations, employees, officers or directors of the Insurance Companies and Sellers (relating to the Business). Such policies are valid and binding in accordance with their terms and are in full force and effect and insure against risks and liabilities customary for the business in which the Insurance Companies and Sellers (relating to the Business) are engaged. Neither Sellers nor the Insurance Companies have received a notice of cancellation or nonrenewal of any such policy and, to the

Knowledge of Sellers, no state of facts exists which might form the basis for termination of any such policy. None of the Insurance Policies for the benefit of a Seller (with respect to the Business) or any of the Insurance Companies is in default, and neither any Seller nor any Insurance Company has failed to give any notice or present any claim thereunder in due or timely fashion or as required by any of such Insurance Policies so as to jeopardize full recovery under such policies. Sellers have paid or will pay as they become due all premiums due and payable relating to the Business up to the Closing Date. Any D&O, E&O or other professional or corporate insurance policies set forth on Section 3.24 of the Seller Disclosure Schedule are “claims made” policies.

Section 3.25. Investments.

(a) Section 3.25(a) of the Seller Disclosure Schedule sets forth a current list of all bonds, stocks, mortgages and other investment securities of any type owned by the Companies and their Subsidiaries as of May 31, 2016, accurate and complete in all material respects (collectively, the “Investment Assets”). The Companies have good and marketable title to each of the Investment Assets.

(b) None of the Investment Assets is currently in default in the payment of principal or interest, and, to the Knowledge of Sellers, no event has occurred which reasonably would be expected to result in a diminution of the value of any non-publicly traded security owned by the Companies.

(c) There are no Encumbrances on any of the Investment Assets, except for (i) those Investment Assets deposited with Governmental Authorities, as indicated on Section 3.25(a) of the Seller Disclosure Schedule, (ii) Encumbrances which do not materially detract from the value of the Investment Assets subject thereto and (iii) Permitted Encumbrances.

(d) None of Sellers or the Companies has taken, or omitted to take, any action which would result in the Companies being unable to enforce the terms of any Investment Asset or which would cause any Investment Asset to be subject to any valid offset, defense or counterclaim against the right of the Companies to enforce the terms of such Investment Asset.

Section 3.26. Reserves. The loss (including incurred but not reported loss), loss adjustment expense and unearned premium reserves of the Companies reflected on the balance sheets as of and for the periods ended the Balance Sheet Date and the Interim Balance Sheet Date included in the Statutory Statements (i) have been prepared in accordance with the Statutory Accounting Principles prescribed or permitted by the Applicable Regulator, applied on a consistent basis, except where such accounting practices have been amended, supplemented or otherwise prescribed by the appropriate Governmental Authority and (ii) the loss (including incurred but not reported loss) and loss adjustment expense reserves were determined using generally accepted actuarial standards consistently applied and actuarial assumptions that were in accordance with or more conservative than those called for in the relevant policy.

Section 3.27. Benefit Plans: ERISA.

(a) Section 3.27(a) of the Seller Disclosure Schedule contains a true and complete list of each Plan, which is or has been maintained, sponsored, contributed to, or required to be contributed to by any of the Companies for the benefit of any current or former employee, officer, manager, director, retiree, independent contractor or consultant of any of the Companies or any spouse or dependent of such individual, or under which any of the Companies or any of their ERISA Affiliates has or may have any Liabilities, or with respect to which TDIC or any of its Affiliates would reasonably be expected to have any Liabilities, contingent or otherwise (as listed on Section 3.27(a) of the Seller Disclosure Schedule, each, a “Benefit Plan”). Sellers have separately identified in Section 3.27(a) of the Seller Disclosure

Schedule each Benefit Plan that contains a change in control provision. None of the Companies is a “plan sponsor” or “plan administrator” as such terms are defined in Section 3(16) of ERISA, of any Plan.

(b) With respect to each Benefit Plan, Seller has made available to Purchaser Representative accurate, current and complete copies of each of the following: (i) where the Benefit Plan has been reduced to writing, the plan document together with all amendments; (ii) where the Benefit Plan has not been reduced to writing, a written summary of all material plan terms; (iii) where applicable, copies of any trust agreements or other funding arrangements, custodial agreements, Insurance Policies and contracts, administration agreements and similar agreements, and investment management or investment advisory agreements, now in effect or required in the future as a result of the transactions contemplated by this Agreement or otherwise; (iv) copies of any summary plan descriptions, summaries of material modifications, employee handbooks and any other written communications (or a description of any oral communications) relating to any Benefit Plan; (v) in the case of any Benefit Plan that is intended to be qualified under Section 401(a) of the Code, a copy of the most recent determination, opinion or advisory letter from the Internal Revenue Service; (vi) in the case of any Benefit Plan for which a Form 5500 is required to be filed, a copy of the three most recently filed Forms 5500, with schedules and financial statements attached; (vii) actuarial valuations and reports related to any Benefit Plans with respect to the three most recently completed plan years; (viii) the most recent nondiscrimination tests performed under the Code; and (ix) copies of material notices, letters or other correspondence from the Internal Revenue Service, Department of Labor, Pension Benefit Guaranty Corporation or other Governmental Authority relating to the Benefit Plan.

(c) Each Benefit Plan and any related trust (other than any multiemployer plan within the meaning of Section 3(37) of ERISA (each a “Multiemployer Plan”)) has been established, administered and maintained in accordance with its terms and in compliance with all applicable Laws (including ERISA, the Code and any applicable local Laws). Each Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code (a “Qualified Benefit Plan”) is so qualified and has received a favorable and current determination letter from the Internal Revenue Service, or with respect to a prototype plan, can rely on an opinion letter from the Internal Revenue Service to the prototype plan sponsor, to the effect that such Qualified Benefit Plan is so qualified and that the plan and the trust related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, and nothing has occurred that could reasonably be expected to adversely affect the qualified status of any Qualified Benefit Plan. Nothing has occurred with respect to any Benefit Plan that has subjected or could reasonably be expected to subject any of the Companies or any of their ERISA Affiliates or, with respect to any period on or after the Closing Date, Parent or any of its Affiliates, to a penalty under Section 502 of ERISA or to tax or penalty under Section 4975 of the Code. All benefits, contributions and premiums relating to each Benefit Plan have been timely paid in accordance with the terms of such Benefit Plan and all applicable Laws and accounting principles, and all benefits accrued under any unfunded Benefit Plan have been paid, accrued or otherwise adequately reserved to the extent required by, and in accordance with, GAAP.

(d) None of the Companies or any of its ERISA Affiliates has (i) incurred or reasonably expects to incur, either directly or indirectly, any material Liability under Title I or Title IV of ERISA or related provisions of the Code or applicable local Law relating to employee benefit plans; (ii) failed to timely pay premiums to the Pension Benefit Guaranty Corporation; (iii) withdrawn from any Benefit Plan; or (iv) engaged in any transaction which would give rise to liability under Section 4069 or Section 4212(c) of ERISA.

(e) With respect to each Benefit Plan, (i) no such plan is a Multiemployer Plan, and (A) all contributions required to be paid by any of the Companies or their ERISA Affiliates have been timely paid to the applicable Multiemployer Plan, (B) none of the Companies or any ERISA Affiliate has

incurred any withdrawal liability under Title IV of ERISA which remains unsatisfied, and (C) a complete withdrawal from all such Multiemployer Plans at the Closing Date would not result in any material liability to any of the Companies; (ii) no such plan is a “multiple employer plan” within the meaning of Section 413(c) of the Code or a “multiple employer welfare arrangement” (as defined in Section 3(40) of ERISA); (iii) no Action has been initiated by the Pension Benefit Guaranty Corporation to terminate any such plan or to appoint a trustee for any such plan; (iv) no such plan is subject to the minimum funding standards of Section 412 of the Code or Title IV of ERISA, and none of the assets of any of the Companies or any ERISA Affiliate is, or may reasonably be expected to become, the subject of any lien arising under Section 302 of ERISA or Section 412(a) of the Code, no such plan is subject to the minimum funding standards of Section 412 of the Code or Title IV of ERISA, and no plan listed in Section 3.27(a) of the Seller Disclosure Schedules has failed to satisfy the minimum funding standards of Section 302 of ERISA or Section 412 of the Code; (v) no “reportable event,” as defined in Section 4043 of ERISA, has occurred with respect to any such plan; (vi) no Benefit Plan is an “employee stock ownership plan” within the meaning of Section 4975(e)(7) of the Code, and no Benefit Plan has invested in any securities or assets of any Seller, its shareholders, or of the Companies; and (vii) no Benefit Plan is a “voluntary employees’ beneficiary association” within the meaning of Section 501(c)(9) of the Code.

(f) Each Benefit Plan can be amended, terminated or otherwise discontinued after the Closing in accordance with its terms, without material liabilities to Purchasers, any of the Companies or any of their Affiliates other than ordinary administrative expenses typically incurred in a termination event. None of the Companies has any commitment or obligation and none of the Companies has made any representations to any employee, officer, director, manager, independent contractor or consultant, whether or not legally binding, to adopt, amend, modify or terminate any Benefit Plan or any collective bargaining agreement, in connection with the consummation of the transactions contemplated by this Agreement or otherwise.

(g) Other than as required under Section 601 et. seq. of ERISA or other applicable Law, no Benefit Plan provides post-termination or retiree welfare benefits to any individual for any reason, and none of the Companies nor any of its ERISA Affiliates has any Liabilities to provide post-termination or retiree welfare benefits to any individual or ever represented, promised or contracted to any individual that such individual would be provided with post-termination or retiree welfare benefits.

(h) There is no pending or, to the Knowledge of Sellers, threatened Action relating to a Benefit Plan (other than routine claims for benefits), and no Benefit Plan has within the three (3) years prior to the date hereof been the subject of an examination or audit by a Governmental Authority or the subject of an application or filing under or is a participant in, an amnesty, voluntary compliance, self-correction or similar program sponsored by any Governmental Authority.

(i) There has been no amendment to, announcement by any of the Companies or any of its Affiliates relating to, or change in employee participation or coverage under, any Benefit Plan or collective bargaining agreement that would increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year with respect to any director, officer, manager, employee, independent contractor or consultant, as applicable. None of the Companies or any of their Affiliates has any commitment or obligation or has made any representations to any director, officer, manager, employee, independent contractor or consultant, whether or not legally binding, to adopt, amend, modify or terminate any Benefit Plan or any collective bargaining agreement.

(j) Each Benefit Plan that is subject to Section 409A of the Code has been administered in compliance with its terms and the operational and documentary requirements of Section 409A of the Code and all applicable regulatory guidance (including notices, rulings and proposed and final regulations) thereunder. None of the Companies has any obligation to gross up, indemnify or

otherwise reimburse any individual for any excise taxes, interest or penalties incurred pursuant to Section 409A of the Code.

(k) Each individual who is classified by any of the Companies as an independent contractor has been properly classified for purposes of participation and benefit accrual under each Benefit Plan.

(l) Neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional or subsequent events): (i) entitle any current or former director, officer, manager, employee, independent contractor or consultant of any of the Companies to severance pay or any other payment; (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation due to any such individual; (iii) limit or restrict the right of any of the Companies to merge, amend or terminate any Benefit Plan; (iv) increase the amount payable under or result in any other material obligation pursuant to any Benefit Plan; (v) result in “excess parachute payments” within the meaning of Section 280G(b) of the Code; or (vi) require a “gross-up” or other payment to any “disqualified individual” within the meaning of Section 280G(c) of the Code. Seller Representative made available to Purchaser Representative true and complete copies of any Section 280G calculations prepared (whether or not final) with respect to any disqualified individual in connection with the transactions.

Section 3.28. Environmental Matters.

(a) Each of the Companies is currently and has been in compliance with all Environmental Laws and has not received from any Person any: (i) Environmental Notice or Environmental Claim; or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(b) Each of the Companies has obtained and is in material compliance with all Environmental Permits (each of which is disclosed in Section 3.28(b) of the Seller Disclosure Schedule) necessary for the ownership, lease, operation or use of the business or assets of it and all such Environmental Permits are in full force and effect and shall be maintained in full force and effect by it through the Closing Date in accordance with Environmental Law, and none of the Companies is aware of any condition, event or circumstance that might prevent or impede, after the Closing Date, the ownership, lease, operation or use of the business or assets of any of the Companies as currently carried out.

(c) No real property currently or formerly owned, operated or leased by any of the Companies is listed on, or has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or any similar state list.

(d) There has been no release of Hazardous Materials in contravention of Environmental Law with respect to the business or assets of any of the Companies or any real property currently or formerly owned, operated or leased by any of the Companies, and none of the Companies has received an Environmental Notice that any real property currently or formerly owned, operated or leased in connection with the business of any Company (including soils, groundwater, surface water, buildings and other structure located on any such real property) has been contaminated with any Hazardous Material which could reasonably be expected to result in an Environmental Claim against, or a violation of Environmental Law or term of any Environmental Permit by, any of the Companies.

(e) None of the Companies have ever owned or operated any aboveground or underground storage tanks.

(f) There are no off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by any of the Companies and any predecessors as to which any of the Companies may retain liability, and none of these facilities or locations has been placed or proposed for placement on the National Priorities List (or CERCLIS) under CERCLA, or any similar state list, and no Company has received any Environmental Notice regarding potential liabilities with respect to such off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by any of the Companies.

(g) None of the Companies has retained or assumed, by contract or operation of Law, any liabilities or obligations of third parties under Environmental Law.

(h) The Companies do not have (i) any environmental reports, studies, audits, records, sampling data, site assessments, risk assessments, economic models and other similar documents with respect to the business or assets of any of the Companies or any currently or formerly owned, operated or leased real property which are in the possession or control of any of the Companies related to compliance with Environmental Laws, Environmental Claims or an Environmental Notice or the Release of Hazardous Materials; and (ii) any and all material documents concerning planned or anticipated capital expenditures required to reduce, offset, limit or otherwise control pollution and/or emissions, manage waste or otherwise ensure compliance with current or future Environmental Laws (including, without limitation, costs of remediation, pollution control equipment and operational changes), in either case, that have not previously been provided to Purchaser Representative.

(i) None of the Companies is aware of or reasonably anticipates, as of the Closing Date, any condition, event or circumstance concerning the Release or regulation of Hazardous Materials that might, after the Closing Date, prevent, impede or materially increase the costs associated with the ownership, lease, operation, performance or use of the business or assets of any of the Companies as currently carried out.

Section 3.29. Books and Records. The minute books and stock record books of the Companies, all of which have been made available to Purchaser Representative, are complete and correct and have been maintained in accordance with sound business practices. The minute books of the Companies contain accurate and complete records of all meetings, and actions taken by written consent of, the shareholders, members, directors, and managers, as applicable, and any committees thereof, and no meeting, or action taken by written consent, of any such shareholders, members, directors, or managers, as applicable, or committee has been held for which minutes have not been prepared and are not contained in such minute books. At the Closing, all of those books and records will be in the possession of any Seller and shall be delivered to Purchaser Representative.

Section 3.30. Guaranties. None of the Companies is a guarantor or otherwise is liable for any Liabilities or obligation (including Indebtedness) of any other Person.

Section 3.31. Bank Accounts. Section 3.31 of the Seller Disclosure Schedule lists: (i) each bank, trust company, savings institution, brokerage firm, mutual fund or other financial institution in which any of the Companies has an account or safe deposit box; (ii) the name(s) in which the accounts or boxes are held; (iii) the type of account; and (iv) each person authorized to draw thereon or have access thereto.

Section 3.32. Statutory Deposits. Section 3.32 of the Seller Disclosure Schedule sets forth a true, correct and complete list of all securities or other assets deposited by the Insurance Companies with any insurance regulatory authority as of the date hereof.

Section 3.33. Related Party Transactions. No executive officer, manager or director of any of the Companies or any person owning 5% or more of the capital stock, limited liability company/membership interests or other equity interests (or any of such person's immediate family members) of any of the Companies is a party to any Contract with or binding upon any of the Companies or any of their assets, rights or properties or has any interest in any property owned by any of the Companies or has engaged in any transaction with any of the Companies or any of their assets, rights or properties within the last twelve (12) months, excluding insurance policies issued by the Companies in the ordinary course.

Section 3.34. Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Transaction Document based upon arrangements made by or on behalf of any of Sellers or the Companies.

Section 3.35. Full Disclosure. No representation or warranty by a Seller in this Agreement and no statement contained in the Seller Disclosure Schedule or any certificate or other document furnished or to be furnished to Purchaser Representative or any of its Representatives pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PURCHASERS

Each Purchaser hereby, jointly and severally, represents and warrants to Sellers that:

Section 4.1. Organization and Qualification.

(a) TDIC is an insurance company duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate power and authority to own, license, use or lease and operate its assets and properties and to carry on its business as it is now conducted.

(b) TDIC IS is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate power and authority to own, license, use or lease and operate its assets and properties and to carry on its business as it is now conducted.

Section 4.2. Authority; Non-Contravention; Approvals.

(a) Each Purchaser has all requisite corporate power and authority to execute and deliver this Agreement and the Transaction Documents it is a party to and to perform the transactions contemplated by this Agreement and the Transaction Documents it is a party to. The execution and delivery of this Agreement and the Transaction Documents and the performance by each Purchaser of the transactions contemplated by this Agreement and the Transaction Documents it is a party to have been approved by the board of directors of such Purchaser and no other corporate proceedings on the part of such Purchaser are necessary to authorize the execution and delivery of this Agreement or the Transaction Documents it is a party to and the performance by such Purchaser of the transactions contemplated by this Agreement and the Transaction Documents it is a party to. This Agreement has been, and upon their execution the applicable Transaction Documents will be, duly executed and delivered by each applicable Purchaser and, assuming the due authorization, execution and delivery of this Agreement and the

Transaction Documents by Sellers constitutes and upon their execution the Transaction Documents will constitute, valid and binding obligations of such Purchaser enforceable against Purchaser in accordance with their respective terms.

(b) The execution and delivery by each Purchaser of this Agreement and the Transaction Documents it is a party to and the performance of the transactions contemplated by this Agreement and the Transaction Documents it is a party to do not and will not (i) conflict with or result in a breach of any provisions of the certificate of incorporation or bylaws of such Purchaser; (ii) result in a violation or breach of or constitute a default (or an event which, with or without notice or lapse of time or both, would constitute a default) under, or result in the termination of, or the loss of a benefit under or accelerate the performance required by, or result in a right of termination, modification, cancellation or acceleration under, the terms, conditions or provisions of any contract or other instrument of any kind to which such Purchaser or its Subsidiaries is now a party or by which such Purchaser or its Subsidiaries or any of their respective properties or assets may be bound or affected; or (iii) violate any order, writ, injunction, decree, statute, treaty, rule or regulation applicable to such Purchaser or its Subsidiaries other than, in the case of clauses (ii) and (iii) above, as would not, individually or in the aggregate, result in a Purchaser Material Adverse Effect.

(c) Except as set forth on Schedule 4.2(c), no declaration, filing or registration with, or notice to, or authorization, consent, order or approval of, any Person or Governmental Authority is required to be obtained or made in connection with or as a result of the execution and delivery of this Agreement and the Transaction Documents by any Purchaser or the performance by each Purchaser of the transactions contemplated by this Agreement and the Transaction Documents it is a party to, other than such declarations, filings, registrations, notices, authorizations, consents, orders or approvals which, if not made or obtained, as the case may be, would not result in a Purchaser Material Adverse Effect.

Section 4.3. Financing. Purchasers will have funds sufficient to pay the Purchase Price at the Closing.

Section 4.4. Brokers. No agent, broker, investment banker, financial advisor or other firm or person is entitled to any brokerage, finder's, financial advisor's or other similar fee or commission for which Sellers or their Subsidiaries could become liable in connection with the transactions contemplated by this Agreement as a result of any action taken by or on behalf of any Purchaser or its Subsidiaries.

Section 4.5. Investment Intent. Each Purchaser is acquiring the applicable Shares for its own account, for the purpose of investment only and not with a view to, or for sale in connection with, any distribution thereof in violation of applicable securities laws.

Section 4.6. Full Disclosure. No representation or warranty by any Purchaser in this Agreement and no statement contained in any schedule, certificate or other document furnished or to be furnished to Sellers or any of its Representatives by such Purchaser pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

Section 4.7. Compliance with Laws. Each Purchaser (and their respective predecessors, if any) has at all times complied with and is in compliance in all material respects with all Laws applicable to it.

ARTICLE V

COVENANTS

Section 5.1. Conduct of the Business. During the period from the date of this Agreement to the Closing, except as otherwise permitted or provided in this Agreement or consented to in writing by Purchaser Representative, Sellers shall cause the Companies to (i) conduct their respective business only in the ordinary course consistent with past practice, (ii) comply in all material respects with all applicable Laws; and (iii) use their reasonable best efforts to maintain and preserve intact the present organization, business and franchise of the Companies, keep available the services of the present officers and employees of the Companies and preserve relationships with customers, suppliers, lenders, licensors, licensees, contractors, distributors, regulators and others having business relationships with the Companies. Without limiting the generality of the foregoing, from the date of this Agreement to the Closing, except as otherwise permitted or provided in this Agreement, Sellers shall not and shall cause the Companies not to do any of the following without Purchaser Representative's consent: sell, lease, encumber, transfer or otherwise dispose of any of its assets or properties or acquire any assets or properties having a purchase price, either individually or in the aggregate, in excess of \$50,000 except in the ordinary course of business consistent with past practice, but expressly excluding any intercompany transactions from this ordinary course exception;

(b) fail to maintain the properties and assets owned, operated or used by the Companies in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;

(c) enter into any other material commitment or transaction not otherwise specified in this Section, except in the ordinary course of business consistent with past practice;

(d) incur, create, guaranty or assume any indebtedness for borrowed money or otherwise become responsible for indebtedness of any other Person, except unsecured current obligations and liabilities incurred in the ordinary course of business, or take any action that results in an Encumbrance, other than a Permitted Encumbrance, being imposed on any asset or property of the Companies;

(e) other than in the ordinary course of business, enter into, adopt, amend or terminate any Plan, increase the compensation or benefits of any officer, employee, director, manager or consultant or pay or otherwise grant any benefit not required by any Plan, or enter into any contract to do any of the foregoing, except to the extent required by applicable law;

(f) except in the ordinary course of business, enter into or offer to enter into or amend, terminate or waive any right under any employment or consulting arrangement with any Person or any group of Persons;

(g) make or commit to any capital expenditure or commitment in excess of \$25,000 individually, or \$50,000 in the aggregate;

(h) other than in the ordinary course of business, cancel any debts or waive any claims or rights that are material to the Companies;

(i) fail to make timely and complete payments on all debts, Taxes and other obligations;

- (j) enter into, amend, modify or terminate or waive any provision of any Material Contract;
- (k) fail to perform all of its obligations under all Material Contracts relating to or affecting the Companies properties, assets or business;
- (l) enter into any transaction or any contract with any of its officers, directors or Affiliates;
- (m) merge or consolidate or enter into an acquisition transaction with any other Person, or adopt a plan of complete or partial liquidation or create or acquire any new subsidiaries;
- (n) make any advances or capital contributions to, or investments in any other Person, other than in the ordinary course of business consistent with past practice;
- (o) issue, sell, convey, pledge, otherwise dispose of, encumber, repurchase, reclassify, split or redeem any capital stock or evidence of indebtedness or other securities, or grant any options, warrants, calls, rights or commitments or any other agreements of any character obligating it to issue any shares of capital stock or any evidence of indebtedness or other securities;
- (p) make any material change in the accounting, actuarial, investment, reserving, underwriting, claims payment or administration policies, practice or principals of Sellers or the Companies, except as may be required by GAAP or applicable Statutory Accounting Principles;
- (q) pay, settle or compromise any Action or threatened Action involving the Companies or their respective businesses, assets, properties or employees;
- (r) pay, settle or compromise any material Tax audit or liability, amend any material Tax Return, make, change or revoke any material election related to Taxes, change any taxable period or any Tax accounting method, or enter into any agreement relating to Tax or otherwise with a Tax Authority, consent to any extension or waiver of the limitations period applicable to any Tax claim or assessment, or amend any material Tax Returns, surrender any right to claim a material Tax refund, offset or other reduction in Tax liability, in each case with respect to the Companies other than in the ordinary course of business where such action would not reasonably be expected to adversely impact the Tax position of the Companies for any period ending after the Closing Date;
- (s) abandon, modify, waiver or termination any Permit or take any action that would cause any such Permit to continue to be maintained and effective;
- (t) declare, set aside or pay any dividends or make any other distribution in respect of any securities of the Companies;
- (u) make any distribution, transfer, payment or otherwise incur any obligation to make any distribution, transfer or payment of cash, property or other assets to any Seller, its members or any Affiliate;
- (v) fail to defend and protect the Companies' properties and assets from infringement or usurpation;
- (w) enter into a new line of business or abandon or discontinue an existing line of business;

(x) make or authorize any change in its certificate of incorporation or bylaws (or similar organizational documents); or

(y) take, or agree or otherwise commit to take, any of the foregoing actions.

Section 5.2. Access to Information. From the date hereof until the Closing, Sellers shall, and shall cause the Companies to, (a) provide Purchaser Representative and its Representatives with reasonable access and right to inspect during normal business hours, upon reasonable prior notice to all personnel, officers, employees, assets, premises, contracts, documents and properties of Sellers, the Companies and the books and records and other information and data relating to the Companies; (b) furnish Purchaser Representative and its Representatives with such financial, operating and other data and information related to the Companies as Purchaser Representative or any of its Representatives may reasonably request; and (c) instruct the Representatives of Sellers and the Companies to cooperate with Purchaser Representative in its investigation thereof, provided, that such investigation shall be conducted in a manner as to not unreasonably interfere with the conduct of the business of the Companies. Seller Representative shall furnish Purchaser Representative and its Representatives with all such information and data (including copies of contracts, Plans and other books and records) concerning the Companies and operations of the Companies as Purchaser Representative or any of such Representatives reasonably may request in connection with such investigation; provided, however, that (i) the auditors and outside accountants of Sellers shall not be obligated to make work papers available unless Purchaser Representative has signed a customary agreement relating to access to such work papers in form and substance reasonably acceptable to such auditors or accountants, as applicable, (ii) no Seller shall be obligated to make any information available that would, in the reasonable judgment of such Seller, with advise from legal counsel, (x) violate or jeopardize any applicable attorney client or other similar legal privilege or (y) violate any applicable Law or binding agreement entered into prior to the date of this Agreement that is listed on Section 5.2 of the Seller Disclosure Schedule. Without limiting the foregoing, each Seller shall permit Purchaser Representative and its Representatives to conduct environmental due diligence of the Companies, and the Real Property, including the collecting and analysis of samples of indoor or outdoor air, surface water, groundwater or surface or subsurface land on, at, in, under or from the Companies and the Real Property. No investigation by Purchaser Representative or other information received by Purchaser Representative shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by any Seller in this Agreement. All such information shall be kept confidential in accordance with the terms of that certain Binding Provisions, the Nondisclosure and Confidentiality Agreement dated August 28, 2014 entered into by Moda and Purchaser Representative, including the Addendum dated March 1, 2016 (the "Confidentiality Agreement").

Section 5.3. Reasonable Efforts.

(a) Upon the terms and subject to the conditions of this Agreement, each of the parties hereto shall use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including any filings or notifications required by Section 5.3(e); provided, however, that Purchaser shall not be required to take any action that is reasonably likely to result in a Burdensome Condition. Sellers and Purchasers each shall comply as promptly as practicable with any other laws of any Governmental Authority that are applicable to any of the transactions contemplated hereby or by the Transaction Documents and pursuant to which any consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Authority or any other Person in connection with such transactions is necessary. Seller Representative and Purchaser Representative each shall furnish to the others such necessary information and reasonable assistance as the other may request in connection with their preparation of any filing, registration or declaration necessary hereunder. Purchaser Representative and Seller Representative shall

keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, any Governmental Authority (or other Person regarding any of the transactions contemplated by this Agreement or the Transaction Documents) in respect of any such filing, registration or declaration, and shall comply promptly with any such inquiry or request (and, unless precluded by law, provide copies of any such communications that are in writing). The parties shall use their respective commercially reasonable efforts and take all necessary action to obtain any consent, approval, order or authorization of any Governmental Authority under United States or foreign antitrust or competition laws, necessary in connection with the transactions contemplated hereby or to resolve any objections that may be asserted by any Governmental Authority with respect to the transactions contemplated hereby.

(b) Subject to the terms and conditions of this Agreement, each party shall use its reasonable best efforts to cause the Closing to occur as promptly as practicable, including by defending against any lawsuits, actions or proceedings, judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, and seeking to have any preliminary injunction, temporary restraining order, stay or other legal restraint or prohibition entered or imposed by any court or other Governmental Authority that is not yet final and nonappealable vacated or reversed.

(c) Seller Representative and Purchaser Representative each shall use its commercially reasonable efforts to obtain as promptly as practicable all Permits required by law for Purchasers to conduct the Business following the Closing. Notwithstanding the foregoing, neither Purchasers nor Sellers shall be required to expend any material sum to obtain any such Permits.

(d) Sellers shall, and shall cause the Companies to, use their commercially reasonable best efforts to obtain and provide as promptly as practicable all consents, approvals and waivers required by third Persons so that all Permits, contracts and other agreements of the Companies will remain in full force and effect immediately upon the Closing.

(e) Purchaser Representative shall promptly make all filings and notifications with all Governmental Authorities that may be or may become reasonably necessary, proper or advisable under this Agreement and the Transaction Documents and applicable laws to consummate and make effective the transactions contemplated by this Agreement and the Transaction Documents, including (i) in no event more than twenty (20) Business Days after the date of this Agreement, Purchaser Representative causing "Form A" or similar change of control applications to be filed with each Applicable Regulator and any other state agency where required by applicable insurance laws with respect to the transactions contemplated by this Agreement and the Transaction Documents; (ii) Seller Representative and Purchaser Representative each making any other filing that may be required under any other antitrust or competition law or by any Governmental Authority with jurisdiction over enforcement of any applicable antitrust or competition laws; and (iii) Purchaser Representative making any other filing that may be required under any insurance, financial services or similar applicable law or by any Governmental Authority with jurisdiction over enforcement of any applicable insurance, financial services or similar law. Notwithstanding the foregoing, nothing contained in this Agreement shall be deemed to require Purchaser to take any action, or commit to take any action, or agree to any condition or restriction, in connection with obtaining the permits, consents, approvals and authorizations of Governmental Authorities or third parties for the transactions contemplated by this Agreement that would reasonably be expected to result in a Burdensome Condition. Seller Representative and Purchaser Representative each agrees to supply promptly any additional information and documentary material that may be requested pursuant to any applicable Laws. Purchaser Representative shall have responsibility for the filing fees associated with its "Form A" filings or similar change of control applications, and Sellers and Purchasers shall have responsibility for their other respective filing fees associated with any other required filings.

(f) Sellers shall, and shall cause the Companies to, use their commercially reasonable best efforts to obtain and provide as promptly as practicable duly executed endorsement of the Companies or other similar agreement (or, if applicable, a consent to assignment or amendment to the existing agreement), in form and substance satisfactory to Purchaser Representative with each of the Idaho State Dental Association, the Oregon Dental Association, and WSDA.

Section 5.4. Notification.

(a) Seller Representative has appended to this Agreement all of the schedules with respect to Article III of this Agreement. Seller Representative shall supplement its disclosures on said schedules prior to Closing from time to time with respect to any matter hereafter arising or of which it becomes aware after the date hereof, which, if existing, occurring or known at the date of this Agreement, would have been required to be set forth or described in the disclosure schedules and said supplements will be deemed to have amended and supplemented the schedules attached hereto as of the execution date; provided, however, that (i) any such supplement or amendment shall not be deemed to have cured any inaccuracy in or breach of any representation or warranty contained in this Agreement, including without limitation, for purposes of the indemnification or termination rights contained in this Agreement, and (ii) Purchaser Representative may terminate this Agreement upon notice to Seller Representative in the event that said supplementary disclosures reveal information which could reasonably be expected to give rise to a Business Material Adverse Effect. Any such notice of termination shall be given within fifteen (15) business days following Purchaser Representative's receipt of the Seller Representative's supplementary disclosure.

(b) From the date of this Agreement until the Closing, each party hereto will give prompt written notice to each other party hereto of any (i) event or occurrence which could reasonably be expected to give rise to a Business Material Adverse Effect, in the case of Sellers or a Company, or a material adverse effect on the Purchaser, in the case of Purchaser, or could reasonably be expected to cause a breach of any of its own representations, warranties, covenants or other agreements contained herein or (ii) pending or, to the knowledge of Purchasers or Knowledge of Sellers, as the case may be, threatened action, suit or other proceeding or investigation by any Person (A) challenging or seeking material damages in connection with the transactions contemplated by this Agreement or the Transaction Documents or (B) seeking to restrain or prohibit the consummation of the transactions. From the date of this Agreement until the Closing, Seller Representative shall promptly notify Purchaser Representative in writing of any pending or, to the Knowledge of Sellers, threatened action, suit or other proceeding or investigation by any Governmental Authority. No disclosure by any party pursuant to this Section 5.4(b) will be deemed to amend or supplement any Schedule, or to prevent or cure any misrepresentation, breach of warranty or breach of covenant or other agreement.

Section 5.5. Employee Matters.

(a) Prior to the Closing Date, Purchaser shall, subject to Purchaser's standard hiring and background check procedures, offer employment effective as of the Closing Date on an "at will" basis to the Business Employees effective as of the Closing Date (including any such employee on temporary leave for purposes of jury or annual two-week national service/military duty, on vacation, on maternity or paternity leave, educational leave, military leave, leave under the Family Medical Leave Act of 1993, approved personal leave, short or long-term disability leave or medical leave, except that for Business Employees on such leave leaves, such employment with Purchaser shall be effective on their return from leave). Any Business Employee who accepts the offer of employment from Purchaser shall be referred to herein, individually, as a "Hired Employee" and, collectively, as the "Hired Employees." Sellers shall ensure the employment termination by the employer that is Sellers' Affiliate effective as of the Closing Date of any Business Employee who does not become a Hired Employee on the Closing

Date. Nothing herein shall be interpreted to convert the “at-will” status of any Business Employee or otherwise affect the right of Purchaser to otherwise terminate the employment of any Business Employee or Hired Employee after the Closing.

(b) In accordance with Seller’s standard payroll practices relating to termination of employment, Sellers shall ensure payment to each Business Employee all accrued salary, accrued unused vacation or paid time off, bonuses, commissions and overtime, in each case, for services provided as of the Closing Date, Sellers shall continue the participation of Hired Employees (and their covered dependents) in Sellers’ Plans that are “group health plans” (as defined in Section 733(a) of ERISA) through the end of the calendar month in which the Closing occurs.

(c) Sellers shall, as reasonably requested by Purchaser or the Business Employees explain and otherwise communicate with and to the Business Employees the benefits to which the Business Employees are entitled under the Sellers’ Plans. Sellers shall allow Purchaser’s Representatives reasonable access to the Business Employees and Company facilities at which the Business Employees work for purposes of communicating and explaining Purchaser’s employee benefits and the offers of employment contemplated herein.

(d) Sellers shall provide, upon the Closing Date (or at such later dates as may be reasonably requested by the Purchaser), to the Purchaser such Plan and Seller’s Plans information as Purchaser may reasonably request relating to the Hired Employees, including, without limitation, (A) information to enable the Purchaser to comply with the Patient Protection and Affordable Care Act and reporting obligations thereunder and (B) information to facilitate the rollover of distributions to the Hired Employees from the Sellers’ 401(k) plan to the Purchaser’s 401(k) plan.

(e) To the extent the Companies are participating employers in any of the Sellers’ Plans, Sellers shall, prior to but effective as of the Closing or such other date(s) as the Sellers and the Purchaser may otherwise agree, cause the Companies to withdraw as participating employers in such Sellers’ Plans.

Section 5.6. Directors’ and Officers’ Insurance; Errors and Omissions Insurance.

(a) Prior to the Closing, at Sellers’ sole cost and expense, Sellers shall provide a policy or policies covering all present and former officers and directors of the Companies for an aggregate period of not less than six (6) years with respect to claims arising from facts or events that occurred on or before the Closing Date, including with respect to the transactions contemplated by this Agreement. Prior to the Closing Date, Seller shall deliver to Purchaser Representative evidence of the continuation of such insurance coverages.

(b) Prior to the Closing, at Seller’s sole cost and expense, the Companies shall purchase a policy or policies covering the Company for an aggregate period of not less than six (6) years with respect to claims made during the policy period by reason of any covered error, omission or negligent act committed in the conduct of the insured’s professional business during the policy period. Prior to the Closing Date, Seller Representative shall deliver to Purchaser Representative evidence of the continuation of such insurance coverages.

Section 5.7. Public Announcements. The initial press release with respect to the execution of this Agreement shall be a joint press release reasonably acceptable to Purchaser Representative and Seller Representative, provided, however, Purchasers may otherwise disclose information about the Agreement and the transactions contemplated hereby as may be required by Law or by any listing agreement or rules with a national securities exchange or trading market (and in such case shall use commercially reasonable

efforts to consult with such other party prior to such release or statement). From the date hereof through the Closing, neither Purchasers nor Sellers nor any of their respective Affiliates shall issue or cause the dissemination of any press release or other public announcements or statements with respect to this Agreement or the transactions contemplated hereby without the prior written consent of such other party, which consent will not be unreasonably withheld or delayed, except as may be required by Law or by any listing agreement or rules with a national securities exchange or trading market (and in such case shall use commercially reasonable efforts to consult such other party prior to such release or statement).

Section 5.8. No Solicitation of Other Bids.

(a) Sellers shall immediately cease and cause to be terminated, and shall cause its Affiliates (including the Companies) and all of its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. From the date hereof through the first to occur of the Closing or the termination of this Agreement in accordance with **Article IX**, Sellers shall not, and shall not authorize or permit any of their respective Affiliates (including the Companies) or any of its or their Representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. For purposes hereof, "Acquisition Proposal" shall mean any inquiry, proposal or offer from any Person (other than Purchasers or any of their Affiliates, or the WSDA) concerning (x) a merger, consolidation, liquidation, recapitalization, share exchange or other business combination transaction involving any Company; (y) the issuance or acquisition of shares of capital stock, limited liability company/membership interests or other equity securities of any Seller or its Affiliates (including the Companies); or (z) the sale, lease, exchange or other disposition of any significant portion of any Seller's or its Affiliates' (including the Companies) properties or assets.

(b) In addition to the other obligations under this Section 5.7(b), Sellers shall, and shall cause their respective Affiliates (including the Companies) to, promptly (and in any event within forty-eight (48) hours after receipt thereof by any Seller, its Affiliates (including the Companies) or all its and their Representatives, advise Purchaser Representative orally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(c) Sellers agree that the rights and remedies for noncompliance with this Section 5.7(c) shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Purchasers and that money damages would not provide an adequate remedy to Purchasers.

Section 5.9. Reserving. Between the date of this Agreement and the Closing, for purposes of the applicable Statutory Accounting Principles, Sellers shall cause each Insurance Company to fix and determine reserves consistent with the methodologies and other practices as set forth on Schedule 5.9.

Section 5.10. Non-Competition; Non-Solicitation.

(a) In consideration of the benefits of this Agreement and the Transaction Documents to Sellers and in order to induce Purchasers to enter into this Agreement, each Seller hereby

covenants and agrees that, for a period of ten (10) years after the Closing Date (the “Restricted Period”), neither it nor any of its Affiliates shall, without the prior written consent of Purchaser Representative and other than as expressly contemplated by this Agreement or any Transaction Documents, directly or indirectly operate, engage in, manage or own any Restricted Business in the Restricted Area; provided, however, that the foregoing provisions shall not be applicable to such Person’s:

(i) ownership of less than 5% of the capital stock of a publicly traded corporation of which the majority of revenues are generated by or from the Restricted Business and such Restricted Business includes both voluntary and involuntary business; or

(ii) acquiring and operating any business concern in which revenues from the Restricted Business represent less than 5% of the total revenues of such concern.

(b) During the Restricted Period, neither Sellers nor any of their respective Affiliates shall directly or indirectly solicit to hire or employ any Employee hired by any Purchaser or its Affiliates in any capacity whatsoever without the express written consent of Purchaser Representative. The restrictions set forth in this Section 5.10 will not prohibit general, non-targeted solicitations of individuals whether or not such individuals are (or were at any time) employees of any Purchaser or its Affiliates.

(c) Sellers and Purchasers acknowledge and agree that the remedy at Law for any breach of the covenants and obligations in this Section 5.10 will be inadequate and that Purchaser, in addition to any other relief available to it, shall be entitled to temporary and permanent injunctive relief without the necessity of proving actual damage or posting any bond whatsoever. Sellers further acknowledges and agrees that, in view of the nature of the Business and the business objectives of Purchasers in acquiring the Companies and the consideration paid to Sellers therefor, the scope of business, territorial and time limitations contained in this Section 5.10 are reasonable and properly required for the adequate protection of Purchasers. The parties hereto intend that the covenants of this Section 5.10 be (i) enforceable to the maximum extent permitted by Law, and (ii) severable, and, if any reviewing court determines that any such covenant is unenforceable, invalid or of excessive duration or scope, such determination shall not affect the enforceability of any other covenants herein or the enforceability of like covenants of Sellers or their respective Affiliates not a party to the action in which such determination was made; further, in the event of any such determination, the parties authorize such court to (i) reform the unenforceable, invalid or excessive provisions, and (ii) impose such restrictions as reformed, as it deems reasonable.

Section 5.11. Release of Indemnity Obligations. Each of the Sellers covenant and agree, on or prior to the Closing, to execute and deliver to Purchaser Representative, for the benefit of each of the Companies, a General Release and Discharge.Further Assurances; Post-Closing Cooperation.

(a) From time to time after the Closing, without additional consideration, each of the parties hereto will (or, if appropriate, cause their Affiliates to) execute and deliver such further instruments and other documents and take such other action as may be reasonably necessary to make effective the transactions contemplated by this Agreement and the Transaction Documents. If any party to this Agreement following the Closing shall have in its possession any asset or right that under this Agreement should have been delivered to the other, such party shall promptly deliver such asset or right to the other.

(b) Sellers, on the one hand, and Purchasers, on the other hand, shall cooperate with each other, and shall cause their respective Representatives to cooperate with each other for a period of one (1) year after the Closing to ensure the orderly transition of the Business from Sellers to each

applicable Purchaser and to minimize any disruption to the Business and the other respective businesses of Sellers and such Purchaser that might result from the transactions contemplated hereby. Following the Closing, each party will afford the other party and its Representatives (i) such access as the other party may reasonably request to all books, records and other data and information relating to the Companies and (ii) the right to make copies and extracts therefrom at the cost of the party requesting such copies and extracts as is reasonably necessary (v) for financial reporting and accounting matters, (w) for other reasonable business purposes, (x) to facilitate the investigation, litigation, settlement and final disposition of any claims, including Tax claims or assessments, that may have been or may be made by or against Sellers, Purchasers or any of their respective Affiliates or (y) in connection with any investigation by any Governmental Authority or otherwise to comply with applicable Law. The obligation to cooperate pursuant to the preceding sentence insofar as it concerns Taxes shall terminate at the time the relevant applicable statute of limitations expires (giving effect to any extension thereof). Purchasers, on one hand, and Sellers, on the other, shall reimburse the other party for reasonable out-of-pocket costs and expenses incurred in assisting the other party or their respective Affiliates pursuant to this Section 5.12. Neither Purchasers nor Sellers shall be required by this Section 5.12 to (1) take any action that would unreasonably interfere with the conduct of its business or unreasonably disrupt its normal operations and (2) provide the other party with access to any Books or Records (including personnel files) pursuant to this Section 5.12 where such access would violate any Law.

(c) From and after the Closing, Sellers shall, and shall cause their respective Affiliates and Representatives to maintain the confidence of any and all information, whether written or oral, concerning any Purchaser, the Companies or their respective businesses that was obtained by virtue of ownership of the Companies, the completion of the transactions contemplated by this Agreement or otherwise obtained pursuant to this Section 5.12, except to the extent that Seller can show that such information (a) is generally available to and known by the public through no fault of a Seller, any of its Affiliates or their respective Representatives; or (b) is lawfully acquired by a Seller, any of its Affiliates or their respective Representatives from and after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. If any Seller or any of its Affiliates or their respective Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of law, Seller Representative shall promptly notify Purchaser Representative in writing and shall disclose only that portion of such information which Seller Representative reasonably believes is legally required to be disclosed

(d) Seller Representative shall prepare or cause to be prepared and file or cause to be filed any financial statements of the Companies required to be filed with the Applicable Regulators pursuant to the Statutory Account Principals for all periods ending on or prior to the Closing Date that are filed after the Closing Date. Sellers shall bear the cost of preparing such statements. Seller Representative shall permit Purchaser Representative to review and comment on each such financial statement described in the preceding sentence prior to filing, and Seller Representative shall make all changes reasonably requested by Purchaser Representative in good faith. In the event that Purchaser Representative and Seller Representative are unable to agree on the reporting of any item on such financial statements, Purchaser Representative and Seller Representative shall mutually choose an independent public accounting firm to resolve such dispute, and the decision of such firm shall be final.

Section 5.13. DBC Transition Period. TDIC IS currently plans to continue the operations of DBC for two years after the Closing (the "Transition Period"). Those plans include maintaining DBC's current location, subject to the successful negotiation of the DBC Lease with Seller Representative (or its applicable Affiliate). Additionally, TDIC IS expects to give serious consideration to the continuation after the Transition Period of some operational functions of DBC, subject to the business, financial and legal considerations of Purchasers and the Companies at such time. The parties acknowledge and agree that this Section 5.13 is merely a statement of the good faith intent of TDIC IS as of the date of this

Agreement and shall be binding upon and inure solely to the benefit of each of the parties to this Agreement only to that extent, and nothing in this Section 5.13, express or implied, shall confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Section 5.13. Nothing contained herein, express or implied, shall be construed to establish, amend or modify any Plan or other benefit plan, program, agreement or arrangement. The parties hereto acknowledge and agree that the terms set forth in this Section 5.13 shall not create any right in any employee of any Company or any other individual to any continued employment with the Companies, or any Purchaser or any of its respective Affiliates or compensation or benefits of any nature or kind whatsoever.

Section 5.14. Contact with Customers and Suppliers. Prior to the Closing, any Purchaser, its Affiliates and/or Representatives shall have the right to contact any customer, supplier or other person having a commercial relationship with the Companies, however, such contact shall be reasonably coordinated with Seller Representative and shall be conducted in such a manner so as to not cause material interruption of the Companies' day-to-day business.

Section 5.15. No Intercompany Accounts. Except for the Sweep Account Payable, Seller Representative shall cause the intercompany accounts receivable or payable (whether or not currently due or payable) between any Company, on the one hand, and any Seller, any of its Affiliates or any of the directors, officers or employees of such Seller or any of its Affiliates, on the other hand, to be settled in full (without any premium or penalty or ongoing liabilities or obligations) prior to the Closing. Prior to the Closing, Seller Representative shall advise Purchaser Representative as to the approximate amounts of all such intercompany accounts and the methods of settlement thereof.

ARTICLE VI

CONDITIONS

Section 6.1. Conditions to Each Party's Obligations. The respective obligations of each party to effect the Closing are subject to the satisfaction or waiver at or prior to the Closing of the following conditions:

(a) All consents, approvals and actions of, filings with and notices to any Governmental Authority necessary to permit the parties hereto to perform their respective obligations under this Agreement and to consummate the transactions contemplated hereby shall have been obtained in form and substance as contemplated by this Agreement, and shall remain in full force and effect, and any statutory waiting period applicable to the consummation of the transactions contemplated hereby shall have expired or been terminated and no such consents or approvals shall contain any conditions, restrictions or requirements which Purchaser Representative reasonably determines in good faith would, individually or in the aggregate, reduce the benefits, or increase the costs, to Purchasers of the transactions contemplated by this Agreement by \$250,000 or more and for which there is no other remedy available to Purchasers hereunder as reasonably determined by Purchaser Representative (any such condition, restriction or requirement, a "Burdensome Condition").

(b) (i) No order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the transactions contemplated by this Agreement or the Transaction Documents shall be in effect; (ii) no proceeding initiated by any Governmental Authority seeking an injunction against the transactions contemplated by this Agreement or the Transaction Documents shall be pending; and, (iii) no statute, rule, regulation, order, injunction or decree shall have been proposed, enacted, entered, promulgated or enforced by any Governmental Authority which prohibits, restricts or makes illegal consummation of the transactions contemplated by this Agreement or the Transaction Documents;

Section 6.2. Conditions to Purchasers' Obligations. The obligations of each Purchaser to effect the Closing are further subject to the satisfaction or waiver at or prior to the Closing of the following conditions:

(a) The representations and warranties made by each Seller in this Agreement shall be true and correct in all material respects, in each case at and as of the Closing Date as if made on that date (except in any case that representations and warranties that expressly speak as of a specified date or time need only be true and correct as of such specified date or time), except to the extent that such representations and warranties are qualified by the term "material" or contain terms such as "Business Material Adverse Effect" or similar terms, in which case such representations and warranties (as so written, including the term "material" or "Business Material Adverse Effect" or similar terms) shall be true and correct in all respects.

(b) All consents and approvals listed in Section 3.2 of the Seller Disclosure Schedule shall have been obtained and shall remain in full force and effect, in form and substance reasonably satisfactory to Purchaser Representative.

(c) Sellers and the Companies shall have performed and complied in all material respects with the agreements, covenants and obligations required by this Agreement and any Transaction Document to be so performed or complied with by any Seller or any Company at or before the Closing.

(d) Since December 31, 2015, no Business Material Adverse Effect shall have occurred.

(e) Each Purchaser's board of directors shall have approved of the transactions contemplated by this Agreement and the Transaction Documents such Purchaser is a party to.

(f) Each Purchaser shall have satisfactorily completed its due diligence of the Companies.

(g) Seller Representative shall have delivered to Purchaser Representative, evidence satisfactory to Purchaser Representative, that any risk, obligation or financial exposure regarding the Stop Loss Policy has been removed and/or transferred from the Companies or Seller Representative and Purchaser Representative have otherwise reached a mutually agreeable agreement regarding the foregoing.

(h) The WSDA Agreement shall have been executed, or, in the alternative, an arrangement with WSDA with respect to WSDA's 25% ownership interest in NORDIC and the governance of NORDIC, in either case, on terms satisfactory to TDIC in its sole discretion.

(i) Seller Representative shall have made the deliveries required under Section 2.5.

Section 6.3. Conditions to Sellers' Obligations. The obligations of Sellers to effect the Closing are further subject to the satisfaction or waiver at or prior to the Closing of the following conditions: the representations and warranties made by each Purchaser in this Agreement shall be true and correct, in each case at and as of the Closing Date as if made on that date (except in any case that representations and warranties that expressly speak as of a specified date or time need only be true and correct as of such specified date or time), except to the extent that such representations and warranties are qualified by the term "material" or contain terms such as "Purchaser Material Adverse Effect" or similar terms, in which case such representations and warranties (as so written, including the term "material" or "Purchaser Material Adverse Effect" or similar terms) shall be true and correct in all respects.

(b) Each Purchaser shall have performed and complied with, in all material respects, the agreements, covenants and obligations required by this Agreement and any applicable Transaction Document to be so performed or complied with by Purchaser at or before the Closing.

(c) Each Purchaser's board of directors shall have approved of the transactions contemplated by this Agreement and the Transaction Documents such Purchaser is a party to Purchasers shall have made the deliveries required under Section 2.4.

ARTICLE VII

SURVIVAL; INDEMNIFICATION

Section 7.1. Survival of Representations, Warranties, Covenants and Agreements.

(a) The representations and warranties of Sellers, on the one hand, and Purchasers, on the other hand, contained in this Agreement will survive the Closing (i) indefinitely with respect to the representations and warranties contained in Sections 3.1 *Organization and Qualification of Seller*, 3.2 *Authority; Non-Contravention; Approvals*, 3.3 *Ownership of Shares*, 3.4 *Corporate Organization of the Companies and their Subsidiaries*, 3.34 *Brokers*, 4.1 *Organization and Qualification* and 4.2 *Authority; Non-Contravention; Approvals* (collectively, the "Fundamental Representations"), (ii) for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus 60 days with respect to Sections 3.5 *Taxes*, 3.15 *Intellectual Property*, 3.21 *Market Conduct*, 3.23 *Insurance and Reinsurance Matters*, 3.27 *Benefit Plans: ERISA* and 3.28 *Environmental Matters*, and (iii) until the first (1st) anniversary of the Closing in the case of all other representations and warranties (the "General Survival Period"); provided, however, that any representation or warranty that would otherwise terminate in accordance with clauses (i), (ii) or (iii) above will continue to survive if a notice of a claim shall have been given under this **Article VII** on or prior to such date on which it otherwise would terminate, until the related claim for indemnification has been satisfied or otherwise resolved as provided in this **Article VII**, but such survival shall only be with respect to the matters covered by or relating to such notice of claim. Except as otherwise expressly provided in this Agreement, each covenant hereunder shall survive without limit.

(b) For purposes of this Agreement, Sellers' representations and warranties shall be deemed to include the Seller Disclosure Schedule.

Section 7.2. Indemnification of Purchasers. Sellers shall, jointly and severally, indemnify, defend and hold harmless Purchasers, their respective Affiliates (including the Companies after the Closing) and their respective successors and their respective shareholders and Representatives (collectively, the "Purchaser Indemnified Parties") from and against, and shall pay and reimburse each of them for, any and all Losses that may be asserted against, or paid, suffered, imposed upon or incurred by any Purchaser Indemnified Party based upon, that arise out of or otherwise result from (a) any inaccuracy

in or any breach of any representation or warranty made by any Seller in this Agreement or in any certificate or instrument delivered by or on behalf of such Seller pursuant to this Agreement; (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by any Seller pursuant to this Agreement or any applicable Transaction Document, (c) the Plans and all liabilities under or relating to the Plans, (d) any Liability arising out of a breach of any Environmental Law by Sellers or any Company prior to the Closing Date, and (e) any matter identified on Schedule 7.2.

Section 7.3. Indemnification of Sellers. Purchasers shall, jointly and severally, indemnify, defend and hold harmless Sellers, their respective Affiliates and their respective successors and their respective shareholders and Representatives (collectively, the "Seller Indemnified Parties") from and against, and shall pay and reimburse each of them for, any and all Losses that may be asserted against, or paid, suffered, imposed upon or incurred by any Seller Indemnified Party based upon, that arise out of or otherwise result from (a) the inaccuracy of any representation or warranty made by any Purchaser in this Agreement or in any certificate or instrument delivered by or on behalf of such Purchaser pursuant to this Agreement and (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by any Purchaser pursuant to this Agreement or any applicable Transaction Document.

Section 7.4. Limitations.

(a) Sellers shall not be liable to the Purchaser Indemnified Parties for indemnification under Section 7.2 unless and until the Purchaser Indemnified Parties have suffered, incurred, sustained or become subject to Losses in excess of \$125,000 (the "Basket") in the aggregate, in which case the Purchaser Indemnified Parties may bring a claim for all Losses and Sellers shall be required to pay or be liable for all such Losses from the first dollar. No Purchaser shall be liable to the Seller Indemnified Parties for indemnification under Section 7.3 unless and until the Seller Indemnified Parties have suffered, incurred, sustained or become subject to Losses referred to in Section 7.3 in excess of the Basket in the aggregate, in which case the Seller Indemnified Parties may bring a claim for all Losses and Purchasers shall be required to pay or be liable for all such Losses from the first dollar. In the event the Indemnifying Party assumes the defense of (or otherwise elects to negotiate or settle or compromise) any action or claim as described above, the Indemnified Party shall reimburse the Indemnifying Party for all costs and expenses incurred by the Indemnifying Party in connection with such defense (or negotiation, settlement or compromise) to the extent that such costs and expenses do not exceed the amount of the remaining Basket.

(b) Notwithstanding the foregoing, the limitations set forth in Section 7.4(a) shall not apply to Losses based upon, arising out of any inaccuracy in or breach of (i) any Fundamental Representation or (ii) any representations and warranties contained in Section 3.5 (Taxes).

(c) For purposes of this Article VII, any inaccuracy in or breach of any representation or warranty shall be determined without regard to any materiality, Business Material Adverse Effect, Purchaser Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty.

(d) Following the determination of any amount that Sellers shall be obligated to indemnify Purchasers or the Purchaser Indemnified Party, as applicable, pursuant to Sections 7.2(a), (b), (c) or (d), or Article VIII, (i) first, Purchaser Representative and Seller Representative shall promptly deliver to Escrow Agent joint written instructions to the Escrow Agent instruction the Escrow Agent to disburse to Purchasers such amount from the Standard Escrow Amount and (ii) next, to the extent such obligation to indemnify exceeds the Standard Escrow Amount and/or the Standard Escrow Amount is otherwise unavailable, Sellers shall, jointly and severally, promptly pay to Purchasers or the Purchaser Indemnified Party, as applicable, any remainder of such excess.

(e) Following the determination of any amount that Sellers shall be obligated to indemnify Purchasers or the Purchaser Indemnified Party, as applicable, pursuant to Section 7.2(e), (i) first, Purchaser Representative and Seller Representative shall promptly deliver to Escrow Agent joint written instructions to the Escrow Agent instruction the Escrow Agent to disburse to Purchasers such amount from the Special Escrow Amount (or, at Purchaser Representative's sole election, from the Standard Escrow Amount if such Special Escrow Amount is insufficient to cover such obligation to indemnify), and (ii) next, to the extent such obligation to indemnify exceeds the Special Escrow Amount and/or the Special Escrow Amount is otherwise unavailable, Sellers shall, jointly and severally, promptly pay to Purchasers or the Purchaser Indemnified Party, as applicable, any remainder of such excess.

(f) In no event shall an Indemnifying Party be liable to the other Indemnified Party for any punitive damages, unless such damages are actually awarded to a Governmental Authority.

(g) The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate or by reason of the Indemnified Party's waiver of any condition set forth in Section 6.2 or 6.3, as the case may be.

Section 7.5. Method of Asserting Claims. All claims for indemnification by any Indemnified Party under this **Article VII** shall be asserted and resolved as follows: If any Indemnified Party receives notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a "Third Party Claim") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense; provided, that if the Indemnifying Party is a Seller, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that (x) is asserted directly by or on behalf of a Person that is a supplier or customer of any Purchaser, the Companies or any of their Subsidiaries, or (y) seeks an injunction or other equitable relief against the Indemnified Parties. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 7.5(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, provided, that if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party; or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party

determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 7.5(b), pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. Sellers and Purchasers shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, except as provided in this Section 7.5(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party.

(c) Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a “Direct Claim”) shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim, except for any Direct Claim based on a breach of Section 5.10, then such response shall be within two (2) days. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party’s investigation by giving such information and assistance (including access to the Companies’ or their Subsidiaries’ premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

(d) Nothing in this Section 7.5 shall operate to in any way to restrict or limit the ability and timing for any Seller or any Purchaser to seek specific performance as provided in Section 10.11 for a party’s failure to comply with any term or provision of this Agreement.

(e) Notwithstanding any other provision of this Agreement, the control of any claim, assertion, event or proceeding in respect of Taxes of the Companies (including, but not limited to, any such claim in respect of a breach of the representations and warranties in Section 3.5 hereof or any breach or violation of or failure to fully perform any covenant, agreement, undertaking or obligation in

Article VIII) shall be governed exclusively by **Article VIII** hereof, and, for the avoidance of doubt, the limitations under Section 7.4 shall not apply to such Tax matters.

Section 7.6. Escrow Matters.

(a) Release of Standard Escrow Amount. On the first Business Day immediately succeeding the General Survival Period, the Escrow Agent shall release (and Purchaser Representative and Seller Representative shall instruct the Escrow Agent through joint written instructions to so release) from the Standard Escrow Amount all remaining funds to Sellers; provided, that if, on such day, any claim for indemnification by any Purchaser Indemnified Party under this **Article VII** (other than Section 7.2) is pending, then the amount that would otherwise be paid by the Escrow Agent to Sellers pursuant to this sentence shall be reduced by the amount of each such claim. Purchaser Representative and the Seller Representative shall instruct the Escrow Agent not to release such amount equal to each such claim amount from the Standard Escrow Amount. Upon resolution with respect to each such claim, Purchaser Representative and Seller Representative shall promptly deliver joint written instructions to the Escrow Agent instructing the Escrow Agent to, within two Business Days, reimburse the applicable Purchaser Indemnitee for the amount of the related Loss, if any, specified in such joint written instruction from the Standard Escrow Amount and release the remaining amounts retained in connection with such claim to the Sellers.

(b) Release of Special Escrow Amount. On the first Business Day immediately succeeding the earlier of (i) the one year anniversary of the Closing Date or (ii) the date that all payments of all medical and pharmacy claims through the claims run out period under the Stop Loss Policy have been made and any amounts covered by the Stop Loss Policy have been finally settled, the Escrow Agent shall release (and Purchaser Representative and Seller Representative shall instruct the Escrow Agent through joint written instructions to so release) from the Special Escrow Amount all remaining funds to Sellers; provided, that if, on such day, any claim for indemnification by any Purchaser Indemnified Party under Section 7.2 is pending, then the amount that would otherwise be paid by the Escrow Agent to Sellers pursuant to this sentence shall be reduced by the amount of each such claim. Purchaser Representative and the Seller Representative shall instruct the Escrow Agent not to release such amount equal to each such claim amount from the Special Escrow Amount. Upon resolution with respect to each such claim, Purchaser Representative and Seller Representative shall promptly deliver joint written instructions to the Escrow Agent instructing the Escrow Agent to, within two Business Days, reimburse the applicable Purchaser Indemnitee for the amount of the related Loss, if any, specified in such joint written instruction from the Special Escrow Amount and release the remaining amounts retained in connection with such claim to Sellers.

Section 7.7. Character of Indemnity Payments. The parties agree that any indemnification payments or disbursements from the Escrow Account to Purchasers made with respect to this Agreement shall be treated for all Tax purposes as a reduction to the Purchase Price unless otherwise required by law, and Sellers shall not be treated for Tax purposes as having received any amount deposited in the Escrow Account except and until such amount is actually disbursed to Sellers in accordance with this Agreement or the Escrow Agreement.

Section 7.8. Other Indemnification Provisions. The foregoing indemnification provisions are in addition to, and not in derogation of, any statutory, equitable, or common law remedy (including any such remedy arising in tort or under environmental, health and safety requirements) any party may have. Payments by an Indemnifying Party pursuant to Section 7.2 or Section 7.3 in respect of any Loss shall take into account the time cost of money in determining any and all Losses, which shall be, for purposes hereof, the prime rate as published in the Wall Street Journal.

ARTICLE VIII

TAX MATTERS

Section 8.1. Tax Indemnity.

(a) Purchasers shall be permitted to recover from Sellers, from time to time, Taxes as provided in paragraph (b) hereof.

(b) The obligations of Sellers to reimburse Purchasers for Taxes shall extend to (i) all Taxes with respect to taxable periods ending on or prior to the Closing Date (“Pre-Closing Tax Periods”) and (ii) all Taxes with respect to taxable periods beginning before and ending after the Closing Date (“Straddle Periods”) to the extent that such Taxes are allocable to the period prior to Closing pursuant to this Agreement. Such obligations shall be without regard to whether there was any breach of any representation or warranty under **Article III** with respect to such Tax or any disclosures that may have been made with respect to **Article III** or otherwise. The indemnification obligations provided for herein shall terminate upon the expiration of the applicable statutes of limitations plus 60 days. The indemnification obligations provided for herein shall apply even if the additional Tax liability results from the filing of a Tax Return or amended Tax Return with respect to a pre-Closing Date transaction or period (or portion of a period) by a Purchaser, provided that no Purchaser shall cause or permit the Companies to file an amended Tax Return with respect to any taxable period ending on or prior to the Closing Date or any Straddle Period unless (y) Seller Representative consents in its sole discretion or (z) such Purchaser Representative obtains a legal opinion from counsel reasonably acceptable to Seller Representative that such amended return is legally required to be filed.

(c) Sellers shall be permitted to recover from Purchasers, from time to time, Taxes and other amounts as provided in paragraphs (d) and (e) hereof.

(d) The obligations of Purchasers to reimburse Sellers for Taxes shall extend to (i) all Taxes with respect to Post-Closing Tax Periods and (ii) all Taxes with respect to Straddle Periods to the extent that such Taxes are allocable to the period after the Closing pursuant to this Agreement. The indemnification obligations provided for herein shall terminate upon the expiration of the applicable statutes of limitations plus 60 days. The indemnification obligations provided for herein shall apply even if the additional Tax liability results from the filing of a Tax Return or amended Tax Return with respect to a post-Closing Date transaction or period (or portion of a period) by a Purchaser.

(e) In addition to all other obligations of Purchasers under this **Article VIII**, Purchasers shall, jointly and severally, indemnify, defend and hold harmless the Seller Indemnified Parties (including the Companies before the Closing) from and against, and shall pay and reimburse each of them for, (i) any and all Taxes (in excess of the Taxes that Sellers would be obligated to pay absent the Section 338(h)(10) Election (as defined below) that are actually paid, suffered, imposed upon or incurred by any Purchaser Indemnified Party and (ii) any and all additional costs incurred by Sellers (including without limitation any extraordinary legal and accounting fees, fees or expenses for tax advice or preparation or consulting, audit or administrative costs, or costs of Sellers related to acquisition of the WSDA Shares in order to include NORDIC in the Section 338(h)(10) Election) arising from or related to the Section 338(h)(10) Election (“Election Expenses”).

(f) For purposes of this Agreement:

(i) In the case of any gross receipts, income, sales, or similar Taxes that are payable with respect to a Straddle Period, the portion of such Taxes allocable to

(A) the Pre-Closing Tax Period and (B) the portion of the Straddle Period beginning on the day next succeeding the Closing Date (the “Post-Closing Tax Period”) shall be determined on the basis of a deemed closing at the end of the Closing Date of the books and records of the Companies.

(ii) In the case of any Taxes (other than gross receipts, income, sales, or similar Taxes) that are payable with respect to a Straddle Period, the portion of such Taxes allocable to the Pre-Closing Tax Period shall be equal to the product of all such Taxes multiplied by a fraction the numerator of which is the number of days in the Straddle Period from the commencement of the Straddle Period through and including the Closing Date and the denominator of which is the number of days in the entire Straddle Period; provided, however, that appropriate adjustments shall be made to reflect specific events that can be identified and specifically allocated as occurring on or prior to the Closing Date (in which case Sellers shall be responsible for any Taxes related thereto) or occurring after the Closing Date (in which case, Purchasers shall be responsible for any Taxes related thereto).

(iii) All payments due from Sellers with respect to Taxes for which Sellers have provided an indemnity therefor pursuant to this Agreement shall be made within two (2) Business Days of the earlier to occur of: (i) an agreement by Sellers and Purchasers as to Sellers’ liabilities for such Taxes, (ii) the due date of the payment for the Taxes allocable to Sellers pursuant to Section 8.1 (including any amount Sellers have agreed to indemnify Purchasers against pursuant to this **Article VIII**) or (iii) either Seller’s receipt of notice of an assessment of such a Tax liability by a Tax Authority.

(iv) All payments due from Purchasers with respect to Taxes for which Purchasers have provided an indemnity therefor pursuant to this Agreement shall be made within two (2) Business Days of the earlier to occur of: (i) an agreement by Sellers and Purchasers as to Purchasers’ liabilities for such amounts, (ii) the due date of the payment for the Taxes allocable to Purchasers pursuant to Section 8.1 (including any amount Purchasers have agreed to indemnify Sellers against pursuant to this Article VIII) or (iii) either Purchaser’s receipt of notice of an assessment of such a Tax liability by a Tax Authority. All payments due from Purchasers with respect to other amounts for which Purchasers have provided an indemnify therefor pursuant to Section 8.1(e)(ii) shall be made promptly upon receipt by Purchaser Representative of documentation supporting such Election Expense.

Section 8.2. Section 338(h)(10) Election.

(a) Election. At Purchaser Representative’s option, Sellers shall join with either Purchaser (or its applicable Affiliate) in making a timely election under Section 338(h)(10) of the Code (and any corresponding election under state, local, and foreign Law) with respect to the purchase and sale of the Shares of either or both of DBIC and DBC (and, if applicable, NORDIC) hereunder (collectively, a “Section 338(h)(10) Election”). Subject to Section 8.1(e), Sellers shall pay any Tax attributable to the making of the Section 338(h)(10) Election and Sellers shall indemnify Purchasers, DBIC, and DBC (after the Closing) against any adverse consequences arising out of any failure to pay any such Taxes; provided, that with respect to any adverse consequences related to NORDIC, Sellers shall only be responsible to the extent of their ownership interest in NORDIC as of the Closing.

(b) Allocation of Purchase Price. If a Section 338(h)(10) Election is made for any or all of DBIC, DBC or NORDIC, Sellers and Purchasers agree that the Purchase Price and the liabilities of

the applicable Company (plus other relevant items) shall be allocated among the assets of such Company for all purposes (including Tax and financial accounting) as shown on the allocation schedule (the “Allocation Schedule”). A draft of the Allocation Schedule shall be prepared by Purchaser Representative and delivered to Seller Representative within sixty (60) days following the Closing Date for its approval. If Seller Representative notifies Purchaser Representative in writing that Seller Representative objects to one or more items reflected in the Allocation Schedule, Purchaser Representative and Seller Representative shall negotiate in good faith to resolve such dispute; provided, however, that if Purchaser Representative and Seller Representative are unable to resolve any dispute with respect to the Allocation Schedule within ninety (90) days following the Closing Date, such dispute shall be resolved by the Independent Accountant. The fees and expenses of the Independent Accountant shall be borne equally by Sellers, on one hand, and Purchasers, on the other. Upon finalization of the Allocation Schedule, Purchaser Representative shall deliver to the Seller Representative completed copies of IRS Form 8883 and required schedules thereto reflecting the allocations set forth in the Allocation Schedule. Each Purchaser, the applicable Company, and each Seller shall file all Tax Returns (including amended returns and claims for refund) and information reports in a manner consistent with the Allocation Schedule and Form 8883. Any adjustments to the Purchase Price pursuant to Section 2.8 herein shall be allocated in a manner consistent with the Allocation Schedule.

(c) Preparation of Section 338 Forms. The applicable Purchaser and the applicable Seller shall be jointly responsible for the preparation and filing of all forms required in connection with the making of the Section 338(h)(10) Election (the “Section 338 Forms”) in accordance with applicable Tax Laws and the terms of this Agreement. The Sellers and Purchasers shall execute and deliver to one another such documents or forms as are reasonably requested and are required by any Tax laws properly to complete the Section 338 Forms. Purchaser Representative agrees that it will provide a Form 8023 suitable for execution to the Seller Representative and Sellers agrees that an executed Form 8023 will be provided to Purchasers on or before the Closing Date.

Section 8.3. Post-Closing Tax Matters.

(a) Subject to Section 5.12(d), Purchaser Representative shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for the Companies and their Subsidiaries for all periods ending on or prior to the Closing Date that are filed after the Closing Date. Sellers shall bear the cost of preparing such Tax Returns. Purchaser Representative shall permit Seller Representative to review and comment on each such Tax Return described in the preceding sentence prior to filing, and Purchaser Representative shall make all changes reasonably requested by Seller Representative in good faith (unless Purchaser Representative is advised in writing by its independent outside accountants or attorneys that such changes (A) are contrary to applicable Law, or (B) will, or are likely to, have a material adverse effect on Purchasers, the Companies, their Subsidiaries or any of their Affiliates). In the event that Purchaser Representative and Seller Representative are unable to agree on the reporting of any item on such Tax Returns, Purchaser Representative and Seller Representative shall mutually choose an independent public accounting firm to resolve such dispute, and the decision of such firm shall be final.

(b) Purchaser Representative shall prepare or cause to be prepared and file or cause to be filed any Tax Returns of the Companies and their Subsidiaries for Straddle Periods. Any Taxes for such Tax period shall be apportioned between Sellers, on one hand, and Purchasers, on the other, in the manner set forth in Section 8.1 hereof. Purchasers shall permit Seller Representative to review and comment on each such Tax Return described in the preceding sentence prior to filing, and Purchasers shall consider all such comments in good faith.

(c) Purchasers and Sellers shall cooperate, and shall cause their Representative to cooperate, with each other in connection with the filing of any Tax Returns and any audit, litigation or

other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information reasonably relevant to any such audit, litigation, or other proceeding and making their respective employees, outside consultants, and advisors (including but not limited to freight forwarders and advisors with respect to customs duties) available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Each Purchaser and each Seller agree (i) to retain all books and records with respect to Tax matters pertinent to the Companies and their Subsidiaries relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by such Purchaser or such Seller, any extensions of the statute of limitations) of the respective taxable periods, and to abide by all record retention agreements entered into with any Tax Authority, and (ii) to give the other parties reasonable written notice prior to transferring, destroying or discarding any such books and records and, if any of the other parties so requests, such Purchaser or such Seller, as the case may be, shall allow the other party to take possession of such books and records.

(d) Notwithstanding anything to the contrary contained in this Agreement, Purchasers shall have the sole right to control and make all decisions regarding interests in any Tax audit or administrative or court proceeding relating to Taxes, including selection of counsel and selection of a forum for such contest, provided, however, that in the event such audit or proceeding relates to Taxes for which Sellers have indemnified Purchasers, (i) Purchasers and Sellers shall cooperate in the conduct of any audit or proceeding relating to such period, (ii) Sellers shall have the right (but not the obligation) to participate in such audit or proceeding at Sellers' expense, (iii) Purchasers shall not enter into any agreement with the relevant Tax Authority pertaining to such Taxes without the written consent of Seller Representative, which consent shall not unreasonably be withheld or delayed, and (iv) Purchasers may, without the written consent of any Seller, enter into such an agreement, provided that Purchasers shall have agreed to accept liability for the payment of such Taxes and to forego any indemnification or other claim under this Agreement with respect to such Taxes.

Section 8.4. Transfer Taxes. Purchasers, on one hand, and Sellers, on the other, shall each be responsible for fifty percent (50%) of any transfer taxes imposed by any foreign, federal, state, local or other taxing body as a result of the consummation of the transactions contemplated by this Agreement.

Section 8.5. Tax Sharing Agreements. All tax sharing agreements or arrangements among and between any Seller and any Companies or their Subsidiaries, whether or not written, shall be terminated immediately prior to the Closing Date and shall have no continuing force or effect. Sellers and the Companies or their Subsidiaries shall, unless otherwise directed by Purchaser Representative, terminate any power of attorney granted by or on behalf of Sellers or the Companies, and any such terminated power of attorney shall have no continuing force or effect after the Closing Date.

Section 8.6. Overlap. To the extent that any obligation or responsibility pursuant to **Article VII** may overlap with an obligation or responsibility pursuant to this **Article VIII**, the provisions of this **Article VIII** shall govern.

ARTICLE IX

TERMINATION OF AGREEMENT

Section 9.1. Termination. This Agreement may be terminated, and the transactions contemplated by this Agreement may be abandoned, at any time prior to the Closing by:

(a) the mutual written agreement of Seller Representative and Purchaser Representative;

(b) either Seller Representative or Purchaser Representative if any court of competent jurisdiction or other Governmental Authority shall have issued a statute, rule, regulation, order, decree or injunction or taken any other action restraining, enjoining or otherwise prohibiting all or any portion of the transactions contemplated by this Agreement and such statute, rule, regulation, order, decree or injunction or other action shall have become final and nonappealable; provided, however, that the party seeking to terminate this Agreement pursuant to this Section 9.1(b) shall have performed in all material respects its obligations under this Agreement at the time of such termination;

(c) Seller Representative or Purchaser Representative (but only so long as neither any Seller nor any Purchaser, as applicable, is in material breach of its obligations under this Agreement at such time), in the event of a material breach of any representation, warranty, covenant or agreement contained in this Agreement by the non-terminating party, which breach (i) cannot be or has not been cured by such non-terminating party within twenty (20) Business Days following written notification thereof by the terminating party or (ii) would entitle the terminating party not to consummate the transactions contemplated hereby under **Article VI**.

(d) Seller Representative or Purchaser Representative if the Closing shall not have occurred on or before March 31, 2017; provided that no party shall be entitled to terminate this Agreement pursuant to this Section 9.1(d) if (i) such party's failure to fulfill or delay in fulfilling any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing Date to occur on or before such date or (ii) any Applicable Regulator is still evaluating the filings and notifications contemplated by Section 5.3(e) and Section 6.1(a), it being understood that, subject to compliance with clause (i) herein, Seller Representative or Purchaser Representative shall be entitled to terminate this Agreement pursuant to this Section 9.1(d) within twenty (20) Business Days after the last of such approval is obtained.

Section 9.2. Termination Due to Burdensome Condition. If the Applicable Regulator has imposed, or communicated in writing to Purchaser that it will impose, one or more Burdensome Conditions, then Purchaser shall confirm in writing to Seller within thirty (30) days following the first to occur of the imposition of such Burdensome Condition(s) or receipt of a written communication of such Burdensome Condition(s) (the "Review Period") as to whether Purchaser will (a) accept such Burdensome Condition(s) for purposes of satisfying the condition set forth in Section 6.1(a) or (b) not accept such Burdensome Condition(s). If Purchaser does not accept such Burdensome Condition(s) or if Seller has not received written confirmation from Purchaser that it will accept the Burdensome Condition(s) by the expiration of the Review Period, then either Party may terminate this Agreement and the transactions contemplated by this Agreement may be abandoned.

Section 9.3. Effect of Termination. If this Agreement is validly terminated pursuant to Section 9, this Agreement will forthwith become null and void, and have no further effect, without any liability on the part of any party hereto or its Affiliates or Representatives, other than the provisions of this Section 9.3 and **Article X** hereof. Nothing contained in this Section 9.3 shall relieve any party from liability for any breach of this Agreement occurring prior to termination.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. All notices, requests, consents, waivers, demands and other communications under this Agreement shall be in writing and will be deemed to have been duly given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or

e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third (3rd) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses, emails or facsimiles (or at such other addresses or facsimile for a party as shall be specified by the notice given in accordance with this Section 10.1):

If to Seller or Seller Representative:

Moda, Inc.
601 SW Second Avenue, 24th Floor
Portland, Oregon 97204
Facsimile: (503) 948-5557
Email: tom.bikales@modahealth.com
Attn: Tom Bikales

With a copy (which shall not constitute notice) to:

Michelle Slater Law, LLC
1631 NE Broadway Street
#606
Portland, Oregon 97232
Email: michelleslaterlaw@gmail.com
Attn: Michelle Slater

If to Purchasers or Purchaser Representative:

c/o The Dentists Insurance Company
1201 K Street, 17th Floor
Sacramento, California 95814
Facsimile: (916) 554-5949
Email: alison.sandman@cda.org
Attn: Chief Legal Officer

With a copy (which shall not constitute notice) to:

Squire Patton Boggs (US) LLP
30 Rockefeller Plaza
New York, New York 10112
Facsimile: (212) 872-9815
E-mail: patrick.dugan@squirepb.com
Attn: Patrick J. Dugan

Section 10.2. Entire Agreement. This Agreement, the Exhibits and Schedules hereto, the Transaction Documents and the Confidentiality Agreement supersede all prior and contemporaneous discussions and agreements, both written and oral, among the parties with respect to the subject matter of this Agreement and the Transaction Documents and constitute the sole and entire agreement among the parties to this Agreement with respect to the subject matter of this Agreement, and supersedes all prior

and contemporaneous agreements and understandings, written or oral, with respect to the subject matter hereof.

Section 10.3. Expenses. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated by this Agreement are consummated, each party will pay its own costs and expenses incurred in connection with the negotiation, execution and closing of this Agreement and the Transaction Documents and the transactions contemplated by this Agreement and the Transaction Documents.

Section 10.4. Waiver. Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver (a) of the same or any other term or condition of this Agreement on any future occasion or (b) in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 10.5. Amendment. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each party to this Agreement.

Section 10.6. No Third Party Beneficiary. Except for any Person entitled to indemnity under **Article VII**, the terms and provisions of this Agreement are intended solely for the benefit of each party hereto and their respective successors or permitted assigns, and it is not the intention of the parties to, and nothing in this Agreement shall, confer third-party beneficiary rights or remedies of any nature whatsoever upon any other Person.

Section 10.7. Assignment; Binding Effect. Neither this Agreement nor any right, interest or obligation under this Agreement may be assigned by any party to this Agreement by operation of law or otherwise without the prior written consent of the other party to this Agreement and any attempt to do so will be void. Subject to the foregoing, this Agreement is binding upon, inures to the benefit of and is enforceable by the parties to this Agreement and their respective successors and assigns. Notwithstanding the foregoing, either Purchaser may assign any or all of its rights and obligations under this Agreement to any of its Affiliates.

Section 10.8. Dispute Resolution.

(a) Negotiation. In the event of any dispute, claim, question, or disagreement arising from or relating to this Agreement or the breach thereof, the parties hereto shall use their best efforts to settle the dispute, claim, question, or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties. If they do not reach such solution within a period of 60 days, then, upon notice by either party to the other, all disputes, claims, questions, or differences shall be finally settled by arbitration administered by the American Arbitration Association in accordance with the provisions of its Commercial Arbitration Rules.

(b) Arbitration. Any controversy or claim arising from or relating to this Agreement or the breach thereof shall be settled by arbitration administered by the American Arbitration Association

under its Commercial Arbitration Rules and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Any dispute in excess of \$1,000,000 shall be heard by a panel of three arbitrators (it being understood, that any dispute not exceeding such amount shall be heard by one arbitrator). The arbitration decision rendered by the arbitrators shall, at a minimum, be a reasonable award.

Section 10.9. Service of Process. Any and all process may be served in any arbitration or proceeding arising in connection with this Agreement or the Transaction Documents by complying with the provisions of Section 10.1. The parties hereby waive all claims of error by reason of such service.

Section 10.10. Waivers of Court Proceedings and Trial. THE PARTIES EXPRESSLY WAIVE THE RIGHT TO FILE SUITS IN A COURT OF LAW, EXCEPT AS MAY BE NECESSARY TO ENFORCE THE ARBITRATION AWARD. THE PARTIES ACKNOWLEDGE THAT ANY INSURANCE REGULATORY PROCEEDING INVOLVING ANY SELLER WILL TAKE PLACE IN THE STATE THAT HAS SUPERVISORY JURISDICTION OVER SUCH SELLER.

Section 10.11. Specific Performance. The parties hereto agree that if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, irreparable damage would occur, no adequate remedy at law would exist and damages would be difficult to determine, and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity to which they are entitled.

Section 10.12. Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable; (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom; and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

Section 10.13. Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD FOR THE CONFLICTS OF LAWS PRINCIPLES THEREOF.**

Section 10.14. Counterparts. This Agreement may be executed in any number of counterparts, all of which will constitute one and the same instrument.

Section 10.15. Disclosure Schedules. The parties hereto agree that, for purposes of Sellers' representations and warranties in this Agreement, items disclosed in one Section of the Seller Disclosure Schedule are deemed to be disclosed in all other Sections of the Seller Disclosure Schedule if their relevance to such other Section is reasonably apparent on its face (without need to examine underlying documentation). The disclosure of any item or matter in the Seller Disclosure Schedule shall not be deemed to constitute an admission by any Seller that such item or matter is material for purposes of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

PURCHASERS:

THE DENTISTS INSURANCE COMPANY

By: 
Name: Peter A. DuBois
Title: Chief Executive Officer

TDIC INSURANCE SOLUTIONS

By: 
Name: Peter A. DuBois
Title: Chief Executive Officer

SELLERS:

MODA, INC.

By: _____
Name: David Evans
Title: SVP and CFO

MODA HEALTH PLAN, INC.

By: _____
Name: David Evans
Title: SVP and CFO

[Signature Page to Stock Purchase Agreement]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

PURCHASERS:

THE DENTISTS INSURANCE COMPANY

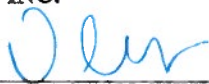
By: _____
Name: Peter A. DuBois
Title: Chief Executive Officer

TDIC INSURANCE SOLUTIONS


By: _____
Name: Peter A. DuBois
Title: Chief Executive Officer

SELLERS:

MODA, INC.

By:  _____
Name: David Evans
Title: SVP and CFO

MODA HEALTH PLAN, INC.

By:  _____
Name: David Evans
Title: SVP and CFO

[Signature Page to Stock Purchase Agreement]

EXHIBIT A

GENERAL RELEASE OF CLAIMS

Reference is made to that certain Stock Purchase Agreement (the “Stock Purchase Agreement”), dated as of June 10, 2016, by and among The Dentists Insurance Company, an insurance company domiciled in the State of California (“TDIC”), TDIC Insurance Solutions, a California corporation (“TDIC IS” and together with TDIC, each a “Purchaser” and together the “Purchasers”), Moda, Inc., an Oregon corporation (“Moda”), and Moda Health Plan, Inc., a health plan service contractor domiciled in Oregon (together with Moda, each a “Seller” and together the “Sellers”), relating to the purchase by (i) TDIC of (a) all of the outstanding capital stock of DBIC and (b) 75% of the outstanding capital stock of NORDIC and (ii) TDIC IS of all of the outstanding capital stock of DBC. All capitalized terms used herein and not otherwise defined shall have the same meanings ascribed to them in the Stock Purchase Agreement.

For other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned, intending to be legally bound, on behalf of itself and its Affiliates, and their respective successors, assigns and any other person or entity claiming by, through, or under any of the foregoing (the “Releasors”), does hereby release, acquit and forever discharge the Companies, their Subsidiaries, and each of their respective future directors, officers, employees, agents, successors, and assigns (the “Releasees”), of and from any and all manner of Action or Actions, cause or causes of action, suits, arbitrations, demands, debts, Contracts, agreements, promises, indebtedness, Liabilities, claims, damages, deficiency, responsibility or losses of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent, direct, derivative, vicarious or otherwise, whether based in Contract, tort, or other legal, statutory, or equitable theory of recovery, each as though fully set forth at length herein, which any of the Releasors now has or may hereafter have against the Releasees, or any of them, arising directly or indirectly from any act, omission, event or transaction occurring on or prior to the date first written above.

This General Release of Claims shall be governed by, and construed in accordance with, the laws of the State of California applicable to contracts executed in and to be performed in that State.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have caused this General Release of Claims to be duly executed on its behalf by its duly authorized officer as of the date first written above.

SELLERS:

MODA, INC.

By: _____
Name:
Title:

MODA HEALTH PLAN, INC.

By: _____
Name:
Title:

SCHEDULE 5.9

Reserving Methodology

The Insurance Companies reserves are determined as follows: the monthly claims report is prepared by team at DBC with a listing of outstanding claims at both DBIC and NORDIC. The claims are reviewed as a group. Sellers use the claims listing (plus any additional information from the claims meeting) to update the attached files. In addition to the DBIC Reserves and NORDIC Reserves, a minimum cushion of approximately 23% for DBIC and 65% for NORDIC is maintained for claims development.

SCHEDULE 7.2

Special Indemnity Items

1. Losses incurred by Purchasers as a result of the Stop Loss Policy.
2. Any costs and expenses incurred after the Closing with respect to the matters disclosed on Section 3.23(d) of the Seller Disclosure Schedule.