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Insurance Commissioner of the State of California  
13 in his Capacity as Conservator of CastlePoint  
National Insurance Company  
14

**EXEMPT from filing fees per Govt.  
Code § 6103**

15  
16 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
17 CITY AND COUNTY OF SAN FRANCISCO

18 DAVE JONES, INSURANCE  
19 COMMISSIONER OF THE STATE OF  
20 CALIFORNIA,

21 Applicant,

22 v.

23 CASTLEPOINT NATIONAL INSURANCE  
COMPANY, and DOES 1-50, inclusive,

24 Respondents.  
25  
26

Case No. CPF-16-515183

**DECLARATION OF DAVID E.  
WILSON IN SUPPORT OF MOTION  
FOR ORDER APPROVING  
CONSERVATION AND  
LIQUIDATION PLAN FOR  
CASTLEPOINT NATIONAL  
INSURANCE COMPANY**

**Date: September 13, 2016<sup>1</sup>  
Time: 9:30 a.m.  
Dept: 302  
Judge: Hon. Harold E. Kahn**

27  
28  
<sup>1</sup> The hearing date and special briefing schedule to be established by Court order.

1 I, David Wilson, declare as follows:

2 1. I am the Chief Executive Officer of the State of California's Conservation and  
3 Liquidation Office ("CLO") and am a Special Deputy Insurance Commissioner. I make this  
4 declaration in support of Insurance Commissioner Dave Jones' Motion For Order Approving  
5 Conservation And Liquidation Plan For CastlePoint National Insurance Company (the "Motion").  
6 I have personal knowledge of the matters set forth herein and if called upon as a witness, I would  
7 testify as set forth below.

8 2. I have been the Chief Executive Officer and Special Deputy Insurance  
9 Commissioner since March 1, 2005. Previously, from 1991 through 2005, I was the owner of a  
10 national insurance consulting firm, D.E. Wilson & Associates, Inc., which provided services to  
11 the insurance industry, state insurance departments, and the National Organization of Life &  
12 Health Insurance Guaranty Associations on general insurance matters, work-outs, rehabilitation,  
13 and insolvency. I have been licensed as a Certified Public Accountant since 1974 and was a  
14 partner at the public accounting firm of Ernst & Young.

15 3. As Chief Executive Officer of the CLO, I am responsible for management of all  
16 insolvencies for which the Insurance Commissioner has been appointed as conservator,  
17 rehabilitator, and/or liquidator, including CastlePoint National Insurance Company  
18 ("CastlePoint"). When I was appointed as Chief Executive Officer of the CLO, the CLO was  
19 managing 31 insolvencies with \$4.5 billion of assets under management. The CLO now manages  
20 18 insolvencies. Since 2005, the CLO has distributed approximately \$4 billion to policyholders  
21 and claimants. As Chief Executive Officer of the CLO, I am responsible for the oversight of each  
22 insolvency, including the handling of policyholder claims, general creditor claims, reinsurance  
23 (billing, collection, and arbitration), collection and disposition of assets, and litigation.

24 4. I have been appointed as Deputy Conservator of CastlePoint under the Order  
25 conserving CastlePoint.

26 5. The Commissioner, working with the management of CastlePoint, AmTrust  
27 Financial Services, Inc. ("AmTrust"), and National General Holdings Corp. ("National General"),  
28 has promulgated and, immediately following his appointment as conservator, adopted a proposed

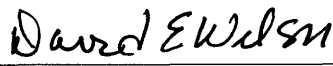
1 Conservation and Liquidation Plan ("Plan") for CastlePoint, a true and correct copy of which is  
2 attached hereto as **Exhibit A**.

3 6. Attached hereto as **Exhibit B** is the National Insurance Company Conservation  
4 Agreement (the "Conservation Agreement"), entered into by the Commissioner, as Conservator  
5 of CastlePoint, and certain other parties affiliates or aligned with AmTrust and National General,  
6 pursuant to the Plan.

7 7. The Plan, including the transactions under the Conservation Agreement, is subject  
8 to the Court's approval.

9  
10 This declaration was executed this 28th day of July, 2016, in San Francisco, California.

11 I declare under penalty of perjury according to the laws of the State of California that the  
12 foregoing is true and correct.

13   
14 \_\_\_\_\_  
David E. Wilson

# Exhibit A

**PLAN OF CONSERVATION & LIQUIDATION FOR  
CASTLEPOINT NATIONAL INSURANCE COMPANY**

PROMULGATED & ADOPTED BY

DAVID JONES  
INSURANCE COMMISSIONER, STATE OF CALIFORNIA,  
IN HIS CAPACITY AS STATUTORY CONSERVATOR OF  
CASTLEPOINT NATIONAL INSURANCE COMPANY

DATED: JULY 28, 2016

EFFECTIVE DATE: \_\_\_\_\_

**PLAN OF CONSERVATION & LIQUIDATION FOR  
CASTLEPOINT NATIONAL INSURANCE COMPANY**

This Plan of Conservation and Liquidation for CastlePoint National Insurance Company (the “Plan”), dated July 28, 2016, is made and executed by California Insurance Commissioner Dave Jones (the “Conservator” or the “Commissioner”), acting in his capacity as the statutory conservator of CastlePoint National Insurance Company, a California corporation in statutory conservation under California Insurance Code Sections 1010 – 1062, and successor by merger with Tower Insurance Company of New York, Tower National Insurance Company, Hermitage Insurance Company, CastlePoint Florida Insurance Company, North East Insurance Company, Massachusetts Homeland Insurance Company, Preserver Insurance Company, York Insurance Company of Maine, and CastlePoint Insurance Company (“CastlePoint”).

**RECITALS**

***CastlePoint National Insurance Company***

A. On July 28, 2016, the Insurance Commissioner filed a verified application in the Superior Court of San Francisco County (the “Court”) pursuant to Insurance Code section 1011 to place CastlePoint into statutory conservation. The proceeding concerning the conservation of CastlePoint is entitled *Insurance Commissioner of the State of California v. CastlePoint National Insurance Company*, San Francisco Superior Court Case No. [\_\_\_\_\_] (the “Conservation Proceeding”).

B. The Court granted the Commissioner’s application and issued its *Order Appointing Commissioner as Conservator and Restraining Orders* (“Conservation Order”). Pursuant to the Conservation Order, the Commissioner was formally appointed as the statutory Conservator of CastlePoint.

C. At the time of the commencement of the Conservation Proceeding, CastlePoint was a wholly owned subsidiary of Specialty Underwriters Alliance, Inc. (“SUAI”), which in turn was a member of a multi-entity insurance holding company group under the common control of Tower Group International, Ltd. (“TGI”). At all times prior to the Effective Date, SUAI was the sole shareholder of all issued and outstanding shares of CastlePoint stock and no direct changes in control over CastlePoint had occurred.

***CastlePoint’s Restructuring Under Internal Revenue Code Section 382(l)(5)***

D. Prior to the commencement of the Conservation Proceeding, CastlePoint and its predecessors by merger entered into various tax sharing and/or tax allocation agreements (the “Tax Sharing Agreements”) pursuant to which CastlePoint became a member of a consolidated taxpayer group for federal tax compliance purposes, the lead taxpayer of which was Condor 2 Corporation, a Delaware corporation (“Condor” and the “Tax Group”). All participating affiliates and subsidiaries of CastlePoint ceded to Condor and Condor assumed, all authority and responsibility to file annual consolidated federal income tax returns on behalf of all members of the Tax Group. In addition, by joining the Tax Group, all tax attributes of CastlePoint, including all of CastlePoint’s net operating loss carryforwards (“NOLs”), became available to be utilized by all other members of the Tax Group.

E. CastlePoint has been, and will remain throughout the statutory conservation and liquidation process, a separate entity recognized for federal income tax purposes until such time as CastlePoint is dissolved by order of the Court. CastlePoint’s conservation and liquidation process may give rise to potentially taxable operating income from, among other things, gains on invested assets, litigation recoveries and/or reductions of financial statement reserves for CastlePoint’s priority class 2 liabilities (i.e., claim liabilities owing to insurance policyholders

and/or injured worker claimants). The expectation is that any such operating income that accrues during the course of CastlePoint's liquidation may be offset by carrying forward NOLs from prior years. From September 15, 2014 through December 31, 2015, CastlePoint's operations have generated hundreds of millions of dollars of NOLs and may generate additional NOLs up to the Effective Date (collectively, the "CastlePoint NOLs"). The CastlePoint NOLs may, under this Plan, be available to offset future operating income, thereby avoiding federal income tax liability on such operating income.

F. In order for the Commissioner to properly manage CastlePoint's federal income tax exposure, the Conservator has determined that it is essential to implement this Plan to provide for: (i) the definitive deconsolidation of CastlePoint from the Tax Group; (ii) the preservation, pursuant to section 382(l)(5) of the Internal Revenue Code, of the CastlePoint NOLs for utilization by CastlePoint following its deconsolidation from the Tax Group; and (iii) the proper priority classification of any federal income tax liability accruing during the liquidation of CastlePoint.

***CastlePoint's Post-Restructuring Agreements with the Karfunkel and AmTrust Parties***

G. On July 28, 2016, the Conservator, for himself and on behalf of CastlePoint, entered into that certain Conservation Agreement ("Conservation Agreement") between and among AmTrust North America, Inc. ("ANA"), National General Management Corp. ("National General"), Technology Insurance Company, Inc. ("Technology"), Integon National Insurance Company ("Integon"), CastlePoint Reinsurance Company Ltd. ("CastlePoint Re"); and the Michael Karfunkel Family 2005 Trust, members of the Karfunkel family and Leah Karfunkel in her capacity as trustee thereof and not individually (collectively, the "Karfunkel Trust" and collectively with ANA, National General, Technology, Integon and CastlePoint Re, the "Karfunkel and AmTrust Parties").



H. The Conservation Agreement provides for certain transactions and agreements to be closed immediately after the effectiveness of CastlePoint's restructuring under this Plan, which transactions and agreements provide for, among other things, (a) an infusion of up to \$200 million into CastlePoint, (b) the commutation of certain reinsurance agreements between the parties, (c) the assignment of certain fully reinsured insurance policies issued by CastlePoint or its predecessors by merger from and after September 15, 2014, and (d) agreements for the run-off administration of CastlePoint's policies and liabilities, all as expressly set forth in the Conservation Agreement.

I. The Conservator has determined that the transactions and terms provided for under this Plan, including CastlePoint's restructuring pursuant to Internal Revenue Code section 382(l)(5) and the transactions enumerated in the Conservation Agreement, are fair and equitable to, and in the best interests of, the policyholders and creditors of CastlePoint, and all other interested parties.

Now, therefore, subject to and conditioned upon the approval of the Court, the Conservator hereby establishes a Plan for the conservation and eventual liquidation of CastlePoint, as follows:

## ARTICLE 1

### DEFINITIONS

In this Plan, unless otherwise specifically provided or the context so requires, the terms listed below shall have the following definitions and shall include the plural as well as the singular:

"CastlePoint" has the meaning set forth in the first paragraph of this Plan.

"CastlePoint NOLs" has the meaning set forth in Recital E of this Plan.

"CastlePoint Tax Group" has the meaning set forth in Section 2.4 of this Plan.

“Conservation Agreement” has the meaning set forth in Recital G of this Plan.

“Conservation Proceeding” has the meaning set forth in Recital A of this Plan.

“Court” has the meaning set forth in Recital A of this Plan.

“Claims” means all claims that are properly filed and entitled to allowance by the Conservator pursuant to the provisions of the Insurance Liquidation Statute.

“CLO” means the Insurance Commissioner’s Conservation & Liquidation Office.

“Commissioner” has the meaning set forth in the first paragraph of this Plan.

“Conservator” has the meaning set forth in the first paragraph of this Plan.

“Effective Date” is the date set forth on the cover page of this Plan.

“Insurance Code” means the California Insurance Code, including the regulations thereunder, in effect from time to time.

“Insurance Liquidation Statute” means sections 1010 to 1062, inclusive, of the Insurance Code, and any other provisions of the Insurance Code or other California Codes expressly applicable to the conservation, rehabilitation and/or liquidation of an insurance company.

“Internal Revenue Code” means the United States Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder.

“New CastlePoint Stock” has the meaning set forth in Section 2.1 of this Plan.

“Order of Court” means an order of the Court (a) approving this Plan; and (b) authorizing the Conservator to implement and/or undertake all actions and transactions contemplated under this Plan.

“Person” means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, public, governmental, judicial or regulatory authority or body or other entity.

“Plan” means, collectively, this plan of conservation and liquidation for CastlePoint, any motions and supporting documents filed by the Commissioner with the Court, the Order of Conservation, and any subsequent orders of the Court amending or supplementing the Order of Conservation.

“Tax Group” has the meaning set forth in Recital D of this Plan, the lead taxpayer of which from and after 2014 to the Effective Date was Condor 2 Corporation, Inc., EIN 46-2958445.

## ARTICLE 2

### DECONSOLIDATION OF CASTLEPOINT FROM THE TAX GROUP PURSUANT TO INTERNAL REVENUE CODE SECTION 382(L)(5)

Section 2.1. Cancellation and Reissuance of CastlePoint Stock. The Commissioner determined, and the Court has found and ordered in the Conservation Order, that CastlePoint is in a financial condition that makes its continuing operation hazardous to policyholders, creditors and the public. SUAI, in its capacity as the sole shareholder of CastlePoint, together with certain of its affiliates, has advised the Conservator of its determinations that (i) the current realizable assets of CastlePoint are not sufficient to pay in full the existing CastlePoint liabilities that fall into priority classes 1 through 7 of section 1033(a) of the Insurance Code, (ii) as a result SUAI’s CastlePoint stock is worthless, and (iii) SUAI or another person of which CastlePoint is a subsidiary desires to take a worthless stock deduction on account of its CastlePoint stock. Pursuant to the restraining orders set forth in the Conservation Order, SUAI is enjoined from taking such action without the consent and approval of the Conservator because such action may materially impair valuable tax attributes of CastlePoint by causing an ownership change for purposes of section 382 of the Internal Revenue Code. The Conservator has developed this Plan to protect CastlePoint’s policyholders and creditors by preserving CastlePoint’s NOLs and other

tax attributes while permitting SUAI and its affiliates to deconsolidate CastlePoint from the Tax Group. Accordingly, on the Effective Date, the Conservator shall effectuate a transfer of all the capital stock of CastlePoint to the Commissioner, in his capacity as the Trustee of the Trust, by cancelling all issued and outstanding shares of common stock of CastlePoint, and reissuing new stock (“New CastlePoint Stock”), consisting of all authorized shares of the corporation, to the Commissioner, in his capacity as the Trustee of the Trust. The Commissioner shall hold the New CastlePoint Stock for the benefit of the historical shareholders and creditors of CastlePoint and shall distribute any proceeds distributed on account thereof in accordance with the Trust Agreement. Such transfer shall be effected in a manner intended to comply with the provisions of section 382(l)(5) of the Internal Revenue Code.

Section 2.2. Deconsolidation as of the Effective Date. To resolve any doubt, CastlePoint shall be conclusively deemed for all purposes, including under all applicable provisions of the Internal Revenue Code and regulations of the United States Treasury promulgated thereunder, to have been deconsolidated from the Tax Group as of the Effective Date. Neither CastlePoint nor any other member of the Tax Group shall be severally liable for the consolidated federal income taxes of the Tax Group (or the federal income taxes of any member of the Tax Group) under Treasury Regulation section 1.1502-6 for any taxable year beginning after December 31, 2015.

Section 2.3. All NOLs and Other Tax Attributes Preserved. The entirety of the CastlePoint NOLs shall conclusively be deemed for all purposes, including federal income tax purposes, to have survived the cancellation and reissuance of CastlePoint’s stock, as contemplated under section 382(l)(5) of the Internal Revenue Code. The Conservator shall be

authorized to utilize and apply any such preserved NOLs on any federal income tax returns filed for CastlePoint or the Trust.

Section 2.4. Tax Compliance From and After the Effective Date. For taxable years commencing January 1, 2016, and subsequent years, the Conservator shall cause CastlePoint to file either stand-alone or consolidated federal income returns, as the Conservator deems appropriate in his sole discretion, including the items of income, gain, loss, deduction, and credit of CastlePoint and/or any subsidiaries of CastlePoint that may be properly includable in a consolidated federal income tax return (such subsidiaries, with CastlePoint, the “CastlePoint Tax Group”).

### ARTICLE 3

#### ESTABLISHMENT AND ADMINISTRATION OF SHAREHOLDER TRUST

Section 3.1. Establishment of Shareholder Trust. On the Effective Date, the Conservator shall establish the Shareholder Trust by executing the Trust Agreement, substantially in the form attached hereto as Exhibit A. The Conservator shall be the Trustee of the Trust, and shall be primarily charged with holding the New CastlePoint Stock for the benefit of all of CastlePoint’s allowed policyholders, claimants, creditors and historical shareholders, in such a manner as is intended to meet the requirements of section 382(l)(5) of the Internal Revenue Code.

Section 3.2. Optional Transfer of CastlePoint’s Residual Assets and Liabilities to Trust. At any time after the Effective Date, the Conservator may transfer or cause to be transferred to the Trust all then-extant assets and liabilities of CastlePoint, as authorized under section 1017(b) of the Insurance Code. In addition to holding the New CastlePoint Stock for the benefit of CastlePoint’s allowed creditors and historical shareholders, the Trust will also serve to (i) ensure that any of CastlePoint’s remaining assets, if and when transferred, are well managed

and that maximum value is realized from them in order to protect the rights and interests of policyholders and creditors; and (ii) facilitate the sale or other disposition of CastlePoint's corporate shell (the charter and all insurance licenses and/or certificates of authority), which sale shall be free of all of CastlePoint's liabilities, as authorized under section 1017(b) of the Insurance Code. In the event of such transfer of CastlePoint's assets and liabilities to the Trust, the assets held in the Trust will be available to pay all allowed claims against CastlePoint, but strictly in accordance with the priorities established by section 1033(a) of the Insurance Code. The Conservator may also direct that all amounts due and payable to CastlePoint, including without limitation all reinsurance receivables, be paid into the Trust.

Section 3.3. Administration of the Trust. The Commissioner shall administer the Trust for the benefit of CastlePoint's policyholders, creditors and historical shareholders and shall distribute the assets of the Trust consistent with the Insurance Code. The Commissioner shall operate the Trust and pay allowed claims in such fashion as to effectuate the priorities of payment set forth in Insurance Code section 1033(a).

Section 3.4. New CastlePoint Stock Subsequent Transfer Restrictions. To the extent the requirements of section 382(l)(5) of the Internal Revenue Code are otherwise met in connection with the transfer of the New CastlePoint Stock pursuant to this Plan, the New CastlePoint Stock may not be subsequently transferred in a transaction that would result in an ownership change of CastlePoint under section 382(l)(5)(D) of the Internal Revenue Code without the approval of the Commissioner or the Court. The Commissioner and the Trust may impose restrictions on the transfer of the New CastlePoint Stock as necessary to meet the limitations contained in section 382(l)(5)(D) of the Internal Revenue Code.

Section 3.5. Corporate Structure Following Establishment of Trust and Transfer of CastlePoint Stock. Upon establishment of the Trust and issuance of the New CastlePoint Stock, CastlePoint will be wholly owned by the Trust, which shall be administered by the Commissioner for the benefit of CastlePoint's historical shareholders and creditors.

## ARTICLE 4

### PRIORITY OF CLAIMS

Section 4.1. Claim Priorities. Except as provided for in Article 2 of this Plan, nothing in this Plan shall be construed to alter or modify the obligation of the Conservator to administer and pay any claims against CastlePoint strictly in compliance with the claim priority classes set forth in section 1033(a) of the Insurance Code, which provides for the payment of claims in the following priority:

Class 1: Expenses of Administration – All costs and expenses incurred by the Conservator in the course of administering the liquidation of CastlePoint.

Class 2: Policyholder Claims – All claims covered or payable under the terms of an insurance policy issued by CastlePoint. Class 2 includes claims of the California Insurance Guarantee Association and similar guarantee associations in other states based on the payment of CastlePoint's policyholder claims pursuant to applicable guarantee association statutes.

Class 3: Federal Priority Claims – All claims having preference by the laws of the United States, including federal income tax claims of the IRS. Claims for taxes on operating income related to or generated by fluctuations in CastlePoint's policyholder claim reserves during the course of CastlePoint's liquidation are included within Class 3 and shall be calculated and treated as specified in Section 4.3 of this Plan.

Class 4: Examination Fees – All fees owing to the California Department of Insurance on account of pre-conservation or pre-liquidation audits and financial examinations of CastlePoint.

Class 5: State Taxes – Taxes due to the State of California.

Class 6: California Priority Claims – All claims having preference under California law.

Class 7: CastlePoint Creditor Claims – All claims of creditors not included in Classes 1 through 6.

Class 8: Subordinated Creditor Claims – All claims based on certificates of contribution, surplus notes, or similar subordinated debt obligations, and premium refunds on assessable policies. CastlePoint has no known liabilities that fall within Class 8.

Class 9: Shareholder Equity Claims – All claims to the residue, if any, of the CastlePoint liquidation estate based on the ownership of CastlePoint's common stock. The sole member of Class 9 will be SUAI, as the holder of CastlePoint stock immediately prior to the Effective Date, it being understood that all claims of SUAI to the residue of the estate of CastlePoint (after satisfaction of the foregoing classes of claims) shall be allowed in the Conservation Proceeding.

Section 4.2. Rights of All Claimants And Creditors Fixed at Liquidation. Nothing in this Plan shall alter the application of Insurance Code section 1019 or the provisions or effect of a liquidation order entered by the Court with respect to CastlePoint, fixing the rights of all creditors as of date of entry of the Conservation Order (“Rights Fixed Date”).

Section 4.3. IRS Tax Claims Based On Policyholder Claim Reserve Adjustments: The Conservator is authorized to make periodic adjustments to CastlePoint’s financial statements to reflect changes in the stated reserves against CastlePoint’s policyholder claim liabilities. The reserves against CastlePoint’s policyholder claim liabilities constitutes the Conservator’s current estimate of the ultimate cost of CastlePoint’s liability on account of Class 2 policyholder claims that existed as of the Rights Fixed Date. Because CastlePoint’s Class 2 policyholder claim liabilities are paid over extended periods of time, the final ultimate value of claims within Class 2 will require reasonable estimation by the Conservator, in reliance on loss reserve studies prepared by a consulting actuary. Any claim of the IRS for taxes arising from operating income generated by reductions in CastlePoint’s stated policyholder loss reserves at any time from and after the Rights Fixed Date shall be allowed and paid, if at all, as priority Class 3 under section 1033(a)(3) of the Insurance Code, as such reductions constitute an updated estimate of class 2 liabilities incurred and existing as of the Rights Fixed Date. Thus, the Conservator has determined that the actual payment or distributions from the estate to the IRS of post-liquidation



taxes arising from operating income generated solely from reductions in stated policyholder loss reserves would constitute an unlawful preference of Class 3 (IRS tax claims and/or federal priority claims) over Class 2 (policyholder claims) in violation of section 1033(a) of the Insurance Code. The Conservator may grant the IRS an allowed Class 3 claim on account of such operating income, but no distribution may be made to the IRS until such time as all claimants within Class 2 have received distributions equal to 100% of the principal amount of their claims together with any post-conservation interest as is required to be paid pursuant to section 1033(a) of the Insurance Code. This Section 4.3 is declarative of and not a modification to the applicable provisions of the Insurance Code and the Insurance Liquidation Statute.

## ARTICLE 5

### CONSERVATION AGREEMENT

Section 5.1. Incorporation of Conservation Agreement. The provisions of the Conservation Agreement, in the form attached hereto and incorporated herein as Exhibit B, are incorporated into and made a part of this Plan. The obligations of the Parties to the Conservation Agreement to proceed with the transactions described in the Conservation Agreement are subject to the fulfillment, satisfaction or written waiver of each of the conditions precedent set forth in the Conservation Agreement.

Section 5.2. Timing of Closing of Conservation Agreement. The closing of the transactions described in the Conservation Agreement shall occur on a date to be determined among the Parties to the Conservation Agreement, provided, however, that such closing date shall be on a date after the Effective Date and the Conservator's completion of the actions set forth in Article 2 and Article 3 of this Plan.

## ARTICLE 6

### CONDITIONS PRECEDENT TO EFFECTIVE DATE

Section 6.1. Conditions Precedent to the Effective Date. Except as otherwise expressly provided herein, the obligations of the Conservator and/or CastlePoint to proceed with the transactions and actions described in this Plan are subject to the fulfillment, satisfaction or written waiver of each of the following conditions precedent:

Section 6.1.1. Approvals and Consents. The Court shall have issued its Approval Order, and the Commissioner and/or CastlePoint shall have received all other consents, approvals and certifications, in form and substance reasonably satisfactory to each of them, of the Court and any other third parties or government entities whose consent, approval or certification is required for the consummation or implementation of the transactions contemplated by this Plan.

Section 6.1.2. No Prohibition. There shall not have been any action taken, or any statute, regulation, judgment or order enacted, entered or issued which, directly or indirectly (i) prohibits or makes illegal the consummation of the transactions contemplated by this Plan, (ii) imposes any material conditions or limitations on the ability of CastlePoint, or the Conservator to exercise full rights under this Plan, or (iii) imposes any material conditions or limitations on CastlePoint or the Conservator on all or a material portion of the respective businesses or assets to be owned by them after the consummation of the transactions contemplated by this Plan.

Section 6.2. Termination. This Plan shall terminate upon the failure of any of the conditions precedent set forth in this Article 6 to have been satisfied on or prior the Effective Date, unless the Effective Date is extended by agreement with the Conservator and the Parties to the Conservation Agreement. In the event of the termination of this Plan, this Plan shall become

void and have no effect, and the Conservator shall proceed with the statutory conservation and liquidation of CastlePoint pursuant to the Conservation Order, the Insurance Liquidation Statute, and any liquidation order or other orders as may be entered by the Court. Notwithstanding the foregoing, the termination of this Plan shall not result in the termination of the Conservation Agreement, which is subject to termination solely in accordance with its terms pursuant to Section 8.4 thereof.

## ARTICLE 7

### LIQUIDATION OF CASTLEPOINT

Section 7.1. Application for Liquidation Order. At such time as the Conservator determines, in his sole discretion, the Conservator may file an application pursuant to section 1016 of the Insurance Code for entry of an order of liquidation for CastlePoint, provided, however, that in the event this Plan is approved by the Court and becomes effective, the Conservator's liquidation application shall be filed after the Effective Date and after the Closing of the Conservation Agreement. Notwithstanding anything to the contrary in this Plan or the Conservation Agreement, in the event this Plan is terminated pursuant to Article 6, the Conservator may file his liquidation application at any time.

## ARTICLE 8

### INDEMNIFICATION

Section 8.1. Indemnification From CastlePoint and the Trust. Pursuant to section 1035 of the Insurance Code, all costs and expenses of employing special deputy commissioners, clerks, and assistants appointed to carry out the Commissioner's obligations under the Insurance Liquidation Statute, and all expenses of taking possession of, conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and property of CastlePoint, shall be paid out of the assets of CastlePoint. Accordingly, CastlePoint and the Trust (and not

the Commissioner) shall hold the Commissioner, including in his capacities as Conservator and as Trustee of the Trust, and all of the Commissioner's agents, clerks and assistants (collectively, the "Indemnified Parties"), harmless against, and pay, any and all damages, losses, obligations, liabilities, claims, actions or causes of action, encumbrances, costs and expenses (including, without limitation, reasonable attorneys' fees, interest and penalties) (collectively the "Claims"), as such Claims are suffered, sustained, incurred or required to be paid by the Indemnified Parties arising out of the implementation or execution of this Plan or the transactions contemplated by this Plan.

Section 8.2. Procedures. If a Claim is brought against an Indemnified Party, the Claim shall be presented to CastlePoint and/or the Trust, which entities shall assume the defense of such Claim with counsel satisfactory to the Indemnified Party, provided, however, that neither CastlePoint nor the Trust shall be liable to the Indemnified Party under this Article 8 for any fees of other counsel or any other expenses with respect to the defense of such Claim, in each case subsequently incurred by the Indemnified Party in connection with the defense of such Claim, other than reasonable costs of tendering the Claim.

## ARTICLE 9

### GENERAL PROVISIONS

Section 9.1. Expenses. All expenses incurred in connection with the authorization, negotiation, preparation, execution and performance of this Plan, including, without limitation, all fees and expenses of agents, representatives, attorneys, accountants and consultants, shall be paid from the assets of CastlePoint pursuant to section 1035 of the Insurance Code.

Section 9.2. Amendment. This Plan may be amended only in writing submitted to and approved by the Court in the Conservation Proceeding.

Section 9.3. Governing Law. This Plan shall be governed and construed in accordance with the laws of the State of California, including the Insurance Code, the Insurance Liquidation Statute, and all prior orders of the Court in the Conservation Proceeding, and jurisdiction and venue for any action arising under this Plan shall be in the Court.

Section 9.4. Gender and Person. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

Section 9.5. Notices. Any notice, request, demand, waiver, consent, approval or other communication required or permitted to be made hereunder to CastlePoint or the Conservator shall be in writing and shall be deemed given only if delivered by hand, or mailed by certified or registered mail with postage prepaid and return receipt requested, or sent by facsimile transmission (with confirmation of receipt), as follows:

Conservation & Liquidation Office  
100 Pine Street, 26<sup>th</sup> Floor  
San Francisco, CA 94111  
Attention: David E. Wilson, CEO

-and-

Orrick, Herrington & Sutcliffe LLP  
400 Capitol Mall, Suite 3000  
Sacramento, CA 95814-4407  
Attention: Thomas J. Welsh, Esq.

or to such other address as may be designated by the Conservator, and posted to the web site of the Commissioner's CLO ([www.caclo.org](http://www.caclo.org)). Such notice, request, demand, waiver, consent, approval or other communication will be deemed to have been given as of the date so delivered, sent by facsimile (with confirmation of receipt) or mailed.

Section 9.6. Severability. If any provision of this Plan is held by a court of competent jurisdiction to be invalid, illegal or unenforceable, the remainder of the provisions of this Plan shall remain in full force and effect.

Section 9.7. Liability of the Commissioner. The Commissioner has promulgated this Plan only in his representative capacity as Conservator of CastlePoint, and not individually. The Commissioner shall not have any personal liability in any capacity for any matters or obligations hereunder, and further that the State of California is not a party and shall have no liability with respect hereto.

## EXECUTION

IN WITNESS WHEREOF, the Conservator executes and adopts this Plan by and on behalf of CastlePoint, as of the day and year first above written.

Dave Jones, Insurance Commissioner of the State of California, in his capacity as Conservator of CastlePoint National Insurance Company

By: David E. Wilson  
David E. Wilson  
Special Deputy Insurance Commissioner  
CEO— Conservation & Liquidation Office

Exhibit A

Trust Agreement



**SHAREHOLDER TRUST AGREEMENT  
FOR CASTLEPOINT NATIONAL INSURANCE COMPANY**

This Shareholder Trust Agreement for CastlePoint National Insurance Company (the “Trust Agreement”) is executed and entered into as of \_\_\_\_\_, 2016, by California Insurance Commissioner Dave Jones, acting solely in his capacity as statutory conservator (the “Conservator”) of, and on behalf of, Castlepoint National Insurance Company (“CastlePoint”), and California Insurance Commissioner Dave Jones, acting solely in his official capacity as the Insurance Commissioner, and including his successors as Insurance Commissioner of the State of California and his designees (the “Trustee”).

**RECITALS**

A. On July 28, 2016, the Insurance Commissioner filed a verified application in the Superior Court of San Francisco County (the “Court”) pursuant to Insurance Code section 1011 to place CastlePoint into statutory conservation. The proceeding concerning the conservation of CastlePoint is entitled *Insurance Commissioner of the State of California v. CastlePoint National Insurance Company*, San Francisco Superior Court Case No. \_\_\_\_\_ (the “Conservation Proceeding”).

B. The Court granted the Commissioner’s application and issued its *Order Appointing Commissioner as Conservator and Restraining Orders* (“Conservation Order”). Pursuant to the Conservation Order, the Commissioner was formally appointed as the statutory Conservator of CastlePoint.

C. At the time of the commencement of the Conservation Proceeding, CastlePoint was a wholly owned subsidiary of Specialty Underwriters Alliance, Inc. (“SUAI”), which in turn was a member of a multi-entity insurance holding company group under the common control of

Tower Group International, Ltd. (“TGI”). CastlePoint was also a member of a consolidated taxpayer group for federal tax compliance purposes, the lead taxpayer of which was Condor 2 Corporation, a Delaware corporation (“Condor”). At all times prior to the Effective Date of this Trust Agreement, SUAI was the sole shareholder of all issued and outstanding shares of CastlePoint stock and no changes in control over CastlePoint had occurred.

D. On July 28, 2016, the Conservator adopted, contingent on court approval, a Plan of Conservation and Liquidation for CastlePoint National Insurance Company, a copy of which is attached hereto and incorporated herein as Exhibit A (“Plan”) and thereafter filed a motion in the Court seeking approval to effect and implement the Plan (“Plan Motion”). The Plan provides for, among other things, the definitive deconsolidation of CastlePoint from the consolidated tax group of which Condor is the lead taxpayer, on terms intended to preserve, pursuant to section 382(l)(5) of the Internal Revenue Code, all accrued but unapplied net operating losses incurred by CastlePoint since 2014 (“NOLs”) for utilization by CastlePoint in future tax returns, if necessary. The Plan requires the creation on the Effective Date of a trust, the principal purpose of which is to provide a vehicle to hold newly issued stock of CastlePoint for the benefit of SUIA CastlePoint’s creditors.

E. On \_\_\_\_\_, 2016, the Court approved the Conservator’s Plan Motion, and entered its *Order Approving and Adopting Conservation and Liquidation Plan for CastlePoint National Insurance Company*, in which the Court found and determined that Plan is fair and equitable to, and in the best interests of, the policyholders and creditors of CastlePoint, and all other interested parties, and may be implemented forthwith by the Conservator.

F. This Trust Agreement establishes the Shareholder Trust required under the Plan, as approved by the Court.

NOW, THEREFORE, having received the approval of the Court, the Conservator hereby executes this Trust Agreement in order to constitute and establish a Trust for the benefit of CastlePoint's creditors, as follows:

## **ARTICLE I**

### **THE TRUST**

1.1 Declaration of Trust. The Trust is hereby established pursuant to the Plan, as approved by the Court on \_\_\_\_\_ 2016. Pursuant to the Plan, the Trust became effective on the Effective Date. The Trustee, in his official capacity as an officer of the State of California and not in his individual capacity, hereby accepts the role and responsibilities as Trustee of the Trust.

1.2 Purpose. The purposes of the Trust shall be (i) to receive and hold in trust the New CastlePoint Stock, together with any additions thereto and changes therein, pursuant to the Plan for the benefit of SUIA and the creditors of CastlePoint; (ii) to manage the New CastlePoint Stock, including exercising all rights and privileges thereto as the sole shareholder of CastlePoint; and (iii) to distribute, from time to time, in such manner as the Trustee may see fit that complies with the Plan, this Trust Agreement and the provisions of Insurance Code section 1033(a), any funds, dividends or other distributions received from CastlePoint or the Conservator on account of the New CastlePoint Stock and any other assets of the Trust. The Conservator may make or direct additional transfers into the Trust, and may direct payments into the Trust by third parties, which assets and the New CastlePoint Stock shall collectively constitute the Trust Assets.

1.3 Tax Treatment of Trust. It is the intention and agreement of the parties that the Trust Assets shall be treated for federal, state, local and other tax purposes as owned by the beneficiaries of the Trust, pursuant to the applicable trust rules under the Internal Revenue Code

of 1986, as amended, and the regulations promulgated thereunder and any subsequent federal, state, local or other revenue act replacing, amending or modifying such trust rules ("Code"), that all income of the Trust, whether allocated to income or principal for purposes of the laws of the State of California governing trust accounting, shall be allocable to the beneficiaries for federal, state, local and other tax purposes, and that distribution of income and principal from the Trust are considered to be payments to or on behalf of CastlePoint's creditors to satisfy claims against CastlePoint in Conservation or liquidation.

Notwithstanding the foregoing, the Trust shall not be obligated for any federal, state or local income taxes (or any interest, penalties or additions to tax applicable thereto) attributable to any income of CastlePoint, including, without limitation, any failure of CastlePoint to fully and accurately report all income and timely file all required federal, state and local income tax returns, if any. In the event of any administrative procedure or litigation with the Internal Revenue Service (or other taxing authority) concerning the federal, state or local income taxation of the Trust or of CastlePoint with respect to Trust Assets, all reasonable costs, including attorneys' fees, with respect to such administrative procedure or litigation, shall be paid by the Trustee from Principal or Income of the Trust, or alternatively by the estate for CastlePoint as an expense of administration under Insurance Code section 1033(a)(1).

1.4. Trust Offices. The principal place of the administration of the Trust shall be in San Francisco, California, at the offices of the Trustee's Conservation & Liquidation Office, 100 Pine Street, 26<sup>th</sup> Floor, San Francisco, CA, 94111, or such other place within the continental United States as the Trustee shall from time to time determine. The Trust may have such other offices or places of administration as the Trustee may from time to time determine.

**ARTICLE II**  
**THE TRUSTEE**

2.1 Trustee and Deputy Trustee. The Trust shall be administered by the Trustee. The Trustee shall have the power and authority to designate a deputy Trustee ("Deputy Trustee") to administer the Trust on his or her behalf. The Deputy Trustee shall, subject to the discretion of the Trustee, have all of the power and authority otherwise granted to the Trustee and may be replaced by the Trustee by the written designation of a substitute Deputy Trustee. Any reference to the powers and duties of the Trustee in this Agreement shall be deemed to also refer to the Deputy Trustee. All persons dealing with the Trust shall have the right to rely on the acts of such Deputy Trustee as if such acts were the acts of the Trustee. The Trustee hereby designates David E. Wilson as the Deputy Trustee. The Trustee or the Deputy Trustee may retain and appoint counsel for the Trust ("Counsel"), who shall serve subject to the right of the Trustee to substitute Counsel by a written substitution. This Trust is created to facilitate the transactions to which it relates and is not intended in any way to modify the rights, duties and obligations of those persons and entities who have claims against CastlePoint or those against whom CastlePoint has claims. Notwithstanding anything to the contrary in this Trust Agreement, in the Plan or in the related documents thereto, the rights, duties and obligations of all persons and other entities interested in the assets of CastlePoint or against which CastlePoint has any claim, action, chose in action, suit or other right of any kind or nature, choate or inchoate, in law or in equity shall remain unchanged, and such rights, duties and obligations shall not otherwise be expanded or contracted by this Trust Agreement, the Plan or any other document; specifically at all times, the rights, debts, claims and obligations of all such persons and entities shall continue to be subject to the provisions of Article 14 of the Insurance Code (Section 1010, et seq.), including, but not

limited to Sections 1019, 1020, 1021, 1023, 1024, 1025, 1025.5, 1026, 1026.1, 1027, 1028, 1029, 1030, 1030.5, 1031, 1032, 1033, 1034, 1035.5, and 1058. Further, in dealing with any Trust Assets the Trustee shall have all the powers set out in Section 1037 of the Insurance Code, together with all rights and powers as sole shareholder of CastlePoint. The Trust may enter into such agreements, litigation, actions, settlements, covenants, and the like, as the Trustee shall, in good faith, deem necessary or advisable. In no event shall the Trustee or Deputy Trustee be personally liable for any action taken in good faith and without willful misconduct or gross misconduct.

2.2 Costs of Trust Administration. All Administration Costs incurred by the Trustee or Deputy Trustee in the administration of this Trust shall be treated as an expense of administration of the liquidation estate of CastlePoint, payable in accordance with Insurance Code sections 1033(a)(1), 1035 and 1036.

2.3 Resignation. The Trustee or the Deputy Trustee may resign at any time by giving notice in writing to the Conservator. Such resignation shall be effective on the date it is given or at such later time as is specified in the notice. In addition, the capacity of the Deputy Trustee shall terminate automatically at any time that the Deputy Trustee ceases to be a duly sworn Special Deputy Insurance Commissioner.

2.4 Successor Trustee or Deputy Trustee. If either the Trustee or the Deputy Trustee resigns or is otherwise unable or unwilling to act during the term of the Trust, a successor shall be selected as follows: (a) the successor Trustee shall be the Insurance Commissioner's successor in office; and (b) the successor Deputy Trustee shall be the successor Chief Executive Officer or acting Chief Executive Officer of the Commissioner's Conservation & Liquidation Office, or such other person as may be appointed by the Trustee pursuant to Section 2.1. No Court

approval shall be required in the event of the appointment of a successor Trustee or Deputy Trustee pursuant to this Section 2.4. No individual beneficiary of the Trust shall have any rights with respect to the selection of the Trustee or the Deputy Trustee, or any successor thereto. Title to the Trust Assets shall vest in the successor Trustee upon his written acceptance of his or her selection without further act or conveyance. Each successor Trustee shall have the same powers, rights and duties, whether discretionary or otherwise, as given the initial Trustee.

2.5 Trustee's Powers. In conformance with the powers conferred upon the Conservator, the Trustee shall have all such further powers as shall be necessary or appropriate for the effective administration of the Trust, including, but not by way of limitation, the following powers:

2.5.1 To hold any property received into the Trust as long as the Trustee may deem advisable;

2.5.2 For the entire term of the Trust, to market, sell, convert, assign, convey, exchange, transfer, pledge, encumber, or otherwise dispose of, or grant options with respect to, any of the property comprising the Trust Assets at public or private sale, for such consideration and upon such terms and conditions as the Trustee deems advisable, and without liability on the part of the purchaser to see to the application of the purchase money or to inquire into the validity or propriety of such sale; and to execute and deliver good and sufficient deeds or other evidences of title for any assets, conveying title free and clear of the Trust. Notwithstanding the foregoing, the sale, assignment, transfer or the disposition of the Trust Assets, and in particular the New CastlePoint Stock, shall be subject to the transfer restrictions set forth in the Plan;

2.5.3 To manage and operate the Trust and any and all of the property or assets at any time held hereunder; to lease all or any part of real or personal property on such terms,

rentals and conditions as the Trustee shall deem advisable, notwithstanding the fact that the terms of such leases may extend beyond the life of the Trust; to release, partition, vacate or abandon the same; to grant and acquire licenses and easements with respect thereto; to make improvements to or upon the same; to construct, demolish, alter, repair, maintain and rebuild buildings and other improvements; and to use other assets of the Trust for any of the foregoing purposes;

2.5.4 To borrow money for the benefit of the Trust from any source, upon such terms and for such periods as the Trustee may deem advisable; to evidence such borrowing by promissory notes, bonds or other evidences of indebtedness; and to secure the payment of the same by pledge, deed of trust or mortgage of the Trust Assets;

2.5.5 To join in or to dissent from and oppose the reorganization, recapitalization, consolidation, merger, liquidation, or sale of corporations or properties in which the Trust has an interest;

2.5.6 To hold all or any portion of the Trust Assets in the name of the Trustee or of a nominee, with or without disclosure of the Trust;

2.5.7 To prosecute, defend, compromise, arbitrate or otherwise adjust or settle claims in favor of or against the Trustee or the Trust;

2.5.8 To delegate the administration of any particular property or portion of the Trust Assets to such individuals or corporations as the Trustee may deem advisable, including, without limitation, delegation to the Deputy Trustee and Counsel ("Delegates"); to convey or cause to be conveyed for such purpose to the Delegates the title to any such property under such conditions and restrictions as the Trustee may deem proper; to grant with respect to such property, any part or all of the powers hereunder. The Trustee shall not be liable for the conduct



of the Delegates if reasonable care is taken in the selection thereof, but any such delegate shall be and remain obligated to account to the Trustee for any such property and all avails therefrom;

2.5.9 To employ and compensate, out of Trust Assets, agents, accountants, attorneys-in-fact, attorneys-at-law, tax specialists, brokers, and other assistants, employees and advisers ("Employees") as deemed necessary by the Trustee for the proper administration of the Trust, without liability for any misconduct, neglect, default or omission of any such Employee, provided reasonable care is exercised in the selection and employment thereof;

2.5.10 To effect fire, rent, title, liability, casualty, or other insurance of any nature, in any form and in any amount;

2.5.11 To reimburse the Trustee from the Trust Assets for any loss or expense incurred by reason of the Trustee's ownership or holding of any property in the Trust; to reimburse the Trustee from the Trust Assets for all claims, losses, damages, expenses, charges and costs (including, without limiting the generality of the foregoing, counsel fees, expenses and liabilities incurred in prosecuting or defending any claim, suit or action) which result from the performance of the Trustee's duties hereunder, and are not attributable to the Trustee's willful default or willful neglect; all such expenses incurred in defending any action or suit may be paid by the Trust to the Trustee as incurred by him, even though such payment may be made in advance of the final disposition of such action or suit;

2.5.12 The Trustee shall have full power, authority and discretion to deal with any situation which may arise respecting the Trust or any part thereof in such manner as the Trustee shall deem advisable and in the best interests of the Trust. The grant to the Trustee of any specific power, authority or discretion, or the failure to grant specifically herein any other power, authority or discretion, except as expressly provided otherwise in this Trust Agreement,

shall not be construed to limit or curtail in any way or to any extent said full and complete power, authority and discretion of the Trustee, which shall be exercisable at all times by the Trustee respecting any and all matters of whatsoever character pertaining to the Trust or any part thereof;

2.5.13 To perform all obligations of the Trust or the Trustee which survive the Closing of the Plan;

2.5.14 To withhold all applicable taxes from any distribution made to any beneficiary of the Trust, if the Trustee reasonably believes that the Trustee is or may be required to withhold such taxes, and to distribute such withheld taxes either to: (i) the appropriate governmental agency responsible for the collection of such taxes; or (ii) to the beneficiary from whom such taxes were withheld, but only upon presentation to the Trustee of a final, non-appealable order from a court or from the governmental agency responsible for the collection of such taxes;

2.5.15 To establish such reserves as the Trustee may, in his sole discretion, deem necessary or appropriate, including without limitation, reserves for the payment of any and all taxes of any kind and for the satisfaction of the obligations of the Trust pursuant to Paragraph 3.4 above, and reserves for potential disbursements to be required in the future to meet the purposes of this Trust; and

2.6 Compensation. The Trustee may be entitled to reasonable compensation and shall be entitled to reimbursement for out-of-pocket expenses. The Trust may pay reimbursable expenses directly.

2.7 Immunity from Personal Liability. Neither the Trustee nor the Deputy Trustee shall be liable for any act, omission or error of judgment in the administration of the Trust, unless

such liability results solely from the Trustee or Deputy Trustee's willful misconduct or fraudulent conduct.

2.8 No Bond Required. The Trustee shall not be required in this or any other jurisdiction to furnish any bond or security for the faithful performance of his duties.

2.9 No Duty To Diversify. The Trustee shall have no duty to diversify Trust assets. The Trustee's sole duty is to liquidate and distribute Trust Assets in accordance with the Plan, this Trust Agreement and the Insurance Code.

### **ARTICLE III**

#### **DEFINITIONS**

3.1 Definitions. Any capitalized term which is used and not otherwise defined herein shall have the meaning ascribed thereto in the Plan or the Plan Motion. In addition, the following words or phrases when used shall have the following meaning:

"Administration Costs" means, without limitation, all expenses incurred in connection with the Trust Assets or with its administration and management, including taxes assessed on any portion thereof (e.g., excise or property taxes), premiums on insurance, repairs on properties, office expenses, Trustee's fees, postage, salaries and benefits of any employees deemed necessary by the Trustee, fees of attorneys or other professionals retained by the Trustee, costs of prosecuting, maintaining or defending any action or lawsuit, accounting fees, any amounts due to CastlePoint pursuant to any tax sharing, reimbursement or similar arrangement, and all other costs, expenses and fees incurred by the Trust.

"Code" has the meaning set forth in Section 1.3.

"Deputy Trustee" has the meaning set forth in Section 2.1.

"Effective Date" means the date on which the Plan became effective pursuant to its terms.

"TGI" has the meaning set forth in Recital C.

"Condor" has the meaning set forth in Recital C.

"Income" means all receipts of money or other property received or other return derived from Trust Assets.

"CastlePoint" has the meaning set forth in the Preamble.

"Conservator" has the meaning set forth in the Preamble.

"Court" has the meaning set forth in Recital A.

"Conservation Order " has the meaning set forth in Recital B.

"Conservation Proceeding" has the meaning set forth in Recital A.

"Net Income" means, for purposes of making distributions, all Income after payment of Administration Costs, and other applicable charges and expenses incurred by the Trust.

"Net Sales Proceeds" means the gross proceeds received, in cash or other property, from the disposition of any Trust Assets, less any commissions paid or direct cost incurred in the disposition of such Trust Assets.

"NOLs" has the meaning set forth in Recital D.

"Person" means a natural person, firm, association, general partnership, limited partnership, corporation, public body or any other type of legal entity.

"Plan" has the meaning set forth in Recital D.

"Plan Motion" has the meaning set forth in Recital D.

"Principal" means the New CastlePoint Stock, plus any substitutions, replacements or other property received in exchange therefor.

"Trust" means the trust established by this Agreement.

"Trust Agreement" means this Agreement, as and when amended from time to time by the Trustee.

"Trust Assets" means the New CastlePoint Stock issued and delivered to the Trustee pursuant to the Plan, together with any additions thereto and changes therein.

"Trustee" means the Insurance Commissioner of the State of California and his successors in office.

#### **ARTICLE IV**

##### **CERTIFICATES OF BENEFICIAL INTEREST**

4.1 Certificates. Beneficial interests in the Trust may be evidenced, in the sole discretion of the Trustee, by a certificate or certificates, which shall be in such form as the Trustee may from time to time prescribe.

4.2 Rights of Certificate Holders. The certificate holders, if any, shall have no legal title or interest in the individual assets comprising the Trust Assets and no right to a partition thereof, except as expressly provided in the Agreement and determined by the Trustee.

#### **ARTICLE V**

##### **DISTRIBUTIONS**

5.1 Retention of Trust Assets: The Trustee may, in his sole discretion, retain and not distribute any and all amounts of the Net Income, Net Sales Proceeds or Principal as the Trustee may determine are reasonably necessary to perform the functions and purposes of the Trust, or

for any and all Administrative Costs incurred or to be incurred in the operation and management of the Trust during the term of the Trust.

5.2 Distribution of Trust Assets: If the Trustee, in his sole discretion, determines that the express purpose of the Trust has been fulfilled, the Trustee shall distribute the Trust Assets, or any Net Sales Proceeds, to SUAI and CastlePoint's creditors in accordance with the priorities set forth in Insurance Code Section 1033.

## **ARTICLE VI**

### **TRUST TERM & TERMINATION**

6.1 Term: The Trust shall expire on December 31, 2023, unless extended after such date by the Trustee.

6.2 Termination: The Trust shall terminate automatically upon the occurrence of the earlier of the following events:

6.2.1 The date when all potential distributions or income on account of the Trust Assets have been received by the Trust and distributed pursuant to the beneficiaries of the Trust pursuant to Article Five;

6.2.2 The date on which the Trustee determines, in his sole discretion, that (a) the Trust Assets have no realizable value and cannot reasonably be anticipated to have any realizable value and should be abandoned, and (b) that no other benefit to CastlePoint or its creditors, including any benefit from the continued preservation of the NOLs, can reasonably be derived from maintaining the Trust; or

6.2.3 The effective date of the final discharge of the Conservator from his statutory duties related to CastlePoint, as determined by the Court in the Conservation Proceedings.

## **ARTICLE VII**

### **REPORTS & RECORDS**

7.1 Reports to Conservator. If requested by the Conservator, the Trustee shall transmit to the Conservator, not later than ninety (90) days after the end of each fiscal year of the Trust, or such shorter intervals as the Conservator may request, a report which shall contain:

7.1.1 A statement by the Trustee as to the Trust's operations during the period covered by the report, including a schedule of the Net Income and Net Sales Proceeds earned or received by the Trust during the fiscal period;

7.1.2 A statement by the Trustee as to negotiations and prospects for the liquidation of the Trust Assets;

7.1.3 A statement by the Trustee as to the current address for mailing notices to the Trustee;

7.1.4 Financial statements consisting of a statement of assets and liabilities, and statement of operations, both prepared in accordance with generally accepted accounting principles or liquidation basis of accounting, applied on a consistent basis, or in such other format as the Conservator may request.

7.2 Tax Information. If the Trust is ever determined to be a grantor trust for federal income tax purposes, the Trustee shall provide the Conservator, within ninety (90) days after the end of the fiscal year of the Grantor, such tax information attributable to the Trust's activities or investments as may be required to prepare the federal, state and local income tax returns of CastlePoint.

## ARTICLE VIII

### MISCELLANEOUS

8.1 Notice. Any notice required or permitted hereunder or which any party elects to give shall be in writing and delivered, either personally to the other party or the other party's authorized agent or by depositing such notice in the United States mail, certified mail, return receipt requested, postage fully prepaid (any notice given by mail as herein provided shall be deemed given when deposited in the United States mail), or via overnight delivery by a recognized national delivery service, addressed as follows:

8.1.1 If to the Trustee or Deputy Trustee:

David E. Wilson  
Special Deputy Insurance Commissioner  
Conservation & Liquidation Office  
100 Pine Street, 26<sup>th</sup> Floor  
San Francisco, CA 94111

8.1.2 If to the Conservator or CastlePoint:

Joe Holloway  
Conservation Manager  
CastlePoint National Insurance Company  
Conservation & Liquidation Office  
100 Pine Street, 26<sup>th</sup> Floor  
San Francisco, CA 94111

8.2 Paragraph Headings. The paragraph headings herein are inserted for convenience only and shall in no way define, limit or prescribe the scope or intent of any provisions of the Trust.

8.2 Counterparts. This Trust Agreement may be executed in several counterparts and each such counterpart shall be deemed an original.



8.3 Gender. Wherever required by the context, the singular number shall include the plural number, the plural number shall include the singular number, the masculine gender shall include the neuter and feminine gender, the feminine gender shall include the masculine and neuter gender, and the neuter gender shall include the masculine and feminine gender.

8.4 Governing Law. This Trust Agreement shall be governed by the laws of the State of California.

[Signature Page Follows]

IN WITNESS WHEREOF, this Trust Agreement has been executed, as of the Effective  
Date of the Plan, at San Francisco, California, on the \_\_\_\_ day of \_\_\_\_\_, 2016.

**CONSERVATOR, for and on behalf of  
CASTLEPOINT NATIONAL INSURANCE  
COMPANY**

---

By: David E. Wilson  
Title: Chief Executive Officer

**TRUSTEE**

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By: David E. Wilson

# Exhibit B

**CASTLEPOINT NATIONAL INSURANCE COMPANY  
CONSERVATION AGREEMENT**

**BY AND AMONG**

**DAVE JONES,  
INSURANCE COMMISSIONER, STATE OF CALIFORNIA  
IN HIS CAPACITY AS CONSERVATOR,  
AND NOT IN HIS INDIVIDUAL CAPACITY, OF  
CASTLEPOINT NATIONAL INSURANCE COMPANY**

**AND**

**AMTRUST NORTH AMERICA, INC.**

**AND**

**NATIONAL GENERAL MANAGEMENT CORP.**

**AND**

**TECHNOLOGY INSURANCE COMPANY, INC.**

**AND**

**INTEGON NATIONAL INSURANCE COMPANY**

**AND**

**CASTLEPOINT REINSURANCE COMPANY LTD.**

**AND**

**MICHAEL KARFUNKEL FAMILY 2005 TRUST**

**DATED AS OF JULY 28, 2016**

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## **CASTLEPOINT NATIONAL INSURANCE COMPANY CONSERVATION AGREEMENT**

This Conservation Agreement, dated as of July 28, 2016 (the “Agreement”), is made and entered into by and among Dave Jones, Insurance Commissioner of the State of California (the “Commissioner”), solely in his capacity as the statutory conservator (together with his successors in office, the “Conservator”) of CastlePoint National Insurance Company, an insurance company organized under the laws of California (the “Company”); AmTrust North America, Inc. (“ANA” and the “Commercial Lines Administrator”), a Delaware corporation; National General Management Corp. (“National General” and the “Personal Lines Administrator” and, together with the Commercial Lines Administrator, the “Administrators”), a Delaware corporation; Technology Insurance Company, Inc., an insurance company organized under the laws of New Hampshire (“Technology”); Integon National Insurance Company, an insurance company organized under the laws of North Carolina (“Integon”); CastlePoint Reinsurance Company Ltd., a Bermuda Corporation (“CastlePoint Re”); and the Michael Karfunkel Family 2005 Trust, members of the Karfunkel family and Leah Karfunkel in her capacity as trustee thereof and not individually (collectively, the “Karfunkel Trust”). Each of the Conservator, the Company, the Administrators, Technology, Integon, CastlePoint Re and the Karfunkel Trust shall be referred to herein as a “Party” and, collectively, as the “Parties.”

### **RECITALS**

A. In 2014, ACP Re, Ltd. (“ACP Re”), a Bermuda corporation acquired Tower Group International, Ltd. (“TGI”) and its subsidiaries, including the Tower Companies, subject to the implementation of a series of transactions in connection with the acquisition (the “Acquisition Transactions”), which provided for, among other things: (i) the run-off of the liabilities of TGI’s insurance subsidiaries pursuant to the Loss Portfolio Transfer Agreement

from each Tower Company to CastlePoint Re; (ii) the administration of the run-off, at cost, by ANA and National General; (iii) the issuance by AmTrust International and National General Re of a \$250,000,000 Stop Loss Reinsurance Contract (at a premium cost of \$56,000,000 due September 15, 2019) for the benefit of CastlePoint Re; and (iv) the sale to Affiliates of ANA and National General, respectively, of the commercial lines and personal lines renewal rights of the Tower Companies.

B. At the closing of the Acquisition Transactions, the Tower Companies' stated reserves for the business ceded pursuant to the Loss Portfolio Transfer Agreement were, subject to further evaluation, recorded at approximately \$1.383 billion. This incorporated approximately \$568 million of adverse development on accident years 2013 and prior. After a full year to further evaluate paid loss development, the Tower Companies have determined that the reserves for the business ceded pursuant to the Loss Portfolio Transfer Agreement have continued to develop adversely by more than \$400 million. Such adverse development gave rise to a statutory impairment of the Tower Companies and a determination that the continued operation of the Tower Companies outside of judicially supervised conservation would be hazardous to policyholders and the public, thus warranting conservation.

C. In coordination with the Regulator Group and in order to facilitate an orderly, efficient, consolidated conservation of the Tower Companies, on or about July 20, 2016, the Constituent Companies merged with and into the Company, with the Company as the surviving entity, which occurred with the consent of the applicable members of the Regulator Group.

D. On July 27, 2016, the Company was placed into conservation proceedings at the request of the Commissioner, pursuant to Section 1011 of the Insurance Code, which proceeding is pending before the Superior Court of San Francisco County, California (the "Conservation

Court”) in the action entitled [***Matter Caption***] (Case No. [\_\_\_]) (the “Proceeding”). The Commissioner has been appointed as the statutory conservator of the Company in the Proceeding and, in that capacity, is the Conservator.

E. The Parties are now entering into this Agreement to set forth all material terms and provisions for a comprehensive, efficient and orderly plan of conservation and liquidation for the Company. The effectiveness and enforceability of this Agreement and the implementation of the Conservation Plan is expressly made subject to approval by the Conservation Court and the other conditions precedent set forth in this Agreement.

F. Pursuant to this Agreement and the Conservation Transaction Agreements described herein and attached hereto, at the Closing, among other things, the Karfunkel Trust will transfer or cause to be transferred the Closing Contribution Amount in Cash or Cash Equivalents to the Company to support the run-off of the liabilities of the Company.

G. Effective at, but not prior to, the closing of the transactions contemplated by this Agreement, (i) the Loss Portfolio Transfer Agreement will be commuted pursuant to the LPTA Commutation Agreement, such that CastlePoint Re will be fully and finally released from all liabilities thereunder effective as of the Closing Date, and in exchange therefor CastlePoint Re will transfer to the Company all of the assets of CastlePoint Re as of the Closing, including without limitation all of CastlePoint Re’s right, title and interest in and to the assets held by or in trust for the Company, on a funds withheld basis or otherwise, pursuant to the Loss Portfolio Transfer Agreement, and in connection with the release of CastlePoint Re from liabilities under the Loss Portfolio Transfer Agreement, (ii) the Stop Loss Reinsurance Contract will be commuted pursuant to the Stop Loss Reinsurance Commutation Agreement, such that each of the parties thereto will be fully and finally released from all liabilities and obligations thereunder,

and (iii) the Stop Loss Retrocession Contract will be commuted pursuant to the Stop Loss Retrocession Commutation Agreement, such that each party thereto will be fully and finally released from all liabilities and obligations thereunder.

H. This Agreement and the Conservation Transaction Agreements will be implemented through a Conservation Plan to be approved by the Conservation Court.

I. The Conservator has analyzed the proposed Conservation Plan and carefully considered the harm to the Company's policyholders and claimants that may arise from the only apparent alternative to the Conservation Plan, which is multi-state conservation or liquidation proceedings for some or all of the ten Constituent Companies in their six respective states of domicile.

J. Based on such analysis and consideration, and after consultation with the Regulator Group, the Conservator has determined that the Conservation Plan and the merger transactions that preceded it provide materially better protection and stability for the Company's policyholders and claimants than multi-state liquidations of the Constituent Companies.

K. Following the Closing, the Conservator, through the Administrators, will continue to administer the run-off of the Company during the term of the Conservation Plan in accordance with this Agreement and the Administrative Services Agreements.

L. The Parties intend (i) that the Conservation Plan and the transactions contemplated by this Agreement and the Conservation Transaction Agreements function as an interrelated, integrated whole, each such agreement and transaction being necessary consideration for the others, and (ii) that in the event that the Conservation Plan, this Agreement or any of the Conservation Transaction Agreements are not approved by the Conservation Court,

no Party shall have any obligation to consummate the transactions contemplated hereunder or thereunder.

Now, therefore, in consideration of the premises, covenants and conditions contained herein, the Parties, intending to be legally bound, hereby agree as follows:

## ARTICLE 1

### DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Definitions. In this Agreement, unless otherwise specifically provided or the context so requires, the terms listed below shall have the following definitions and shall include the plural as well as the singular:

“ACP Re Quota Share Agreement” means the Quota Share Reinsurance Agreement, entered into on November 25, 2014 with an effective date of November 1, 2014, between the Company (including as successor by merger to the Constituent Companies) and ACP Re.

“Acquisition Transactions” has the meaning set forth in Recital A.

“Administrative Services Agreements” means the Commercial Lines Administrative Services Agreement and the Personal Lines Administrative Services Agreement.

“Administrators” has the meaning set forth in the first paragraph of this Agreement.

“Affiliate” means, with respect to a Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person.

“Agreement” has the meaning set forth in the first paragraph of this Agreement.

“AmTrust International” means AmTrust International Insurance, Ltd.

“ANA” has the meaning set forth in the first paragraph of this Agreement.

“Base Contribution Amount” means \$200,000,000.

“Business” means the Company’s business and operations consisting of the issuance and administration of any insurance policy that may give rise to claims payable under or within Section 1033(a)(2) of the Insurance Code.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in the State of California are authorized or obligated by law or executive order to be closed.

“Cash or Cash Equivalents” means all cash, deposit or securities account balances, certificates of deposit or other financial instruments properly classified as cash or cash equivalents under GAAP.

“CastlePoint Re” has the meaning set forth in the Preamble.

“CDI” means the California Department of Insurance, acting solely in its statutory capacity as regulator of the business of insurance conducted in the State of California.

“CLO” means the Commissioner’s Conservation & Liquidation Office, established by the Commissioner to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises domiciled in the State of California.

“Closing” means the closing of the transactions contemplated by this Agreement.

“Closing Contribution Amount” means the Base Contribution Amount *minus* the Closing Date Reduction Amount, if any.

“Closing Date” means 10:00 a.m., local time, on the date of Closing, as described in Article 10 of this Agreement.

“Closing Date Reduction Amount” has the meaning set forth in Section 5.2.

“Commercial Lines Administrator” has the meaning set forth in the first paragraph of this Agreement.

“Commercial Lines Administrative Services Agreement” means the Commercial Lines Administrative Services Agreement to be entered into between the Company and the Commercial Lines Administrator (or its designee) on the Closing Date substantially in the form of Exhibit A attached hereto (as such form may be modified from time to time by agreement among the Conservator and the parties to such agreement).

“Commercial Lines Cut-Through QSA” means the Commercial Lines Cut-Through Quota Share Reinsurance Agreement, dated January 3, 2014, between Technology and the Company (including as successor by merger to the Constituent Companies).

“Commercial Lines MGA Agreement” means the Commercial Lines Managing General Agent Agreement dated September 15, 2014, among the Company (including as successor by merger to the Constituent Companies), ANA and ACP Re.

“Commercial Lines QSA” means the Commercial Lines Quota Share Reinsurance Agreement, dated September 15, 2014, between Technology and the Company (including as successor by merger to the Constituent Companies).

“Commissioner” has the meaning set forth in the first paragraph of this Agreement.

“Company” has the meaning set forth in the first paragraph of this Agreement, or a successor in interest (other than the Administrators or any of their respective Affiliates).

“Conservation Court” has the meaning set forth in Recital D.

“Conservation Plan” means that certain plan for the administration of the runoff of the Company, consisting of this Agreement, the Conservation Transaction Agreements, the Plan of Conservation & Liquidation, any motions and supporting documents filed by the Conservator with the Conservation Court and the Conservation Plan Approval Order.

“Conservation Plan Approval Order” means the order of the Conservation Court approving the Conservation Plan and approving and expressly authorizing the Conservator to enter into or perform all acts and transactions contemplated under this Agreement, and the Conservation Transaction Agreements (including all transactions contemplated hereby and thereby), without modification, unless such modification has been approved by the Conservator, the Administrators, AmTrust International and National General Re.

“Conservation Transaction Agreements” means the Administrative Services Agreements, the Mutual Release, the Reinsurance Commutation Agreements and all the respective exhibits, schedules and other addenda thereto.

“Conservator” has the meaning set forth in the first paragraph of this Agreement.

“Constituent Companies” means, collectively, Tower Insurance Company of New York, an insurance company organized under the laws of New York, Tower National Insurance Company, an insurance company organized under the laws of Massachusetts, Hermitage Insurance Company, an insurance company organized under the laws of New York, CastlePoint Florida Insurance Company, an insurance company organized under the laws of Florida, North East Insurance Company, an insurance company organized under the laws of California, York Insurance Company of Maine, an insurance company



organized under the laws of California, Massachusetts Homeland Insurance Company, an insurance company organized under the laws of Massachusetts, Preserver Insurance Company, an insurance company organized under the laws of New Jersey, and CastlePoint Insurance Company, an insurance company organized under the laws of New York.

“Continuing Agreements” has the meaning set forth in Section 9.1.11.

“Final Conservation Order” means the Conservation Plan Approval Order as it may be entered by the Conservation Court in the Proceeding, which shall not have been reversed, stayed, modified or amended, and against which the time to seek Recourse has expired without such Recourse having been timely sought, or as to which any such Recourse has been finally resolved without the Conservation Plan Approval Order being reversed, stayed, modified or amended, with no further timely Recourse against such resolution or against the Conservation Plan Approval Order available in any court. For the purposes of this paragraph, “Recourse” means and includes a motion for a new trial or for reargument, an appeal, a petition for certiorari or other review and a petition for rehearing.

“Insurance Code” means the California Insurance Code, including the regulations thereunder, in effect from time to time.

“Karfunkel Trust” has the meaning set forth in the first paragraph of this Agreement.

“Lien” means any mortgage, pledge, hypothecation, assignment, lien (statutory or otherwise), preference, priority, charge or other encumbrance, charge, adverse claim (whether pending or, to the knowledge of the Person against whom the adverse claim is

being asserted, threatened) or restriction of any kind affecting title or resulting in an encumbrance against property, real or personal, tangible or intangible, or a security interest of any kind, including any conditional sale or other title retention agreement, any right of first refusal on real property, and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statute) of any jurisdiction (other than a financing statement which is filed or given solely to protect the interest of a lessor).

“Litigation” means any action, cause of action (whether at law or in equity), arbitration, hearing, inquiry, proceeding claim or complaint by any Person alleging potential liability, wrongdoing or misdeed of another Person, or any administrative or other similar proceeding, criminal prosecution or investigation by any governmental authority or arbitration panel alleging potential liability, wrongdoing or misdeed of another Person.

“Liquidation Order” has the meaning set forth in Section 7.1.

“Loss Portfolio Transfer Agreement” means the Loss Portfolio Transfer Agreement, dated as of September 15, 2014, between the Company (including as successor by merger to the Constituent Companies) and CastlePoint Re.

“LPTA Commutation Agreement” means the Commutation and Release Agreement to be entered into between the Company (including as successor to the Constituent Companies) and CastlePoint Re on the Closing Date, substantially in the form of Exhibit B attached hereto.

“Mutual Release” means the Release Agreement to be entered into by the Company, the Conservator, ANA and National General on the Closing Date substantially

in the form of Exhibit C attached hereto (as such form may be modified from time to time by agreement among each of the parties thereto).

“National General” has the meaning set forth in the first paragraph of this Agreement.

“National General Re” means National General Re, Ltd.

“Non-Assumed Liability” has the meaning set forth in Section 6.1.

“Notification Package” has the meaning set forth in Section 4.1.

“Permits” means all licenses, franchises, permits, orders, approvals, consents, authorizations, qualifications and filings with and under all federal, state or local laws and of all governmental or regulatory bodies, including state insurance regulatory authorities.

“Person” means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, public, governmental, judicial or regulatory authority or body or other entity.

“Personal Lines Administrator” has the meaning set forth in the first paragraph of this Agreement.

“Personal Lines Cut-Through QSA” means the Personal Lines Cut-Through Quota Share Reinsurance Agreement, dated January 3, 2014, between Integon and the Company (including as successor by merger to the Constituent Companies).

“Personal Lines Administrative Services Agreement” means the Personal Lines Administrative Services Agreement to be entered into among the Company and the Personal Lines Administrator (or its designee) on the Closing Date substantially in the

form of Exhibit D attached hereto (as such form may be modified from time to time by agreement among the Conservator and the parties to such agreement).

“Personal Lines MGA Agreement” means the Personal Lines Managing General Agent Agreement, dated September 15, 2014, among the Company (including as successor by merger to the Constituent Companies), National General Insurance Marketing, Inc. and ACP Re.

“Personal Lines QSA” means the Personal Lines Quota Share Reinsurance Agreement, dated September 15, 2014, between Integon and the Company (including as successor by merger to the Constituent Companies).

“Plan of Conservation & Liquidation” means the Plan of Conservation & Liquidation for the Company promulgated and adopted by the Conservator, dated July 27, 2016.

“Policyholder Claims” has the meaning set forth in Section 3.1.

“Proceeding” has the meaning set forth in Recital D.

“Reduction Amount” has the meaning set forth in Section 5.2.

“Reduction Amount Statement” has the meaning set forth in Section 5.2.

“Regulator Group” means, collectively, the Director of Insurance Supervision for the Bermuda Monetary Authority, the Commissioner, the Insurance Commissioner for the State of Florida, the Commissioner of Insurance for the State of Massachusetts, the Commissioner of the Department of Banking and Insurance for the State of New Jersey and the Superintendent of Financial Services for the State of New York.

“Reinsurance Commutation Agreements” means the LPTA Commutation Agreement, the Stop Loss Reinsurance Commutation Agreement and the Stop Loss Retrocession Commutation Agreement.

“Stop Loss Reinsurance Commutation Agreement” means the Commutation and Release Agreement to be entered into among CastlePoint Re, AmTrust International and National General Re on the Closing Date, substantially in the form of Exhibit E attached hereto.

“Stop Loss Reinsurance Contract” means the Aggregate Stop Loss Reinsurance Contract, dated as of September 15, 2014, among CastlePoint Re, AmTrust International and National General Re.

“Stop Loss Retrocession Commutation Agreement” means the Commutation and Release Agreement to be entered into among ACP Re, AmTrust International and National General Re on the Closing Date, substantially in the form of Exhibit F attached hereto.

“Stop Loss Retrocession Contract” means the Aggregate Stop Loss Retrocession Contract, dated as of September 15, 2014, among ACP Re, AmTrust International and National General Re.

“Taxes” means all taxes, charges, fees, levies or other assessments, including income, alternative minimum, gross receipts, excise, property, consumption, premium, sales, withholding, social security, occupation, use, service, service use, license, payroll, franchise, transfer and recording taxes, fees and charges, imposed by the United States, or by any state, territory, local or foreign government or subdivision or agency thereof, whether computed on a separate, consolidated, unitary, combined or any other basis; and

such term shall include any interest, fines, penalties or additional amounts attributable or imposed or with respect to any such taxes, charges, fees, levies or other assessments. The term “Tax” shall mean any one of the Taxes.

“TGI” has the meaning set forth in Recital A.

“Tower Companies” means, collectively, the Company and the Constituent Companies.

Section 1.2      Rules of Interpretation. In the event of a conflict between any defined term in this Agreement and a defined term in any of the Conservation Transaction Agreements, the definition in the applicable Conservation Transaction Agreement shall control. Any defined term used herein that is not expressly defined in this Agreement shall have the meaning set forth in the applicable Conservation Transaction Agreement. When used herein, (i) words, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires, (ii) the words “hereof,” “herein” and “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and (iii) the terms “include,” “includes,” and “including” are not limiting. All section headings contained in this Agreement are for convenience of reference only, do not form a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement.

## ARTICLE 2

### REPRESENTATIONS AND WARRANTIES

Section 2.1      Representations and Warranties of the Conservator. The Conservator represents and warrants to the Administrators and the Karfunkel Trust as follows:

Section 2.1.1 Valid Appointment. The Conservator has, as of the date of this Agreement, been duly and validly appointed to be the statutory conservator of the Company as that term is used in Section 1011 of the Insurance Code.

Section 2.1.2 Authorization; Enforceable Obligations. The Conservator has all requisite power, authority and legal right necessary to execute and deliver this Agreement and the Conservation Transaction Agreements, and subject to the entry of the Conservation Plan Approval Order, to perform and carry out the transactions contemplated by this Agreement and the Conservation Transaction Agreements upon the terms and subject to the conditions of this Agreement and the Conservation Transaction Agreements.

Section 2.2 Representations and Warranties of the Company. The Conservator, on behalf of the Company, represents and warrants to the Administrators and the Karfunkel Trust as set forth below. The Administrators and the Karfunkel Trust expressly acknowledge that all representations and warranties of the Conservator herein are made in reliance on the information provided to the Conservator by pre-conservation management of the Company and the findings and orders of the Conservation Court, and that the Conservator has undertaken no independent investigation or analysis of facts in connection with this Agreement or other provisions of the Conservation Transaction Agreements.

Section 2.2.1 Authority. The Company, by and through the Conservator, has all requisite power and authority to execute and deliver this Agreement and the Conservation Transaction Agreements, to perform its obligations under this Agreement and the Conservation Transaction Agreements and to consummate the transactions contemplated by this Agreement and the Conservation Transaction Agreements, subject to the entry of

the Conservation Plan Approval Order. This Agreement has been duly executed and delivered by the Conservator, on behalf of the Company, and upon entry of the Conservation Plan Approval Order, will constitute the legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms. Upon execution and delivery thereof by the Conservator, on behalf of the Company, and the other parties thereto, and upon entry of the Conservation Plan Approval Order, the Conservation Transaction Agreements shall constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

Section 2.3      Representations and Warranties of the Commercial Lines Administrator.

The Commercial Lines Administrator represents and warrants to the Company, the Conservator and the Personal Lines Administrator as follows:

Section 2.3.1   Organization and Standing. The Commercial Lines Administrator is a corporation duly organized and in good standing under the laws of the State of Delaware.

Section 2.3.2   Authority. The Commercial Lines Administrator has all requisite power and authority to execute and deliver this Agreement and the Conservation Transaction Agreements to which it is a party, to perform its obligations under this Agreement and such Conservation Transaction Agreements and to consummate the transactions contemplated by this Agreement and such Conservation Transaction Agreements. This Agreement has been duly executed and delivered by the Commercial Lines Administrator and constitutes the legal, valid and binding obligation of the Commercial Lines Administrator, enforceable against it in accordance with its terms.



Section 2.3.3 No Breach. Subject to the approval of the Conservator, the execution, delivery and performance of this Agreement by the Commercial Lines Administrator will not materially conflict with, or result in a material violation of, or constitute a material default under, any term or provision of applicable law, or any judgment, writ, injunction, decree or order of any court, governmental authority or arbitrator relating to the Commercial Lines Administrator.

Section 2.3.4 Litigation. There is no Litigation pending, or threatened, against the Commercial Lines Administrator, or any of its assets, properties or Affiliates, at law or in equity, that individually or in the aggregate have or may reasonably be expected to have a material adverse effect on the validity or enforceability of this Agreement or any of the Conservation Transaction Agreements to which it is a party, or on the ability of the Commercial Lines Administrator to perform its obligations under this Agreement and the Conservation Transaction Agreements to which it is a party.

Section 2.4 Representations and Warranties of the Personal Lines Administrator.

The Personal Lines Administrator represents and warrants to the Company, the Conservator and the Commercial Lines Administrator as follows:

Section 2.4.1 Organization and Standing. The Personal Lines Administrator is a corporation duly organized and in good standing under the laws of the State of Delaware.

Section 2.4.2 Authority. The Personal Lines Administrator has all requisite power and authority to execute and deliver this Agreement and the Conservation Transaction Agreements to which it is a party, to perform its obligations under this Agreement and such Conservation Transaction Agreements and to consummate the transactions contemplated by this Agreement and such Conservation Transaction

Agreements. This Agreement has been duly executed and delivered by the Personal Lines Administrator and constitutes the legal, valid and binding obligation of the Personal Lines Administrator, enforceable against it in accordance with its terms.

Section 2.4.3 No Breach. Subject to the approval of the Conservator, the execution, delivery and performance of this Agreement by the Personal Lines Administrator will not materially conflict with, or result in a material violation of, or constitute a material default under, any term or provision of applicable law, or any judgment, writ, injunction, decree or order of any court, governmental authority or arbitrator relating to the Personal Lines Administrator.

Section 2.4.4 Litigation. There is no Litigation pending, or threatened, against the Personal Lines Administrator, or any of its assets, properties or Affiliates, at law or in equity, that individually or in the aggregate have or may reasonably be expected to have a material adverse effect on the validity or enforceability of this Agreement or any of the Conservation Transaction Agreements to which it is a party, or on the ability of the Personal Lines Administrator to perform its obligations under this Agreement and the Conservation Transaction Agreements to which it is a party.

Section 2.5 Representations and Warranties of the Karfunkel Trust. The Karfunkel Trust represents and warrants to the Company, the Conservator and the Administrators as follows:

Section 2.5.1 Organization and Standing. The Karfunkel Trust is duly organized and validly existing under the laws of New York.

Section 2.5.2 Authority. The Karfunkel Trust has the personal capacity to execute and deliver this Agreement and any applicable Conservation Transaction

Agreements to which it will become a party, to perform its obligations under this Agreement and such applicable Conservation Transaction Agreements and to consummate the transactions contemplated by this Agreement and such applicable Conservation Transaction Agreements. This Agreement has been duly executed and delivered by the Karfunkel Trust and constitutes a legal, valid and binding obligation of the Karfunkel Trust, enforceable against it in accordance with its terms.

Section 2.5.3 No Breach. The execution, delivery and performance of this Agreement by the Karfunkel Trust will not materially conflict with, or result in a material violation of, or constitute a material default under, any term or provision of applicable law, or any judgment, writ, injunction, decree or order of any court, governmental authority or arbitrator relating to the Karfunkel Trust.

Section 2.5.4 Litigation. There is no Litigation pending, or threatened, against the Karfunkel Trust, or any of its assets or properties, at law or in equity, that individually or in the aggregate have or may reasonably be expected to have a material adverse effect on the validity or enforceability of this Agreement or any of the Conservation Transaction Agreements, or on the ability of the Karfunkel Trust to perform its obligations under this Agreement and the applicable Conservation Transaction Agreements.

Section 2.5.5 Ability to Perform. At Closing, the Karfunkel Trust will collectively have free, unencumbered and sufficiently liquid Cash or Cash Equivalents required to perform its obligations under this Agreement.

Section 2.6 Representations and Warranties of Technology. Technology represents and warrants to the Company, the Conservator and the Administrator as follows:

Section 2.6.1 Organization and Standing. Technology is an insurance company duly organized and in good standing under the laws of the State of New Hampshire.

Section 2.6.2 Authority. Technology has all requisite power and authority to execute and deliver this Agreement and any applicable Conservation Transaction Agreements, to perform its obligations under this Agreement and any applicable Conservation Transaction Agreements and to consummate the transactions contemplated by this Agreement and any applicable Conservation Transaction Agreements. This Agreement has been duly executed and delivered by Technology and constitutes the legal, valid and binding obligation of Technology, enforceable against it in accordance with its terms.

Section 2.6.3 No Breach. Subject to the approval of the Conservator, the execution, delivery and performance of this Agreement by Technology will not materially conflict with, or result in a material violation of, or constitute a material default under, any term or provision of applicable law, or any judgment, writ, injunction, decree or order of any court, governmental authority or arbitrator relating to Technology.

Section 2.6.4 Litigation. There is no Litigation pending, or threatened, against Technology, or any of its assets, properties or Affiliates, at law or in equity, that individually or in the aggregate have or may reasonably be expected to have a material adverse effect on the validity or enforceability of this Agreement or any of the Conservation Transaction Agreements, or on the ability of Technology to perform its obligations under this Agreement and the Conservation Transaction Agreements.

Section 2.7 Representations and Warranties of Integon. Integon represents and warrants to the Company, the Conservator and the Administrator as follows:

Section 2.7.1 Organization and Standing. Integon is an insurance company duly organized and in good standing under the laws of the State of North Carolina.

Section 2.7.2 Authority. Integon has all requisite power and authority to execute and deliver this Agreement and any applicable Conservation Transaction Agreements, to perform its obligations under this Agreement and any applicable Conservation Transaction Agreements and to consummate the transactions contemplated by this Agreement any applicable Conservation Transaction Agreements. This Agreement has been duly executed and delivered by Integon and constitutes the legal, valid and binding obligation of Integon, enforceable against it in accordance with its terms.

Section 2.7.3 No Breach. Subject to the approval of the Conservator, the execution, delivery and performance of this Agreement by Integon will not materially conflict with, or result in a material violation of, or constitute a material default under, any term or provision of applicable law, or any judgment, writ, injunction, decree or order of any court, governmental authority or arbitrator relating to Integon.

Section 2.7.4 Litigation. There is no Litigation pending, or threatened, against Integon, or any of its assets, properties or Affiliates, at law or in equity, that individually or in the aggregate have or may reasonably be expected to have a material adverse effect on the validity or enforceability of this Agreement or any applicable Conservation Transaction Agreements, or on the ability of Integon to perform its obligations under this Agreement and any applicable Conservation Transaction Agreements.

Section 2.8 Representations and Warranties of CastlePoint Re. CastlePoint Re represents and warrants to the Company and the Conservator as follows:

Section 2.8.1 Organization and Standing. CastlePoint Re is a corporation duly organized and in good standing under the laws of Bermuda.

Section 2.8.2 Authority. CastlePoint Re has all requisite power and authority to execute and deliver this Agreement and the Conservation Transaction Agreements to which it is a party, to perform its obligations under this Agreement and such Conservation Transaction Agreements and to consummate the transactions contemplated by this Agreement and such Conservation Transaction Agreements. This Agreement has been duly executed and delivered by CastlePoint Re and constitutes the legal, valid and binding obligation of CastlePoint Re, enforceable against it in accordance with its terms.

Section 2.8.3 No Breach. Subject to the approval of the Conservator, the execution, delivery and performance of this Agreement by CastlePoint Re will not materially conflict with, or result in a material violation of, or constitute a material default under, any term or provision of applicable law, or any judgment, writ, injunction, decree or order of any court, governmental authority or arbitrator relating to CastlePoint Re.

Section 2.8.4 Litigation. There is no Litigation pending, or threatened, against CastlePoint Re, or any of its assets, properties or Affiliates, at law or in equity, that individually or in the aggregate have or may reasonably be expected to have a material adverse effect on the validity or enforceability of this Agreement or any of the Conservation Transaction Agreements to which it is a party, or on the ability of CastlePoint Re to perform its obligations under this Agreement and the Conservation Transaction Agreements to which it is a party.

Section 2.9      Survival of Representations and Warranties. All representations, warranties, covenants and agreements made by the Parties to this Agreement, as well as in any certificate, exhibit, schedule, statement, document or instrument furnished hereunder or in connection with the negotiation, execution and performance of this Agreement, shall survive the Closing.

### ARTICLE 3

#### CONSERVATION TRANSACTION AGREEMENTS

Section 3.1      Administrative Services Agreements. At Closing, the Administrators and the Conservator, on behalf of the Company, shall enter into the Administrative Services Agreements to which each of them is contemplated to become a party. The Parties acknowledge that the primary purpose and intent of the Administrative Services Agreements is to provide, subject to the terms and limitations set forth in the Administrative Services Agreements, for the timely administration, adjustment and payment, out of the assets of the Company, of claims and liabilities of the Company that fall within the policyholder claim priority class set forth under Section 1033(a)(2) of the Insurance Code (other than claims and liabilities reinsured under the Commercial Lines Cut-Through QSA, the Personal Lines Cut-Through QSA, the Commercial Lines QSA or the Personal Lines QSA) (“Policyholder Claims”). Pursuant to each of the Administrative Services Agreements, the applicable Administrator will provide the services thereunder at no cost to the Company for all periods from the Closing Date until the second anniversary of the Closing. If any Administrative Services Agreement remains in effect in accordance with its terms after such time, then the Conservator, on behalf of the Company, shall pay all fees, expenses and disbursements of the Administrator under the applicable

Administrative Services Agreement with respect to such periods, it being understood and agreed that any such amounts shall be charged to the Company at the Administrator's cost.

Section 3.2      Reinsurance Commutation Agreements. At Closing, CastlePoint Re and the Administrators shall, and the Administrators shall cause AmTrust International and National General Re to, and the Conservator, on behalf of the Company, shall, enter into the Reinsurance Commutation Agreements to which each of them is contemplated to become a party. The Parties acknowledge that pursuant to the Reinsurance Commutation Agreements, all liabilities and obligations of CastlePoint Re, AmTrust International, National General Re and ACP Re under the Loss Portfolio Transfer Agreement, the Stop Loss Reinsurance Agreement and the Stop Loss Retrocession Agreement will be commuted, with the effect that all liabilities currently reinsured by CastlePoint Re under the Loss Portfolio Transfer Agreement will be recaptured by the Company, and none of CastlePoint Re, AmTrust International, National General Re or ACP Re will have any liability whatsoever therefor from and after the Closing. It is acknowledged that CastlePoint Re will agree to the commutation of the Stop Loss Reinsurance Contract in consideration of the release of CastlePoint Re from liabilities under the Loss Portfolio Transfer Agreement, and that the Conservator and the Company will agree to the commutation of the Loss Portfolio Transfer Agreement in consideration of the receipt by the Conservator of the Closing Contribution Amount and the benefits of and under the Administrative Services Agreements.

Section 3.3      Mutual Release. The applicable Parties shall execute and deliver at Closing the Mutual Release. The Conservator represents and warrants to the Administrators and the Karfunkel Trust that it has not, and covenants that it shall not, assign, sell, convey or otherwise transfer to any other Person any of the duties, rights, obligations, liabilities, claims and demands to be released and discharged at Closing pursuant to the Mutual Release.



Section 3.4      Non-Policyholder Claims. Pursuant to Section 1033(a) of the Insurance Code, any liabilities of the Company, or claims based on such liabilities, that the Conservator determines to be subordinated to Policyholder Claims will not be paid under the Conservation Plan unless and until the Conservator determines that there are sufficient assets in the Company available to satisfy claims against the Company that are subordinate to the Policyholder Claims under Section 1033(a) of the Insurance Code. During the term of the Conservation Plan, the Conservator may, in his or her sole discretion, apply to the Conservation Court to establish a claims bar date or other appropriate procedures for receiving and determining the Company's liabilities other than Policyholder Claims.

#### ARTICLE 4

##### NOTIFICATION PACKAGE

Section 4.1      Delivery of Notification Package. As promptly as practicable after a hearing date is set in the Conservation Court on the Conservator's motion for the Conservation Plan Approval Order, the Administrators shall, on behalf of the Conservator, mail to each policyholder with an in-force policy or an open claim, at the last known address of such policyholder as shown on the Company's records, each member of the Regulator Group, the shareholder and director(s) of the Company, the indenture trustee for holders of trust preferred securities issued by the Company's Affiliates, known creditors, reinsurers and other interested parties: (i) a notice, in a form acceptable to the Conservation Court, the Conservator and the Administrators, regarding the conservation of the Company, the Conservation Plan, and the date, time and location of the hearing on the Conservator's motion to approve the Conservation Plan, and (ii) any other material reasonably deemed necessary or advisable by the Conservation Court, the Conservator or the Administrators, to assist policyholders and other notice recipients in

understanding the transactions contemplated by this Agreement and the Conservation Transaction Agreements (such information and material hereinafter referred to collectively as “Notification Package”). The Conservator and the Administrators shall use their respective best efforts to make such mailing as soon as practicable after such hearing date is set, and shall cooperate with each other in preparing the Notification Package. In lieu of incurring the expense of mailing copies or detailed summaries of the Conservation Transaction Agreements, the Administrators may, with the approval of the Conservation Court, provide notice of a website at which policyholders and other interested parties may obtain complete copies of all pleadings and documents filed in the Proceeding. The Parties agree that providing notice to any of the persons or entities listed above in accordance with this Section 4.1 shall not be an admission that such person or entity is in fact an interested party with standing to appear in the Proceeding. All expenses associated with the preparation and delivery of the Notification Package shall be paid by the Company as an administrative expense having the priority set forth in Section 1033(a)(1) of the California Insurance Code.

## ARTICLE 5

### TRANSFER OF ASSETS TO THE COMPANY

Section 5.1     Transfer of Assets by the Karfunkel Trust. Subject to the terms and conditions contained herein, at the Closing the Karfunkel Trust shall transfer or cause to be transferred to the Company an aggregate amount equal to the Closing Contribution Amount in Cash or Cash Equivalents.

Section 5.2     Closing Date Reduction Amount. ANA and National General shall deliver to the Conservator (a) not later than thirty (30) days prior to the anticipated Closing Date, an estimated computation (the “Preliminary Reduction Amount Statement”) of the Reduction

Amount as of May 31, 2016, and (b) not later than ten (10) days prior to the anticipated Closing Date, an estimated computation (the “Reduction Amount Statement”) of the Reduction Amount as of the Closing Date, which amount shall be the “Closing Date Reduction Amount” for purposes of this Agreement. Each such computation shall be substantially in the form of Exhibit G and shall be accompanied by a certificate of an officer of each of ANA and National General certifying that the Reduction Amount set forth therein has been computed in good faith and in accordance with the requirements of this Agreement. ANA and National General will furnish to the Conservator such work papers and other documents and information relating to the Preliminary Reduction Amount Statement and the Reduction Amount Statement as the Conservator may reasonably request. The “Reduction Amount” means, as of any date of determination, the combined net amount due and payable by the Company (including as successor to the Constituent Companies) to ANA, Technology, National General, Integon and their respective Affiliates.

Section 5.3      Releases. Effective as of the Closing Date, ANA, Technology, National General and Integon, for themselves and on behalf of their applicable Affiliates, hereby release and discharge the Company and its estate, and the Company and the Conservator hereby release and discharge ANA, Technology, National General and Integon and their applicable Affiliates, for all balances owing between them that are identified in the Reduction Amount Statement. For the avoidance of doubt, nothing herein shall be construed to limit the scope of the Mutual Release.

Section 5.4      Maintenance of Assets. The Conservator shall cause the amount transferred to the Company pursuant to Section 5.1 to be deposited in a segregated account, separate and apart from the other assets of the conservation estate. The Conservator shall be

entitled to withdraw without prior notice or approval assets therefrom at any time in connection with the run-off of the business of the Company and obligations payable under and in accordance with the priorities set forth in California Insurance Code section 1033(a) (including, without limitation, (i) the Conservator's expenses of administration and third party advisory and consulting services incurred by any member of the Regulator Group in connection with the Conservation Plan, (ii) amounts, if any, payable to an Administrator under an Administrative Services Agreement; (iii) liabilities to policyholders, insurance claimants, and/or applicable insurance guaranty associations; (iii) statutorily authorized early access distributions to insurance guaranty associations; (iv) taxes owed by the Company; and (v) any other liability of the Company allowed by the Conservator during the conservation or liquidation of the Company), provided, however, that the Conservator acknowledges and agrees that the amounts in such segregated account shall be utilized and exhausted before any other assets of the conservation estate shall be drawn upon in connection with the run-off or liquidation of the business of the Company. Until all amounts in such segregated account have been exhausted, the Conservator shall deliver to the Karfunkel Trust periodic reports, in a form and at such intervals as agreed between the Conservator and the Karfunkel Trust, on the amounts withdrawn from such segregated account, and such other information and reports as may be reasonably requested by the Karfunkel Trust with respect to the use of such funds, including information as may be reasonably requested to establish the timing, amounts and use of such withdrawals.

## ARTICLE 6

### NO ASSUMPTION OF LIABILITIES

Section 6.1      No Assumption of Liabilities. Except as provided in this Agreement or in the Conservation Transaction Agreements, none of the Karfunkel Trust, ACP Re the

Administrators, AmTrust International, National General Re, Integon, Technology or any of their respective Affiliates, predecessors, successors, parent companies, shareholders, trustees, assigns, officers, directors, agents, attorneys, accountants, auditors, employees or other representatives will, directly or indirectly, assume any liabilities of the Company or its Affiliates pursuant to the Conservation Plan or any liquidation of the Company, whether such liabilities arise prior to, at or after the Closing (collectively, the “Non-Assumed Liabilities”). For purposes of this Section 6.1, “Affiliates” of the Company shall mean all of the Company’s current or past Affiliates, including the Constituent Companies.

## ARTICLE 7

### REHABILITATION OR LIQUIDATION OF THE COMPANY

Section 7.1      Orders of Rehabilitation or Liquidation. The Parties agree that the Conservator may, at such time as he or she deems appropriate and in his or her sole discretion, apply to the Conservation Court for orders relating to or in furtherance of the rehabilitation of the Company, or for an order to liquidate or dissolve the Company (a “Liquidation Order”); provided, however, that the Conservator shall provide not less than twenty (20) days’ prior written notice of the application for a Liquidation Order to each Government Authority that has issued a certificate of authority to the Company and to each of the Parties of the filing of an application to the Conservation Court for a Liquidation Order.

Section 7.2      Obligations of Parties After Liquidation Order. The Parties agree that in the event a Liquidation Order for the Company is entered by the Conservation Court, the Parties will cooperate in good faith and take all commercially reasonable actions necessary to ensure the efficient transition of claim files of the Company to the liquidator or the applicable insurance guaranty association.

## ARTICLE 8

### CONDITIONS PRECEDENT TO CLOSING; TERMINATION

Section 8.1 Mutual Conditions Precedent to Closing. Except as otherwise expressly provided herein, the obligations of each of the Conservator, the Company, the Karfunkel Trust, the Administrators, AmTrust International and National General Re to proceed with the Closing are subject to the fulfillment, satisfaction or written waiver, prior to or at the Closing, of each of the following conditions precedent:

Section 8.1.1 Final Conservation Order. The Final Conservation Order shall have been entered.

Section 8.1.2 Terms of the Final Conservation Order. The Final Conservation Order shall confirm to the mutual reasonable satisfaction of the Conservator, the Karfunkel Trust and the Administrators: (i) the enforceability of the terms and conditions of this Agreement and the Conservation Transaction Agreements, and the transactions contemplated hereby and thereby, (ii) that this Agreement, the Conservation Transaction Agreements and the Conservation Plan are fair, just and reasonable to policyholders, creditors and the shareholder of the Company, (iii) that the notice provided to policyholders and other interested parties was adequate and reasonable and complied with any applicable legal or constitutional requirements, (iv) that all executory portions of the Conservation Transaction Agreements are approved and made valid, binding and enforceable in the event of a future insolvency of the Company if not otherwise terminated, (v) that reinsurers and other counterparties of the Company are not materially prejudiced by and have no lawful basis to avoid or terminate their material contractual obligations as a result of the transactions contemplated herein or in the Conservation Transaction Agreements, (vi) that there is reasonable protection against the assertion of

claims against the Karfunkel Trust, the Administrators, AmTrust International, National General Re, Integon, Technology or any of their respective Affiliates based on the Non-Assumed Liabilities, (vii) that all creditors and other interested parties (except for the Conservator, the Commissioner and their Affiliates) are enjoined from pursuing, without prior Conservation Court approval, against (a) the Karfunkel Trust, ACP Re, the Administrators, AmTrust International, National General Re, Integon, Technology or any of their Affiliates (other than TGI or its subsidiaries), or their respective predecessors, successors, parent companies, shareholders, assigns, officers, directors, agents, attorneys, accountants, auditors, employees and other representatives or (b) TGI's and its subsidiaries' (including the Company's and the Constituent Companies') respective directors, officers and employees, in each case, who held such positions at any time following the consummation of the Acquisition Transactions: (x) any Non-Assumed Liabilities, (y) any other claim or action that arises out of any act or omission by any such Person in connection with the business or affairs of the Company or the Constituent Companies and (z) any claim or action that arises out of the Conservation Plan, this Agreement or the Conservation Transaction Agreements (except, in the case of the foregoing clauses (y) and (z), to the extent such liability has been assumed by such Person under the Continuing Agreements or any other agreement), and (viii) that all creditors and other interested parties (except for the Conservator, the Commissioner and their Affiliates) are enjoined from pursuing, without prior Conservation Court approval, against TGI's and its subsidiaries' other agents, attorneys, accountants, auditors and representatives any claim or action in connection with the business or affairs of the Company or the Constituent Companies that (A) arises out of any acts or omissions of

such persons occurring after the consummation of the Acquisition Transactions and (B) may adversely affect the assets or operations of the Company or the Constituent Companies or the Conservation Plan.

Section 8.1.3 Orders. Each of the Conservator, the Company, the Karfunkel Trust and the Administrators shall have obtained from the Conservation Court those orders as are necessary or appropriate to the implementation of this Agreement, the Conservation Transaction Agreements, the Conservation Plan and the transactions contemplated hereby and thereby.

Section 8.1.4 Consents. Each of the Conservator, the Company, the Karfunkel Trust and the Administrators shall have received all consents, approvals and certifications (including estoppel certificates), in form and substance reasonably satisfactory to each of them, of third parties or government entities whose consent, approval or certification is required for the consummation of the transactions contemplated by this Agreement and the Conservation Transaction Agreements.

Section 8.1.5 Notification Package. The Notification Package shall have been sent to each policyholder and other recipient in accordance with Section 4.1.

Section 8.1.6 Governmental Approvals. All Permits, if any, which are reasonably necessary to consummate the transactions contemplated by this Agreement and the Conservation Transaction Agreements shall have been obtained on terms satisfactory to each Party in its sole discretion.

Section 8.1.7 No Prohibition. There shall not have been any action taken, or any statute, regulation, judgment, or order enacted, entered or issued which, directly or indirectly (i) prohibits or makes illegal the consummation of the transactions



contemplated by this Agreement or the Conservation Transaction Agreements or (ii) imposes any material conditions or limitations on the ability of the Conservator, the Company, the Karfunkel Trust or the Administrators to exercise full rights under this Agreement or the Conservation Transaction Agreements or (iii) imposes any material conditions or limitations on the Karfunkel Trust, any Non-Assumed Liabilities or any other claim or action, the Administrators or their respective ownership or operation of all or a material portion of their respective businesses or assets to be owned by them after the consummation of the transactions contemplated by this Agreement or the Conservation Transaction Agreements.

Section 8.2      Conditions Precedent to the Karfunkel Trust's and the Administrators' Obligations to Close. The obligations of the Karfunkel Trust and the Administrators to proceed with the Closing is subject to the fulfillment, satisfaction or written waiver, prior to or at the Closing, of each of the following conditions precedent (in addition to those described in Section 8.1 hereof):

Section 8.2.1   Performance by the Conservator and the Company. The Conservator and the Company shall have performed and complied with, in all material respects, all provisions of the agreements and covenants required by this Agreement and the Conservation Transaction Agreements to be performed or complied with by each of them prior to or at the Closing, and there shall have been no adverse event or occurrence which materially impairs or interferes with the ability of the Conservator or the Company to consummate the transactions contemplated by this Agreement or the Conservation Transaction Agreements and to perform each of their obligations under this Agreement and the Conservation Transaction Agreements.

Section 8.2.2 Representations and Warranties. The representations and warranties of the Company and the Conservator contained in this Agreement and the Conservation Transaction Agreements shall be true and correct as of the Closing Date.

Section 8.2.3 Corporate Matters. The Conservator and the Company shall have delivered to the Karfunkel Trust and the Administrators such other documents, instruments, certifications and further assurances reasonable and necessary to effect the transactions contemplated by this Agreement and the Conservation Transaction Agreements.

Section 8.2.4 Conservation Transaction Agreements. On or prior to the Closing Date, (i) the Conservator and the Company shall have executed and delivered the Conservation Transaction Agreements to the Karfunkel Trust and the Administrators, (ii) any conditions precedent stated in the Conservation Transaction Agreements shall have been satisfied or waived in accordance with the terms thereof and (iii) none of the Conservation Transaction Agreements shall have been terminated for any reason.

Section 8.3 Conditions Precedent to Conservator's and the Company's Obligations to Close. The obligation of each of the Conservator and the Company to proceed with the Closing shall be subject to the fulfillment, satisfaction or written waiver, prior to or at the Closing, of each of the following conditions precedent (in addition to those described in Section 8.1 hereof):

Section 8.3.1 Performance by the Karfunkel Trust and the Administrators. Each of the Karfunkel Trust and the Administrators shall have performed and complied with, in all material respects, all provisions of the covenants and agreements required by this Agreement to be performed or complied with by it prior to or at Closing, and there shall

have been no adverse event which materially impairs or interferes with the ability of the Karfunkel Trust or the Administrators to consummate the transactions contemplated by this Agreement and the Conservation Transaction Agreements and to perform their respective obligations under this Agreement and the Conservation Transaction Agreements.

Section 8.3.2 Representations and Warranties. All representations and warranties of the Karfunkel Trust and the Administrators contained herein shall be true and correct on the Closing Date with the same force and effect as though made on and as of the Closing Date.

Section 8.3.3 Conservation Transaction Agreements. On or prior to the Closing Date, the Karfunkel Trust and the Administrators shall have executed and delivered the Conservation Transaction Agreements as to which they are a party.

Section 8.4 Termination of this Agreement Prior to Closing. This Agreement may be terminated prior to Closing only as follows:

- (i) By written mutual consent of the Conservator, the Administrators and the Karfunkel Trust; or
- (ii) By the Conservator, any Administrator or the Karfunkel Trust, if any governmental authority that must grant a requisite regulatory approval has denied approval of the transaction or if any governmental entity has issued an injunction prohibiting the transaction that has become final and nonappealable; provided that the right to terminate is not available to any Party whose failure to perform or observe its covenants or agreements has been a cause of or resulted in such action; or

- (iii) By any Party that is not in material breach of the Agreement, if another Party has breached the Agreement in a manner that would result in the failure of a condition precedent to the obligations to close and the breach cannot be cured within thirty (30) days after receipt of written notice of such breach;
- (iv) By any Administrator or the Karfunkel Trust, if the Conservator's motion to approve the Conservation Plan and Conservation Transaction Agreements has not been filed on or before August 15, 2016.
- (v) By any Administrator or the Karfunkel Trust, if the Final Conservation Order has not been entered on or before October 15, 2016.
- (vi) By the Conservator if any governmental authority enters a liquidation order respecting any other Party.

In the event of the termination of this Agreement prior to Closing, this Agreement shall thereafter become void and have no effect, and no Party to this Agreement shall have any liability or obligation to any other Party to this Agreement with respect to this Agreement, except for the provisions of Section 11.1; provided, however, that if this Agreement is terminated as a result of the breach of this Agreement by one of the Parties, such Party shall not be relieved of its liability for such breach.

## ARTICLE 9

### ADDITIONAL COVENANTS OF THE PARTIES

#### Section 9.1 Covenants of the Conservator.

Section 9.1.1 Conservation Plan Approval Order. The Conservator shall take all reasonable actions to maintain any injunctions or stays issued with respect to the Final Conservation Order.

Section 9.1.2 Conservator to File Motion for the Conservation Plan Approval Order. The Conservator shall file a motion in the Conservation Court for the Conservation Plan Approval Order with respect to this Agreement, the Conservation Plan and the Conservation Transaction Agreements as promptly as possible and shall provide each member of the Regulator Group, the Karfunkel Trust and the Administrators with a copy of the proposed Conservation Plan Approval Order and proposed Conservation Plan and an opportunity to comment upon them prior to their submission to the Conservation Court.

Section 9.1.3 Cooperation to Obtain Additional Orders. The Conservator shall use commercially reasonable efforts to assist the Karfunkel Trust and the Administrators in securing any orders from the Conservation Court in addition to the Conservation Plan Approval Order in order to carry out the provisions of this Agreement and the Conservation Transaction Agreements.

Section 9.1.4 Reserved.

Section 9.1.5 Delivery of Motion, Notice, etc.. Copies of any motion or notice filed with the Conservation Court or with any other Person by the Conservator as contemplated by this Agreement, and of any order issued by the Conservation Court to the Conservator, and of any motion, notice or pleading in the Proceeding made against any of the persons against whom the injunctions referred to in Section 8.1.2(vii) or

Section 8.1.2(viii) are effective, shall be provided by the Conservator to each member of the Regulator Group, the Karfunkel Trust and the Administrators and their counsel.

Section 9.1.6 Access to Books and Records. The Conservator shall, and shall cause the Company to, afford to each member of the Regulator Group and the Administrators and their respective agents, attorneys, accountants and other authorized representatives full and reasonable access during normal business hours to all books and records of the Company for the purpose of investigating and evaluating all aspects of the business of the Company, and shall permit any such Person, at such Person's expense, to make copies of such books and records. Each member of the Regulator Group and each Administrator will treat, and shall cause each of its respective agents, attorneys, accountants and other authorized representatives to treat, all information obtained pursuant to this Section 9.1.6 as confidential, except as may otherwise be required by law. The Conservator shall not be required to provide access to attorney work product or attorney-client privileged materials.

Section 9.1.7 Reserved.

Section 9.1.8 Orderly Transition. Prior to Closing, the Conservator shall permit the Administrators and their respective employees to assist the Conservator in the run-off management and operation of the Company.

Section 9.1.9 Reserved.

Section 9.1.10 Administrative Services Agreements. The Conservator shall not repudiate, reject, terminate or take any similar action with respect to the Administrative Services Agreements, whether before or after entry of any Liquidation Order, other than termination in accordance with the terms of the applicable Administrative Services

Agreement (including the rights granted to the Company thereunder to terminate each Administrative Service Agreements at any time upon reasonable notice to the applicable Administrator). In the event of termination, the applicable Administrator shall provide reasonable cooperation and assistance to facilitate the transition of claim files to the Conservator or applicable insurance guarantee associations. For the avoidance of doubt, such obligation of the Company to reimburse the Administrators for the fees, expenses and disbursements due and payable to the Administrators under the applicable Administrative Services Agreement, shall constitute an administrative expense claim having the priority set forth in Section 1033(a)(1) of the California Insurance Code.

Section 9.1.11 QSAs and MGAs. The Conservator shall assume and affirm the Commercial Lines Cut-Through QSA, the Personal Lines Cut-Through QSA, the Commercial Lines QSA, the Personal Lines QSA, the Commercial Lines MGA Agreement or the Personal Lines MGA Agreement (together, the “Continuing Agreements”), and in no event shall the Conservator, the Insurance Commissioner in his or her capacity as liquidator of the Company, or the Conservation Court repudiate, reject, commute, terminate, breach or take any similar action with respect to any such agreement, whether before or after entry of any Liquidation Order. Effective as of the Closing:

(a) (i) the Company hereby assigns to Technology, and Technology hereby assumes, as its direct obligation to the applicable policyholders or other obligees of the Company, all of the liabilities of the Company reinsured under the Commercial Lines Cut-Through QSA and the Commercial Lines QSA; and (ii) the Company hereby assign to Integon, and Integon hereby assumes, as its direct obligation to the applicable policyholders or other

obligees of the Company, all of the liabilities of the Company reinsured under the Personal Lines Cut-Through QSA and the Personal Lines QSA; and in each case the Company is hereby released and discharged from all liabilities and obligations so assumed by Technology or Integon. In connection therewith, within a reasonable period following the Closing, Technology shall issue to the holder of each insurance policy reinsured under the Commercial Lines QSA, and Integon shall issue to the holder of each insurance policy reinsured under the Personal Lines QSA, a cut-through endorsement in a form as agreed between the Conservator and Technology or Integon, as applicable, such that Technology or Integon, as applicable, shall become a direct obligor with respect to the insurance thereunder; and

(b) (i) the Company hereby sells, assigns and transfers to Technology, and Technology hereby purchases and accepts, all of the Company's right, title and interest in and to the premiums and other amounts receivable, and all proceeds and products thereof, that are required to be remitted to Technology, or to which Technology is otherwise entitled, under the Commercial Lines Cut-Through QSA and the Commercial Lines QSA; and (ii) the Company hereby sells, assigns and transfers to Integon, and Integon hereby purchases and accepts, all of the Company's right, title and interest in and to the premiums and other amounts receivable, and all proceeds and products thereof, that are required to be remitted to Integon, or to which Integon is otherwise entitled, under the Personal Lines Cut-Through QSA and the Personal Lines QSA; and, in each case, such premiums and other amounts shall cease to be assets of the Company or its estate.

It is hereby acknowledged and agreed by the Company and the Conservator that no premiums or liabilities have been ceded under the ACP Re Quota Share Agreement, and from



and after the Closing the Company no party to such agreement, or the Conservator, shall make any claim for, or otherwise seek to assert or enforce, any obligation or liability thereunder.

Section 9.1.12 Reinsurance Commutation Agreements. The Conservator shall not repudiate, reject, terminate or take any similar action with respect to the Reinsurance Commutation Agreements or the Mutual Release, whether before or after entry of any Liquidation Order. Nothing in this Agreement or otherwise in the Conservation Plan, in any Liquidation Order or otherwise shall alter or affect the rights and obligations of the applicable parties under such agreements.

Section 9.2 Reporting Obligations. For each Administrative Services Agreement, from the Closing until the termination of such agreement in accordance with its terms, the Administrator thereunder shall deliver to the Conservator (i) quarterly run-off and liquidity reports, in a form and with content to be agreed upon by Conservator and the applicable Administrator, delivered not later 45 days following the end of each calendar quarter, with respect to the business administered under such Administrative Services Agreement and (ii) such additional information and reports as may be reasonably required by the Conservator to monitor the run-off of Policyholder Claims administered under such Administrative Services Agreement.

Section 9.3 Reserved.

Section 9.4 Reserved.

Section 9.5 Statutory Financial Reporting. Neither the Conservator nor the Company shall have any obligation under this Agreement to provide statutory financial statements with respect to the Company to any member of the Regulator Group or otherwise. The Conservator shall enter into a memorandum of understanding or other agreement with any governmental authority, including the Regulator Group, upon a written request therefrom, to

provide alternative financial reporting regarding the Company and the status of the run-off of Policyholder Claims.

Section 9.6      Further Covenants.

Section 9.6.1 Further Assurances. Each of the Parties to this Agreement covenants to take the following actions: (i) act in mutual cooperation and provide to each other all reasonable assistance in furtherance of the implementation and effectuation of this Agreement and the Conservation Transaction Agreements following Conservation Court approval, it being understood by all Parties that, prior to Conservation Court approval of this Agreement, the Conservator must remain free to evaluate any competing proposals for the rehabilitation of the Company and thereafter to take such actions as he determines, in his discretion, to be in the best interest of the Company's policyholders and other interested persons and entities; (ii) present a motion for approval of this Agreement and the Conservation Transaction Agreements; and (iii) execute, acknowledge, deliver, file and record such further certificates, amendments, instruments, agreements and documents (including the filing of any notices with any regulatory agencies or other governmental entities) and do all other actions and things as may be required by law or as may be necessary or reasonably advisable to carry out the intent of this Agreement and the Conservation Transaction Agreements following Conservation Court approval.

ARTICLE 10

CLOSING

Section 10.1      Closing. The Closing shall take place on the first Business Day following the satisfaction or waiver of all of the conditions set forth in Article 8 hereof (other

than conditions which contemplate or require only delivery or filing of one or more documents immediately prior to or contemporaneously with the Closing) on the Closing Date at The Orrick Building, 405 Howard Street, 10<sup>th</sup> Floor, San Francisco, California, commencing at 10:00 a.m., local time, or at such other place and time as the Parties shall mutually agree.

Section 10.2    Items to be Delivered at Closing by the Conservator and the Company.

At the Closing, upon the terms and subject to the conditions contained in this Agreement, the Conservator and the Company will deliver or cause to be delivered to the Karfunkel Trust and the Administrators, unless waived by the Karfunkel Trust and the Administrators, the following:

- (i)    A certificate of the Conservator, dated the Closing Date, certifying that the representations and warranties of the Company are true and correct as of the Closing Date as if made on and as of the Closing Date and that the Company has performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed and complied with by the Company at the Closing;
- (ii)   A certificate of the Conservator, dated the Closing Date, certifying that the representations and warranties of the Conservator are true and correct as of the Closing Date as if made on and as of the Closing Date and that the Conservator has performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed and complied with the Conservator at the Closing;
- (iii)   A copy of each Conservation Transaction Agreement to which the Company or the Conservator, on behalf of the Company, is a party, in

each case duly executed by the Company or the Conservator, on behalf of the Company, as applicable;

- (iv) Such orders of the Conservation Court confirming the terms of this Agreement and the Conservation Transaction Agreements and the transactions contemplated hereby and thereby relative to the respective transactions and interests under this Agreement; and
- (v) Such other certificates and closing documents as may be necessary for the consummation of the transactions contemplated by this Agreement and the Conservation Transaction Agreements.

Section 10.3 Items to be Delivered at Closing by the Karfunkel Trust and the Administrators. At the Closing, upon the terms and subject to the conditions contained in this Agreement, the Karfunkel Trust and the Administrators will deliver, or cause to be delivered, as appropriate, to the Conservator and the Company, unless waived by the Conservator and the Company, as appropriate, the following:

- (i) Certificates of a duly authorized and elected officer of each of the Administrators, and a trustee of the Karfunkel Trust, dated the Closing Date, certifying (a) that the representations and warranties of such Party are true and correct as of the Closing Date as if made on and as of the Closing Date; (b) that such Party has performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed and complied with by it at the Closing; (c) that such Party has all requisite power and authority to execute and deliver this Agreement, the Conservation Transaction Agreements and any other

documents required for the Closing to which it is a party and to consummate the transactions contemplated hereby and thereby; (d) that the execution, delivery and performance by such Party of this Agreement or the Conservation Transaction Agreements to which it is a party will not violate any laws or statutes to which it is subject, or its corporate charter or bylaws or any material indenture, contract or agreement to which it is a party or by which it is bound, and (e) that this Agreement and the Conservation Transaction Agreements have been duly executed and delivered by such party and constitute the legal, valid and binding obligations of it, enforceable against it in accordance with its terms;

- (ii) An incumbency certificate for each of the Administrators dated the Closing Date, including specimen signatures;
- (iii) A copy of all resolutions adopted by the Board of Directors of each Administrator, in each case relating to the transactions contemplated by this Agreement and the Conservation Transaction Agreements, certified on the Closing Date to be correct and remaining in effect by the Secretary or Assistant Secretary of each, as the case may be;
- (iv) A copy of each Conservation Transaction Agreement to which any of the Administrators or the Karfunkel Trust is a party, in each case duly executed by the Commercial Lines Administrator, the Personal Lines Administrator or the Karfunkel Trust, as applicable;
- (v) Such documents, certificates and other evidence satisfactory to the Conservator that the transactions contemplated by the Plan of

Conservation & Liquidation for CastlePoint National Insurance Company, dated as of July 27, 2016, have been consummated, other than any such documents, certificates and other evidence that are to be delivered by or on behalf of the Conservator or the Company; and

- (vi) Such other certificates and closing documents as may be necessary for the consummation of the transactions contemplated by this Agreement and the Conservation Transaction Agreements.

Section 10.4 Items to be Delivered at Closing by CastlePoint Re. At the Closing, upon the terms and subject to the conditions contained in this Agreement, CastlePoint Re will deliver to the other Parties hereto, unless waived by the other Parties hereto, the following:

- (i) a certificate of a duly authorized and elected officer of each of CastlePoint Re, dated the Closing Date, certifying (a) that the representations and warranties of CastlePoint Re are true and correct as of the Closing Date as if made on and as of the Closing Date; (b) that CastlePoint Re has performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed and complied with by it at the Closing; (c) that CastlePoint Re has all requisite power and authority to execute and deliver this Agreement, the Conservation Transaction Agreements and any other documents required for the Closing to which it is a party and to consummate the transactions contemplated hereby and thereby; (d) that the execution, delivery and performance by CastlePoint Re of this Agreement or the Conservation Transaction Agreements to which it is a party will not violate any laws or statutes to

which it is subject, or its corporate charter or bylaws or any material indenture, contract or agreement to which it is a party or by which it is bound, and (e) that this Agreement and the Conservation Transaction Agreements have been duly executed and delivered by CastlePoint Re and constitute the legal, valid and binding obligations of it, enforceable against it in accordance with its terms;

- (ii) An incumbency certificate for CastlePoint Re dated the Closing Date, including specimen signatures;
- (iii) A copy of all resolutions adopted by the Board of Directors of CastlePoint Re, in each case relating to the transactions contemplated by this Agreement and the Conservation Transaction Agreements, certified on the Closing Date to be correct and remaining in effect by the Secretary or Assistant Secretary of CastlePoint Re;
- (iv) A copy of each Conservation Transaction Agreement to which CastlePoint Re is a party, duly executed by CastlePoint Re; and
- (v) Such other certificates and closing documents as may be necessary for the consummation of the transactions contemplated by this Agreement and the Conservation Transaction Agreements.

Section 10.5 Further Assurances After the Closing. Each of the Conservator, the Company, CastlePoint Re, the Karfunkel Trust and the Administrators will, from time to time after the Closing, take such other proper actions and execute and deliver such other documents, instruments, certifications and further assurances as may reasonably be requested by another

Party as required or necessary to effectuate the intent and purpose of this Agreement and the Conservation Transaction Agreements.

## ARTICLE 11

### GENERAL PROVISIONS

Section 11.1 Press Releases and Interviews. The Parties shall cooperate in the preparation of any and all press releases, pre-arranged press interviews or other public statements, written or oral, regarding this Agreement, any of the Conservation Transaction Agreements and/or the transactions contemplated hereby or thereby or related hereto or thereto, and no such press release, pre-arranged press interview or other public statement shall be issued, given or made without the prior written approval of the Conservator and the Commissioner, which approval shall not be unreasonably withheld, conditioned or delayed; provided, however, nothing in this Section 11.1 shall restrict any publicly traded Affiliate of ANA and National General from making public disclosures it advised by legal counsel that is required to make under applicable law prior to receiving the written approval of the Conservator and the Commissioner. Prior to any such press release, pre-arranged press interview or other public statement, the Party desiring to make such a disclosure shall provide the other Parties with copies of such press release or related materials.

Section 11.2 Expenses. Except as provided in Section 736 of the Insurance Code, each Party shall pay its own expenses in connection with the authorization, negotiation, preparation, execution and performance of this Agreement and the Conservation Transaction Agreements, including all fees and expenses of agents, representatives, attorneys, accountants and consultants; provided, however, that such fees and expenses incurred by the Conservator, the CDI and the Company shall be paid by the Company.



Section 11.3    Entire Agreement. This Agreement and the Conservation Transaction Agreements (including the exhibits and schedules attached hereto and thereto) constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, promises, warranties, covenants or undertakings, other than those expressly set forth or referred to in this Agreement or the Conservation Transaction Agreements.

Section 11.4    Amendment. This Agreement may be amended only in writing executed by all of the Parties and with the approval of the Conservation Court, with subsequent written notice to the Regulator Group regarding such amendment. In addition, each of the Conservation Transaction Agreements may be amended only in writing executed by the applicable Parties thereto and with the approval of the Conservation Court, with subsequent written notice to the Regulator Group regarding such amendment.

Section 11.5    No Assignment. None of the rights or obligations of any Party to this Agreement may be assigned or transferred to or assumed by any other person, except as (i) expressly provided herein or (ii) with prior written consent of all Parties hereto and notice to the Regulator Group.

Section 11.6    Governing Law; Venue. This Agreement shall be governed and construed in accordance with the laws of the State of California, including the Insurance Code, applicable to agreements made and to be performed entirely within the State of California, without giving effect to the principles of conflicts of law thereof. The Parties hereby stipulate that any action or other legal proceeding arising under or in connection with this Agreement may be commenced and prosecuted in its entirety in the Conservation Court, each Party hereby

submitting to the personal jurisdiction thereof, and the Parties agree not to raise the objection that such courts are not a convenient forum. Process and pleadings mailed to a Party at the address provided in Section 11.9 shall be deemed properly served and accepted for all purposes.

Section 11.7    No Benefit to Others. The representations, warranties, covenants and agreements contained in this Agreement are for the sole benefit of the Parties hereto, and their respective permitted successors and assigns, and shall not be construed as conferring any rights on any other Person.

Section 11.8    Notices. Any notice, request, demand, waiver, consent, approval or other communication required or permitted to be made hereunder shall be in writing and shall be deemed given only if delivered by hand, or mailed by certified or registered mail with postage prepaid and return receipt requested, or sent by facsimile transmission, as follows:

- (i)    If to the Conservator or the Company, to:

CastlePoint National Insurance Company  
c/o Conservation & Liquidation Office  
100 Pine Street, 23rd Floor  
San Francisco, CA 94105  
Attention:    John Finston  
Deputy Insurance Commissioner and General Counsel

with concurrent copies to:

California Department of Insurance  
Legal Division  
45 Fremont Street, 22<sup>nd</sup> Floor  
San Francisco, CA 94105  
Attention:    David E. Wilson  
Special Deputy Insurance Commissioner

Orrick, Herrington & Sutcliffe LLP  
400 Capitol Mall, Suite 3000  
Sacramento, CA 95814  
Attention:    Thomas J. Welsh

- (ii) If to ANA, to:

AmTrust North America, Inc.  
59 Maiden Lane, 43rd Floor  
New York, NY 10038  
Attention: Stephen Ungar, Esq.

with concurrent copies to:

Debevoise & Plimpton LLP  
919 Third Avenue  
New York, NY 10022  
Attention: Eric Dinallo, Esq.

- (iii) If to CastlePoint Re, to:

Wakefield Quin Limited  
Victoria Place  
31 Victoria Street  
Hamilton HM10  
Bermuda  
Attention: Ian Stone, Esq.

- (iv) If to National General, to:

National General Management Corp.  
59 Maiden Lane, 38th Floor  
New York, NY 10038  
Attention: Jeffrey Weissmann, Esq.

with concurrent copies to:

Debevoise & Plimpton LLP  
919 Third Avenue  
New York, NY 10022  
Attention: Eric Dinallo, Esq.

- (v) If to the Karfunkel Trust, to:

c/o AmTrust North America, Inc.  
59 Maiden Lane, 43rd Floor  
New York, NY 10038  
Attention: Stephen Ungar, Esq.

(vi) If to Technology, to:

Technology Insurance Company, Inc.  
59 Maiden Lane, 43rd Floor  
New York, NY 10038  
Attention: Stephen Ungar, Esq.

(vii) If to Integon, to:

Integon National Insurance Company  
59 Maiden Lane, 38th Floor  
New York, NY 10038  
Attention: Jeffrey Weissmann, Esq.

or to such other address as may be designated by a Party by written notice to the other Parties.

Such notice, request, demand, waiver, consent, approval or other communication will be deemed to have been given as of the date so delivered, sent by facsimile (with confirmation of receipt) or mailed.

Section 11.9 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect. The Parties shall endeavor in good faith negotiations to replace any invalid, illegal or unenforceable provision with a valid, legal and enforceable provision, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provision.

Section 11.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. It shall not be necessary that any one counterpart be signed by all of the Parties as long as each of the Parties has signed at least one counterpart. Such counterparts may be delivered by facsimile,

electronic mail or otherwise, each of which shall be deemed to be an original for purposes of this paragraph.

Section 11.11 Liability of the Conservator. The Conservator is a Party to this Agreement and the Conservation Transaction Agreements only in his representative capacity as conservator of the Company and as the Conservator, and not individually, and the Parties agree and acknowledge that the Conservator shall not have any personal liability in any capacity for any matters or obligations hereunder, and further that the State of California is not a Party and shall have no liability with respect hereto. This agreement is binding on and shall inure to the benefit of the Conservator's successors in office.

*[Remainder of page intentionally left blank.]*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their respective duly authorized officers, solely in their respective capacities as officers of the undersigned and not in any other capacity, as of the date first set forth above.

CASTLEPOINT NATIONAL  
INSURANCE COMPANY

By: David E Wilson  
Name: DAVID E WILSON  
Title: Special Deputy Insurance Commissioner

CASTLEPOINT REINSURANCE  
COMPANY LTD.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

DAVE JONES, INSURANCE  
COMMISSIONER, STATE OF  
CALIFORNIA, IN HIS CAPACITY AS  
CONSERVATOR OF CASTLEPOINT  
NATIONAL INSURANCE COMPANY

By: David E Wilson  
Name: DAVID E WILSON  
Title: Special Deputy Insurance Commissioner

AMTRUST NORTH AMERICA, INC.

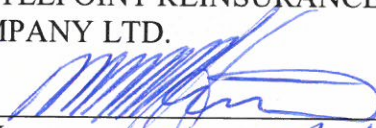
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their respective duly authorized officers, solely in their respective capacities as officers of the undersigned and not in any other capacity, as of the date first set forth above.

CASTLEPOINT NATIONAL  
INSURANCE COMPANY

By: \_\_\_\_\_  
Name:  
Title:

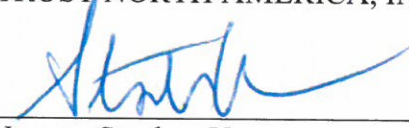
CASTLEPOINT REINSURANCE  
COMPANY LTD.

By:   
Name: William Hitzelberger  
Title: President & Treasurer

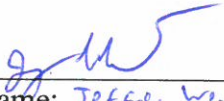
DAVE JONES, INSURANCE  
COMMISSIONER, STATE OF  
CALIFORNIA, IN HIS CAPACITY AS  
CONSERVATOR OF CASTLEPOINT  
NATIONAL INSURANCE COMPANY

By: \_\_\_\_\_  
Name:  
Title:

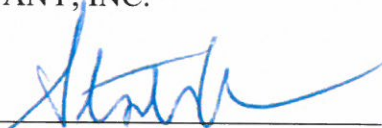
AMTRUST NORTH AMERICA, INC.

By:   
Name: Stephen Ungar  
Title: Secretary

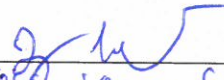
NATIONAL GENERAL MANAGEMENT  
CORP.

By:   
Name: Jeffrey Weissman  
Title: General Counsel & Secretary

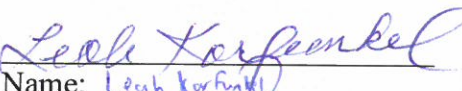
TECHNOLOGY INSURANCE  
COMPANY, INC.

By: 

INTEGON NATIONAL INSURANCE  
COMPANY

By:   
Jeffrey Weissman, General Counsel & Secretary

MICHAEL KARFUNKEL FAMILY 2005  
TRUST

By:   
Name: Leah Karfunkel  
Title: Trustee

LEAH KARFUNKEL, IN HER  
CAPACITY AS TRUSTEE OF THE  
MICHAEL KARFUNKEL FAMILY 2005  
TRUST AND NOT INDIVIDUALLY

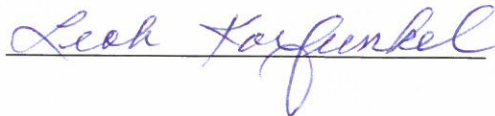




Exhibit A

Commercial Lines Administrative Services Agreement

**COMMERCIAL LINES ADMINISTRATIVE SERVICES AGREEMENT**

**BY AND AMONG**

**CASTLEPOINT NATIONAL INSURANCE COMPANY,**

**AND**

**AMTRUST NORTH AMERICA, INC.**

## COMMERCIAL LINES ADMINISTRATIVE SERVICES AGREEMENT

**THIS COMMERCIAL LINES ADMINISTRATIVE SERVICES AGREEMENT** (this “Agreement”) is made and entered into as of [●], 2016, by and among:

1. CastlePoint National Insurance Company in Conservation (the “Company”), an insurance company organized under the laws of California and successor by merger to North East Insurance Company, Preserver Insurance Company, York Insurance Company of Maine, Massachusetts Homeland Insurance Company, Tower Insurance Company of New York, Tower National Insurance Company, Hermitage Insurance Company, CastlePoint Florida Insurance Company, and CastlePoint Insurance Company (collectively, the “Constituent Companies”), acting by and through California Insurance Commissioner Dave Jones (the “Commissioner”) as statutory conservator (“Conservator”); and
2. AmTrust North America, Inc., a Delaware corporation (“Administrator”) (collectively, the “Parties” and each, a “Party”).

### RECITALS

**WHEREAS**, ACP Re, Ltd., a Bermuda corporation (“ACP Re”), AmTrust Financial Services, Inc., a Delaware corporation (“AmTrust”), and National General Holdings Corporation, a Delaware corporation (“National General Holdings”) entered into a series of agreements by which ACP Re agreed to acquire Tower Group International, Ltd. (“Tower”), a Bermuda insurance holding company, which transacted commercial and personal lines insurance business in the United States through the Company and the Constituent Companies, and, in connection therewith, AmTrust and National General Holdings have agreed to administer the run-off of Tower’s legacy business and, prospectively, manage and reinsure all business to be written by the Company and the Constituent Companies after the Effective Time;

**WHEREAS**, in connection with the acquisition, (i) the Company, the Constituent Companies and CastlePoint Reinsurance Company Ltd. (“CastlePoint Re”) entered into that certain Loss Portfolio Transfer Agreement, dated as of September 15, 2014, providing the run-off of the liabilities of the Company and the Constituent Companies (the “LPTA”) and (ii) the Company, the Constituent Companies, CastlePoint Re and Administrator entered into that certain Commercial Lines LPTA Administrative Services Agreement, dated as of September 15, 2014, providing for administration by Administrator of the commercial lines business of the Company and the Constituent Companies issued prior to such date, including such business reinsured under the LPTA (the “Existing Commercial Lines ASA”);

**WHEREAS**, on or about July 20, 2016, the Constituent Companies merged with and into the Company;

**WHEREAS**, the Commissioner has been appointed Conservator of the Company pursuant to an order of the Superior Court for the City and County of San Francisco (the “Conservation Court”) entered on [●], 2016 (the “Conservation Order”);

**WHEREAS**, pursuant to the plan of conservation for the Company approved and authorized by the Conservation Court in the Conservation Order (the “Conservation Plan”) and the related Conservation Agreement dated July 28, 2016 among the Conservator, the Administrator, National General Management Corp. (“National General”), Technology Insurance Company, Inc., Integon Insurance Company, Inc., CastlePoint Re and the Michael Karfunkel Family 2005 Trust (the “Conservation Agreement”), Administrator, National General, CastlePoint Re and the Company are entering into that certain

Commutation and Release Agreement (the “Commutation Agreement”), dated as of the date hereof, pursuant to which, among other things, the LPTA is being commuted and the Existing Commercial Lines ASA is being terminated; and

**WHEREAS**, in accordance with the Conservation Plan, for a period of time following the Restructuring Effective Date and as more particularly set forth herein, the Company wishes to appoint Administrator as its third-party administrator for purposes of performing the claims administration related to the runoff of claims under Subject Policies.

**NOW, THEREFORE**, in consideration of the foregoing premises and the mutual covenants and promises contained herein, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

## **ARTICLE 1:**

### **DEFINITIONS**

1.1 Definitions. The following terms have the respective meanings set forth below throughout this Agreement and the following definitions are equally applicable to both the singular and plural forms of any of the terms defined herein:

“ACP Re” has the meaning set forth in the Recitals.

“Administrator Invoice” has the meaning set forth in Section 5.2(a).

“Affiliate” means, with respect to any Person, at the time in question, any other Person controlling, controlled by or under common control with such Person.

“Agreement” has the meaning set forth in the preamble.

“AmTrust” has the meaning set forth in the Recitals.

“Books and Records” means all hard-copy and electronic policy information, data, records and policy forms in the possession or control of the Company relating primarily to the Subject Business, including, but not limited to, administrative records, claim records, marketing compliance records, policy files, sales records, files and records relating to regulatory matters, files and records relating to tax information and tax qualification reporting, reinsurance records, underwriting records and accounting records (in whatever form maintained and wherever housed or held); provided, however, that if any such records contain information which does not relate to the Subject Business, such information shall not constitute “Books and Records” and may be redacted from the “Books and Records” as the Company reasonably deems appropriate. Books and Records shall exclude any records that are subject to attorney-client privilege. Except with respect to records or documents that are subject to the attorney-client privilege or that do not relate to the Subject Business, the Company shall provide Administrator with reasonable access to any books and records that are excluded herein from the definition of “Books and Records” and retained by the Company to the extent reasonably required by Administrator to perform its obligations under this Agreement.

“Business Day” means any day other than a Saturday, Sunday or other day on which banking institutions in the State of New York are permitted or obligated by applicable Law to be closed.

“Commercial Lines Business” means all insurance contracts, policies, certificates, binders, slips, covers or other agreements of insurance, including all supplements, riders, endorsements, renewals and extensions (other than Personal Lines Business) issued by the Company (including as successor by merger to the Constituent Companies).

“Commissioner” has the meaning set forth in the preamble.

“Company” has the meaning set forth in the preamble.

“Commutation Agreement” has the meaning set forth in the Recitals.

“Confidential Information” means all Books and Records and all documents and information concerning (i) one Party or any of its Affiliates, (ii) a Policyholder, or (iii) the Subject Business, in each case furnished to a Party or such Party’s Affiliates (the “Receiving Party”) or representatives in connection with this Agreement or the Services contemplated hereby, except that, to the extent not prohibited by applicable Law, Confidential Information shall not include information which: (i) at the time of disclosure or thereafter is generally available to and known by the public other than by way of a wrongful disclosure by the Receiving Party hereto or by any representative of the Receiving Party; (ii) was available on a non-confidential basis from a source other than the Receiving Party or its representatives, provided that such source is not and was not bound by a confidentiality agreement with the Party disclosing such information; (iii) prior to the disclosure, was already in the Receiving Party’s possession as evidenced by written records kept in the ordinary course of the Receiving Party’s business or by proof of actual use by the Receiving Party (other than the Books and Records which shall remain “Confidential Information”); or (iv) was independently developed by the Receiving Party without violating any obligations under this Agreement and without the use of any Confidential Information.

“Conservation Agreement” has the meaning set forth in the Recitals.

“Conservation Court” has the meaning set forth in the Recitals.

“Conservation Plan” has the meaning set forth in the Recitals.

“Conservation Order” has the meaning set forth in the Recitals.

“Conservator” has the meaning set forth in the preamble.

“Constituent Companies” has the meaning set forth in the preamble.

“Cut-Through Agreement” means the Commercial Lines Cut-Through Quota Share Reinsurance Agreement, dated as of January 3, 2014, by and among the Company (including as successor by merger to the Constituent Companies) and Technology Insurance Company, Inc., an insurance company organized under the laws of New Hampshire.

“Damages” means damages, losses, liabilities and expenses (including reasonable attorneys’ fees and reasonable expenses of investigation in connection with any action, suit or proceeding), but shall not include any measure of indirect, special, punitive, contingent, consequential, lost profit or other similar damages.

“Disbursement Account” means a bank account or accounts to be established by the Company and/or Affiliate of AmTrust prior to the Restructuring Effective Date and to be used by Administrator on behalf of the Company as provided in this Agreement and as more particularly described in ARTICLE 3.

“Effective Date” means September 15, 2014.

“Effective Time” means 12:01 a.m. Eastern Standard Time on the Effective Date.

“Extra-Contractual Obligations” means all liabilities or obligations to any Person arising out of or relating to the Subject Policies, other than liabilities or obligations arising under the express terms and conditions and within the policy limits of the Subject Policies, including, without limitation, any liability or obligation for fines, penalties, taxes, fees, forfeitures, compensatory, consequential, punitive, exemplary, special, treble, bad faith, tort, statutory or any other form of extra-contractual damages, as well as all legal fees and expenses relating thereto, which liabilities or obligations arise out of, result from or relate to any act, error or omission, whether or not intentional, negligent, fraudulent, in bad faith or otherwise (actual or alleged), arising out of or relating to the Subject Policies, including, without limitation, (i) the sale, marketing, distribution, underwriting, production, issuance, cancellation or administration of the Subject Policies, (ii) the investigation, defense, prosecution, trial, settlement (or failure to settle) or handling of claims, benefits or payments under the Subject Policies, or (iii) the failure to pay or the delay in payment or errors in calculating or administering the payment of benefits, claims or any other amounts due or alleged to be due under or in connection with the Subject Business.

“Final Administrator Invoice” has the meaning set forth in Section 5.2(b).

“Government Entity” means any court, arbitrator, department, commission, board, bureau, agency, authority, instrumentality or other body, whether federal, state, municipal, foreign or other.

“Law” or “Laws” means any statute, law, ordinance, rule, regulation, administrative or judicial order, bulletin or other governmental pronouncement issued or adopted by any Government Entity.

“LPTA” has the meaning set forth in the Recitals.

“Loss” means “Subject Business Loss”.

“Miscellaneous Costs” has the meaning set forth in Section 5.1.

“MGA Agreement” means the Commercial Lines Managing General Agent Agreement, dated September 15, 2014, among the Company (including as successor by merger to the Constituent Companies), the Administrator and ACP Re.

“National General” has the meaning set forth in the Recitals.

“Out-of-Pocket Costs” has the meaning set forth in Section 5.1.

“Party” or “Parties” have the meanings set forth in the preamble.

“Person” means any individual, corporation, partnership, firm, joint venture, association, joint stock company, limited liability company, trust, unincorporated organization, Government Entity, business unit, division or entity.

“Personal Lines Business” means all insurance contracts, policies, certificates, binders, slips, covers or other agreements of insurance, including all supplements, riders, endorsements, renewals and extensions for personal automobile liability and physical damage, homeowners, personal excess and umbrella coverage issued by the Company (including as successor by merger to the Constituent Companies).

“Plan” has the meaning set forth in the Recitals.

“Policyholder” means the owner and/or named insured on policies that are included within the Subject Business.

“QSA Agreement” means the Commercial Lines Quota Share Reinsurance Agreement, dated as of September 15, 2014, by and among the Company (including as successor by merger to the Constituent Companies) and Technology Insurance Company, Inc., an insurance company organized under the laws of New Hampshire.

“Restructuring Effective Date” means [●], 2016.<sup>1</sup>

“Services” has the meaning set forth in Section 2.1(c).

“Subject Business” means, collectively, the Subject Policies.

“Subject Business Losses” shall mean liabilities and obligations to make payments to policyholders, beneficiaries and third party claimants under the Subject Business and all loss adjustment expenses and defense costs, including (i) all expenses incurred by or on behalf of the Company in the investigation, appraisal, adjustment, litigation, defense or appeal of claims under the Subject Business and/or coverage actions under the Subject Business, (ii) all liabilities for consequential, exemplary, punitive or similar extracontractual damages, or for statutory or regulatory fines or penalties, or for any loss in excess of the limits of any Subject Business, whether owing to the policyholders or insureds under the Subject Business, and (iii) court costs accrued prior to final judgment, prejudgment interest or delayed damages and interest accrued after final judgment.

“Subject Consideration” has the meaning set forth in Section 5.1.

“Subject Policies” means insurance contracts, policies, certificates, binders, slips, covers or other agreements of insurance that constitute Commercial Lines Business issued by the Company (including as successor by merger to the Constituent Companies) in the states or other jurisdictions where it is authorized to conduct such business through independent agents appointed by the Company (including as successor by merger to the Constituent Companies); provided that the “Subject Policies” exclude any such contracts, policies, certificates, binders, slips, covers or other agreements of insurance that are reinsured under the Cut-Through Agreement or the QSA Agreement.

“Taxes” or “Tax” means all federal, state, local or foreign taxes, charges, fees, levies, rates or dues, or other assessments, including all income, capital gains, capital, sales, use, excise, transfer, goods and services, value added, franchise, withholding, payroll, premium, gross receipts, employment, employment insurance, business, property or other taxes, customs, duties, surtaxes, fees, assessments, charges or governmental imposts of any kind whatsoever imposed by any governmental authority or taxing authority, together with any interest, penalty, fine, or addition thereto, whether disputed or not.

## ARTICLE 2:

### SERVICES APPOINTMENT

#### 2.1 Appointment and Acceptance; Standards.

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<sup>1</sup> **Note to Draft:** To be dated the Closing Date.

(a) Effective as of the Restructuring Effective Date until the complete performance by Administrator of all obligations and duties arising under this Agreement or the earlier termination of this Agreement in accordance with its terms, and subject to Section 2.2, the Company hereby appoints Administrator to perform on its behalf all claims administration services related to claims under Subject Policies written by the Company (including as successor by merger to the Constituent Companies), as more particularly set forth in this ARTICLE 2 (collectively, the “Services”), and Administrator hereby accepts such appointment and agrees to act as the designated representative of the Company as necessary to perform the Services in accordance with the terms of this Agreement and applicable Law.

(b) Subject to Section 2.2, Administrator agrees that in providing the Services it shall be subject to the supervision of the Conservator and conduct itself in accordance with all reasonable commercial and professional standards of skill, diligence, care, effort and expertise that are at least equal in quality to the standards Administrator exercises in carrying out its own insurance business; provided, that such standards must be in material compliance with the provisions of applicable Law.

(c) For the avoidance of doubt, and notwithstanding anything contained herein to the contrary, no authority is given or obligations assigned or imposed upon Administrator under this Agreement with respect to the administration of Personal Lines Business written by the Company (including as successor by merger to the Constituent Companies). For the further avoidance of doubt, the claims and other administration of the Personal Lines Business or other personal lines business written by the Company (including as successor by merger to the Constituent Companies) shall be provided by National General.

2.2 Control of Subject Business. The performance of the Services by Administrator pursuant to this Agreement shall in no way impair the absolute control, and responsibility for, the business and operations of the Company. The Company and the Conservator have the ultimate control over the functions and Services delegated to Administrator pursuant to this Agreement in regards to the Subject Business. Administrator shall comply with any written directions from the Company or the Conservator with respect to all matters affecting the Services in regards to the Subject Business, so long as such directions comply with applicable Law. In respect of such directions involving the Subject Business, the Company shall indemnify and hold harmless Administrator and its Affiliates in following such directions.

2.3 Power of Attorney. The Company hereby appoints and names Administrator, acting through its duly authorized officers, employees and agents, as its true and lawful attorney-in-fact insofar as necessary to enable Administrator to provide the Services in the name of the Company, from and after the Restructuring Effective Date for so long as Administrator is authorized hereunder to provide the Services. Without limiting the foregoing, Administrator is expressly authorized, subject to Section 2.2: (a) to do any and all lawful acts that the Company might have done with respect to the Subject Business insofar as such acts qualify as Services; (b) to proceed by all lawful means to perform any and all of the Company’s claims administration obligations with respect to the Subject Business; (c) to enforce any right and defend against any liability arising under the Subject Business as they relate to the Services; (d) to sue or defend in the name of the Company any action arising under the Subject Business; (e) to sign in the name of the Company vouchers, receipts, releases and other papers in connection with any of the foregoing matters, and (f) to endorse checks payable to the Company for deposit. If requested by Administrator, the Company shall execute and deliver to Administrator powers of attorney evidencing such power in a form reasonably acceptable to the Company.



## 2.4 Confidentiality and Privacy.

(a) The Parties agree that, other than as contemplated hereunder and to the extent permitted or required to implement this Agreement, each of them will and will cause their officers, employees and agents to keep confidential and will not use or disclose Confidential Information and the terms and conditions of this Agreement, including, without limitation, the exhibits and schedules hereto, except as otherwise required by applicable Law or as may be agreed in writing by the Parties hereto.

(b) The Parties acknowledge and agree that Administrator and its Affiliates shall and shall cause their agents to only use Confidential Information regarding Policyholders or the Subject Business in accordance with this Agreement and applicable Law and with due and careful regard for rights of confidentiality and privacy, in order to perform the Services.

(c) Administrator shall and shall cause its Affiliates and their officers, employees and agents to implement and maintain appropriate administrative, technical and physical safeguards to (i) ensure the security, confidentiality and integrity of Confidential Information regarding Policyholders and the Subject Business, (ii) protect against reasonably anticipated threats or hazards to the security or integrity of such Confidential Information, and (iii) protect against unauthorized access to, or use of, such Confidential Information.

(d) Nothing in this Section 2.4 shall prohibit Administrator or any of its Affiliates providing services associated with the Subject Business from allowing disclosures of Confidential Information required under applicable Law or to Governmental Entities or as reasonably requested by rating agencies.

2.5 Communication with Government Entities. Except as otherwise provided herein, and subject to Section 2.2 hereof, from and after the Restructuring Effective Date, Administrator shall be responsible on behalf of the Company to communicate, make filings and/or correspond with Government Entities with respect to the Services. The Company shall have the right to receive, as promptly as shall be commercially practicable, copies of all communications, filings, and correspondence with respect to the Services, whether made to or received from Government Entities by Administrator, and shall have the right to prior review, at its expense, of such communications, filings and correspondence to or with Government Entities.

2.6 Audit Rights. During the term of this Agreement and for a period of three (3) months thereafter, the Company and the Conservator shall have the right, at their sole cost and expense, to audit the Services during regular business hours and upon reasonable notice.

2.7 Administrator's Services. From and after the Restructuring Effective Date and until the termination of this Agreement, and subject to Section 2.2, Administrator shall provide the following administrative services on behalf of the Company with respect to the Subject Business in accordance with applicable Law and subject to the terms of the Subject Business:

(a) Facilities, Supplies and Staffing. Administrator shall provide the facilities and retain all personnel required to perform the Services as determined in the reasonable discretion of Administrator. Administrator shall also furnish all of the operating forms, printing supplies and any other related items which may become necessary for the operation of the Subject Business, except, for the forms specified by the Company which it shall provide and which are technically compatible with Administrator's facilities and equipment.

(b) Losses, Claim Expenses, Attorney Appointments, Loss Reporting and Reinsurance.

(i) Administrator shall receive, consider, review, investigate, defend, reject, supervise the adjustment of, settle, compromise and pay all Losses on the Subject Business, and shall also pay all survey, investigating, legal and other costs thereof, provided that the Company shall have reasonable access to Administrator's claim files and other claim records in regards to the Subject Policies during normal business hours upon reasonable notice. Administrator shall pay all such losses and claims expenses out of funds held in the Disbursement Account. Administrator shall have no access to, or power to draw on, any other account of the Company for purposes of this Agreement.

(ii) Administrator shall maintain claims files on all Subject Business, which claims files shall be subject to review by the Company, or its Representatives, in regards to the Subject Business during normal business hours and upon reasonable notice.

(iii) Administrator shall appoint claims, defense and loss control attorneys or other outside vendors for the Subject Business.

(iv) Administrator shall determine and evaluate coverage issues arising out of or in connection with the Subject Business and prepare and send all applicable correspondence relating to the Subject Business, including, but not limited to reservation of rights and coverage denial letters.

(v) Administrator shall have the obligation to exercise control and direction over litigation involving the Subject Business and defend against such litigation pursuant to this Agreement, and shall have the authority to settle or consent to judgment in any such litigation.

(vi) Administrator shall perform all commercially reasonable services to pursue salvage and subrogation recoveries and to properly credit recoveries to the appropriate claim file.

(vii) Following reasonable written request therefore, specifying information or reports and filing dates, Administrator shall prepare and submit to the Company all Tax information and Tax-related business reports related to the Services and reasonably necessary for the Company to file all Tax returns or reports, and shall do so no later than fifteen (15) days before such Tax returns or reports must be filed.

(viii) To the extent Administrator collects any premium in respect of the Subject Business, Administrator shall promptly remit such premium to the Company.

(c) Books and Records.

(i) From and after the Restructuring Effective Date, the Company, or its Representatives, shall deliver to Administrator a copy of any Books and Records as reasonably requested by Administrator to the extent that Administrator or any of its Affiliates does not already possess copies of such Books and Records. Administrator shall keep all information related to the Subject Business and the Books and Records confidential, subject to Section 2.4, and shall not disclose or provide access to such information to any third party, except as otherwise contemplated or permitted under this

Agreement or required by applicable Law or with the Company's prior written consent. Notwithstanding the foregoing, upon termination of the Services under this Agreement, any copies of the Books and Records and all other books and records maintained at such time by Administrator pertaining to the Subject Business, or copies thereof, shall be delivered promptly to the Company or such other person or entity as it shall designate in writing.

(ii) Administrator agrees that it will and will cause its Affiliates and agents to maintain books and records, including the Books and Records, with respect to the Services, in accordance with the same standards Administrator applies to its own business and applicable Law, including all such books and records as may be required by applicable Law, and all such books and records, including the Books and Records, shall be (A) the property of the Company in regards to the Subject Business, and (B) available for inspection and copying by the Company, or its Representatives, in regards to the Subject Business and at its sole cost and expense, and any Government Entities at any reasonable time during Administrator's normal business hours upon prior reasonable notice. Administrator shall maintain facilities and procedures comparable to the facilities and procedures it employs for its own books and records for the safekeeping of all books and records used in the performance of the Services and in accordance with applicable Law.

(iii) Administrator agrees to maintain an adequate system of internal controls over financial reporting as it relates to the Services, and at the Company's sole option and cost, to allow the Company, the Conservator or its Representatives, to conduct periodic tests of such internal controls over financial reporting in regards to the Subject Business during normal business hours and upon reasonable notice. Administrator shall make the relevant employees of Administrator or its Affiliates available to the Company, and/or its Representatives, for purposes of this Section 2.7(c)(iii).

(d) Accounting and Reporting. Administrator agrees to provide the following accounting and reporting services:

(i) Within forty-five (45) days after the close of each quarter, Administrator or its Representatives shall render a quarterly account to the Company, summarizing the following items pertaining to the Subject Business and the Services and any amounts due in this regard to the Company:

(A) paid Subject Business Losses less subrogation and salvages and amounts received during the quarter; and

(B) a statement of the gross and net Subject Business Losses outstanding (including loss reserves) at the close of each quarter.

(ii) Administrator or its Representatives shall also provide such other reports with respect to the Subject Business as may be reasonably requested by the Company that arise out of or relate to the Services, including, but not limited to, such reports as are necessary to prepare the Company's Tax returns and financial statements, actuarial analyses of the Subject Business and related reserves, or any report required by any Government Entity, in each case within the time frame needed by the Company to comply with its own contractual or other legal obligations or as otherwise mutually agreed by the Parties.

(iii) The Company and Administrator will cooperate with each other in good faith to develop a mutually acceptable format for the accounts, statements or other reports required under this Section.

(iv) The quarterly accounting and cash settlement are unconditional upon the performance of any other agreement or Person.

(e) Miscellaneous Services. Without limiting the foregoing, Administrator shall provide any and all other claims-related services on behalf of the Company that may be necessary, required or appropriate for the provision of the Services, including, but not limited to, the following: (i) providing or causing the provision of usual and customary services for Policyholders; (ii) processing or causing the processing of all necessary Policyholder notifications and collections; (iii) answering all inquiries and (iv) taking all actions necessary to comply with its obligations under the Conservation Plan, the Conservation Order and the Conservation Agreement. In the event that this Agreement is terminated prior to the complete performance by Administrator of the Services, Administrator shall take all actions reasonably requested by the Company or the Conservator necessary to (x) transfer control of the Disbursement Account to the Company and the Conservator and/or (y) transition the Services to a replacement administrator (which the Conservator may choose in its sole discretion).

(f) Services Not Covered. For the avoidance of doubt, the Company will be responsible for performing all of its own accounting, financial and regulatory reporting (if any), and Administrator will have no responsibility with respect thereto; provided, that Administrator will provide the Company with the statistical and other information required for such reporting in a timely manner, as reasonably requested by the Company from time to time in accordance with the terms of this Agreement.

## **ARTICLE 3:**

### **DISBURSEMENT ACCOUNT**

#### **3.1 Disbursement Account.**

(a) Any and all amounts needed to pay Subject Business Losses arising under the Subject Business shall be paid on behalf of the Company by Administrator exclusively from one or more disbursement accounts identified by the Company for such purposes (the “Disbursement Account”).

(b) The Disbursement Account shall be funded by the Company, on an as required basis based on reasonable estimates of cash flow and capital requirements necessary to cover Subject Business Losses.

(c) No later than five days prior to the end of each month during the term of this Agreement, Administrator and its Affiliates shall remit to the Company any and all amounts they receive for or on behalf of the Company in respect of the Subject Business during such month.

(d) All investment income on funds held in the Disbursement Account shall be credited to the Company.

(e) Administrator acknowledges and agrees that it has a fiduciary obligation to the Company to access and disburse funds from the Disbursement Account solely for the purposes set

forth in this Section 3.1.

(f) For the avoidance of doubt, any withdrawals from the Disbursement Account shall be used solely to pay (i) Subject Business Losses arising under the Subject Business and (ii) costs and expenses payable in accordance with this Agreement. In the event that any amounts that are used in violation of the preceding sentence, Administrator shall immediately cause such amounts to be refunded to the Disbursement Account.

3.2 Company Estate. For the avoidance of doubt, the Administrator and its Affiliates shall have no obligation to pay Subject Business Losses or any other amounts payable to the Company, its Policyholders, beneficiaries, third party claimants or any other Person hereunder, except out of the assets of the estate of the Company as and when made available by the Conservator in the Disbursement Account.

## **ARTICLE 4:**

### **TERM AND TERMINATION RIGHTS**

#### **4.1 Term.**

(a) Unless terminated earlier as set forth in Section 4.2 of this Agreement, the Services provided hereunder with respect to the Subject Business shall terminate as to the Subject Business on the first to occur of: (i) the complete performance by Administrator of all obligations and duties arising under this Agreement; or (ii) upon the mutual written consent by the Parties hereto to the termination of this Agreement.

(b) Upon the expiration or termination of this Agreement pursuant to Section 4.1(a) or Section 4.2, Administrator shall cooperate with the Conservator to effect an orderly transition of the Services to Conservator (or a replacement administrator designated by the Conservator) at Administrator's sole cost and expense. Such cooperation on the part of Administrator shall include, without limitation: (i) transferring all Books and Records to the Conservator or such replacement Administrator, and (ii) using its commercially reasonable efforts to assign, for the benefit of the Company, any agreements with authorized third-party administrators or other service providers relating to the Services.

4.2 Termination Rights. Without limiting any other rights of any Party under this Agreement:

(a) The Company shall have the right to terminate this Agreement at any time, upon reasonable prior notice from the Conservator to the Administrator; and

(b) Administrator shall have the right to terminate this Agreement following the second (2<sup>nd</sup>) anniversary of the Restructuring Effective Date, if the Company does not cure, within thirty (30) days of receiving written notice thereof, any failure to pay Subject Consideration in accordance with Section 5.1.

## **ARTICLE 5:**

### **COMPENSATION**

5.1 Subject Consideration. None of the Company, the Conservator or any of their Affiliates shall have any obligation to pay any consideration to the Administrator in respect of the provision of the Services prior to the second (2<sup>nd</sup>) anniversary of the Restructuring Effective Date. The Company shall reimburse the Administrator for the following costs and expenses that, in each case, are allocable to periods following the second (2<sup>nd</sup>) anniversary of the Restructuring Effective Date: (i) the portion of the total actual costs incurred by Administrator for the claims operations for the Subject Business (including wages and employee benefits provided to Administrator's employees, and overhead costs related to the performance of the Services, including without limitation, other loss adjustment expenses not incurred in relation to a specific claim within the Subject Business), (ii) all of Administrator's out-of-pocket expenses in respect of the Subject Business, including, without limitation, claims investigations, legal fees, defense costs and loss containment expenses, or other third-party vendor costs that are incurred in relation to a specific claim within the Subject Business ("Out-of-Pocket Costs") and (iii) costs paid in connection with any modifications to Administrator's claims system necessary to perform the Services ("Miscellaneous Costs", and the foregoing (i), (ii) and (iii) collectively, the "Subject Consideration"). For the avoidance of doubt, such obligation of the Company to reimburse Administrator for such Subject Consideration shall constitute an administrative expense claim having the priority set forth in Section 1033(a)(1) of the California Insurance Code.

5.2 Procedure.

(a) Beginning with the calendar quarter during which the second (2<sup>nd</sup>) anniversary of the Restructuring Effective Date occurs, and for each calendar quarter thereafter during the term of this Agreement, Administrator shall, within thirty (30) days following the end of such quarter, and within thirty (30) days following the expiration or termination of this Agreement, provide the Company with requests for payment of Subject Consideration hereunder consisting of a reasonably itemized bill and other reasonable proof requested by the Company for such amounts (the "Administrator Invoice"). Subject to the foregoing and relative to undisputed amounts, the Company shall pay Administrator the Subject Consideration no later than fifteen (15) days following its receipt of any Administrator Invoice.

(b) Disputed amounts under this Section 5.2 will be paid subject to the dispute resolution provisions incorporated in Article 10. For the avoidance of doubt, the Subject Consideration shall not include any amounts for Out-of-Pocket Costs or Miscellaneous Costs incurred or paid by Administrator that are not reasonably related or allocable to the performance of the Services.

## **ARTICLE 6:**

### **REPRESENTATIONS AND WARRANTIES OF ADMINISTRATOR**

Administrator represents and warrants to the Company as follows:

6.1 Authority. Administrator has all requisite power and authority to execute and deliver this Agreement, to perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Administrator and constitutes the legal, valid and binding obligation of Administrator, enforceable against it in accordance with its terms

6.2 No Breach. Subject to the approval of the Conservator, the execution, delivery and performance of this Agreement by Administrator will not materially conflict with, or result in a material violation of, or constitute a material default under, any term or provision of applicable Law, or any

judgment, writ, injunction, decree or order of any court, governmental authority or arbitrator relating to Administrator.

6.3 Litigation. There is no Litigation (as defined in the Conservation Agreement) pending, or threatened, against Administrator, or any of its assets, properties or Affiliates, at law or in equity, that individually or in the aggregate have or may reasonably be expected to have a material adverse effect on the validity or enforceability of this Agreement or on the ability of Administrator to perform its obligations under this Agreement.

6.4 Capacity. Administrator has all licenses, authorizations and resources necessary to provide, or to obtain a licensed and authorized subcontractor to provide, the Services in accordance with applicable Law, and Administrator has, or has available to it via agents or subcontractors, sufficient expertise, trained personnel, resources, systems, controls and procedures (financial, legal, accounting, administrative, data processing or otherwise) as may be necessary or appropriate to discharge Administrator's services hereunder.

## **ARTICLE 7:**

### **CERTAIN COVENANTS OF ADMINISTRATOR**

7.1 Capacity. Administrator will continue to maintain during the term of this Agreement all licenses, authorizations and resources necessary to provide, or to obtain a licensed and authorized subcontractor to provide, the Services in accordance with applicable Law.

7.2 Insurance. Administrator agrees to maintain general liability and errors and omissions coverages for itself and for its directors, officers and employees as outlined in Schedule 7.2 and to provide updated evidence of that coverage as reasonably requested by the Company.

7.3 Inability to Perform Services. Without limitation to any of the Company's rights hereunder, in the event that Administrator shall be unable to materially perform the Services as required by this Agreement for any reason whatsoever for a period that can reasonably be expected to exceed five Business Days, Administrator shall promptly notify the Company in writing and cooperate with them in obtaining an alternative means of providing such Services. For the avoidance of doubt, Administrator's compliance with the notice requirement set forth in the preceding sentence shall not relieve Administrator of its obligations to indemnify the Company and their Affiliates for Damages pursuant to Article 9.

## **ARTICLE 8:**

### **RESERVED**

## **ARTICLE 9:**

### **INDEMNIFICATION**

#### **9.1 Indemnification.**

(a) Administrator agrees to indemnify and hold the Company and its Affiliates, predecessors, successors and assigns (and their respective officers, directors and employees) (the "Indemnified Persons") harmless from and against and in respect of all Damages incurred by them resulting from (i) any material breach by Administrator of any representation, warranty, covenant or agreement of Administrator in this Agreement and (ii) any fraud or misrepresentation

of Administrator in connection with the Services. Notwithstanding the foregoing, Administrator shall have no liability to any Indemnified Person for (x) acts, errors or omissions taken at the request or direction of the Company or the Conservator, or (y) any Extra-Contractual Obligations in respect of the Subject Business, unless such liability for Extra-Contractual Obligations arises from the fraud of a member of the board of directors or a corporate officer of the Administrator acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim in respect of any Subject Policy.

(b) In the event that any Indemnified Person determines to assert a claim for indemnification hereunder, such Indemnified Person shall promptly give written notice to the Administrator describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim and the amount or estimated amount of the Damages sought to be recovered thereunder. Upon receipt of such notice, the Administrator shall have the right to assume the defense and control of the claim or litigation giving rise to the claim for indemnification hereunder, to the extent such claim or litigation is made or instituted by a person not either a party to this Agreement or an Affiliate of a party to this Agreement (a “Third Party Claim”). The Company and the Conservator shall cooperate reasonably with the Administrator in the defense of any such Third Party Claim.

9.2 Survival. All representations, warranties, covenants and agreements made by Administrator pursuant to this Agreement shall survive the Restructuring Effective Date.

## **ARTICLE 10:**

### **RESOLUTION OF DISPUTES**

10.1 Governing Law. This Agreement 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 entirely within that State.

10.2 Dispute Resolution; Enforcement.

(a) Any dispute arising out of this Agreement shall be subject to the continuing jurisdiction of the Conservation Court, which shall be the exclusive forum in which all such disputes shall be resolved.

(b) Administrator acknowledges that the performance of its obligations, including the Services, pursuant to this Agreement is critical to the business and operations of the Company. Accordingly, in the event of a dispute between the Company and Administrator, Administrator shall continue to perform the Services in good faith during the resolution of such dispute unless and until this Agreement is terminated in accordance with the provisions hereof.

10.3 RESERVED.

10.4 Survival. This Article 10, Section 2.4 and Article 5 shall survive the termination of this Agreement.

## **ARTICLE 11:**

### **MISCELLANEOUS**



11.1 Cooperation. Each Party hereto shall cooperate fully with the other in all reasonable respects in order to accomplish the objectives of this Agreement.

11.2 Assignment; Parties in Interest.

(a) Assignment. Except as expressly provided herein, the rights and obligations of a Party hereunder may not be assigned, transferred or encumbered without the prior written consent of the other Party; *provided, however*, that the Conservator may assign or transfer to any statutory insurance guaranty association or fund that assumes responsibility for the Company's claims administration any obligations to perform the Services without the consent of any other Party.

(b) Parties in Interest. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties and their respective successors and permitted assigns. Nothing contained herein shall be deemed to confer upon any other Person any right or remedy under or by reason of this Agreement.

11.3 Notices. All notices, requests, demands and other communications hereunder shall be given in writing and shall be: (a) personally delivered; (b) sent by telecopier, facsimile transmission or other electronic means of transmitting written documents; or (c) sent to the Parties at their respective addresses indicated herein by registered or certified U.S. mail, return receipt requested and postage prepaid, or by private overnight mail courier service. The respective addresses to be used for all such notices, demands or requests are as follows:

If to the Company:

CastlePoint National Insurance Company  
c/o Conservation & Liquidation Office  
100 Pine Street, 23rd Floor  
San Francisco, CA 94105  
Attention: John Finston  
Deputy Insurance Commissioner and General Counsel

with concurrent copies to:

California Department of Insurance  
Legal Division  
45 Fremont Street, 22nd Floor  
San Francisco, CA 94105  
Attention: David E. Wilson  
Special Deputy Insurance Commissioner

Orrick, Herrington & Sutcliffe LLP  
400 Capitol Mall, Suite 3000  
Sacramento, CA 95814  
Attention: Thomas J. Welsh

If to Administrator:

AmTrust North America, Inc.  
59 Maiden Lane, 43rd Floor

New York, NY 10038  
Attention: Stephen Ungar, Esq.  
Facsimile No.: (212) 220-7130  
E-mail: Steve.Ungar@amtrustgroup.com

or to such other person or address as a Party shall furnish to the Company in writing.

If personally delivered, such communication shall be deemed delivered upon actual receipt; if electronically transmitted pursuant to this paragraph, such communication shall be deemed delivered the next Business Day after transmission (and sender shall bear the burden of proof of delivery); if sent by overnight courier pursuant to this paragraph, such communication shall be deemed delivered upon receipt; and if sent by U.S. mail pursuant to this paragraph, such communication shall be deemed delivered as of the date of delivery indicated on the receipt issued by the relevant postal service, or, if the addressee fails or refuses to accept delivery, as of the date of such failure or refusal. Any Party to this Agreement may change its address for the purposes of this Agreement by giving notice thereof in accordance with this Section.

11.4 Entire Agreement; Merger. This Agreement and any exhibits, schedules and appendices attached hereto together constitute the final written integrated expression of all of the agreements among the Parties with respect to the subject matter hereof and is a complete and exclusive statement of those terms, and supersede all prior or contemporaneous, written or oral, memoranda, arrangements, contracts and understandings between the Parties relating to the subject matter hereof, except for any applicable provisions contained in the Conservation Agreement. Any representations, promises, warranties or statements made by any Party which differ in any way from the terms of this Agreement or any applicable provisions contained in the Conservation Agreement shall be given no force or effect. The Parties specifically represent, each to the other, that there are no additional or supplemental agreements or contracts between or among them related in any way to the matters herein contained unless specifically included or referred to in this Agreement or any applicable provisions contained in the Conservation Agreement. No addition to or modification of any provision of this Agreement or any applicable provisions contained in the Conservation Agreement shall be binding upon either Party unless embodied in a dated written instrument signed by all Parties.

11.5 Waivers and Amendments; Preservation of Remedies. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by each of the Parties and approved by the Conservation Court or, in the case of a waiver, by the Party waiving compliance. No delay on the part of any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Party of any right, power, remedy or privilege, nor any single or partial exercise of any such right, power, remedy or privilege, preclude any further exercise thereof or the exercise of any other such right, remedy, power or privilege. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that any Party may otherwise have under applicable Law or in equity.

11.6 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.7 Governing Law. This Agreement shall be construed and interpreted according to the internal laws of the State of California excluding any choice of law rules that may direct the application of the laws of another jurisdiction. Subject to the provisions of ARTICLE 10, the Parties hereby stipulate that any action or other legal proceeding arising under or in connection with this Agreement shall be commenced and prosecuted in its entirety in the Conservation Court, each Party hereby submitting to the personal jurisdiction thereof, and the Parties agree not to raise the objection that such court is not a

convenient forum. Process and pleadings mailed to a party at the address provided in Section 11.3 shall be deemed properly served and accepted for all purposes.

11.8 Headings. The headings in this Agreement are inserted for convenience only and shall not constitute a part hereof.

11.9 Severability. If any part of this Agreement is contrary to, prohibited by, or deemed invalid under applicable Law or regulations, that provision shall not apply and shall be omitted to the extent so contrary, prohibited, or invalid; but the remainder of this Agreement shall not be invalidated and shall be given full force and effect insofar as possible.

11.10 Expenses. Regardless of whether or not the transactions contemplated in this Agreement are consummated, each of the Parties shall bear its own expenses and the expenses of its counsel and other agents in connection with the transactions contemplated hereby.

11.11 Currency. The currency of this Agreement and all transactions under this Agreement shall be in United States Dollars.

[SIGNATURE PAGES FOLLOW]

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed on the day and year first written above.

**AMTRUST NORTH AMERICA, INC.**

By\_\_\_\_\_

Title\_\_\_\_\_

**CASTLEPOINT NATIONAL INSURANCE  
COMPANY, acting by and through California  
Insurance Commissioner Dave Jones, as Statutory  
Conservator**

By\_\_\_\_\_

Title\_\_\_\_\_

Exhibit B

LPTA Commutation Agreement

## TERMINATION, COMMUTATION AND RELEASE AGREEMENT

This TERMINATION, COMMUTATION AND RELEASE AGREEMENT (the “Agreement”) dated as of [●], 2016 is entered into by and between CASTLEPOINT NATIONAL INSURANCE COMPANY IN CONSERVATION, an insurance company organized under the laws of California currently in conservation in the State of California (the “Company”) and successor by merger to TOWER INSURANCE COMPANY OF NEW YORK, TOWER NATIONAL INSURANCE COMPANY, HERMITAGE INSURANCE COMPANY, CASTLEPOINT FLORIDA INSURANCE COMPANY, NORTH EAST INSURANCE COMPANY, YORK INSURANCE COMPANY OF MAINE, MASSACHUSETTS HOMELAND INSURANCE COMPANY, PRESERVER INSURANCE COMPANY and CASTLEPOINT INSURANCE COMPANY (collectively, the “Constituent Companies”), acting by and through the California Insurance Commissioner (the “Commissioner”) as statutory conservator (“Conservator”), CastlePoint Reinsurance Company Ltd. (the “Reinsurer”), National General Management Corp. (“NGMC”) and AmTrust North America, Inc. (“ANA” and together with the Company and NGMC, the “Parties”).

WHEREAS, ACP Re, Ltd., a Bermuda corporation (“ACP Re”), AmTrust Financial Services, Inc., a Delaware corporation (“AmTrust”), and National General Holdings Corporation, a Delaware corporation (“National General Holdings”), entered into a series of agreements by which ACP Re acquired Tower Group International, Ltd. (“Tower”), a Bermuda insurance holding company, which transacted commercial and personal lines insurance business in the United States through the Company and the Constituent Companies, and, in connection therewith, AmTrust and National General Holdings and their respective affiliates agreed to, among other things, administer the run-off of Tower’s legacy business;

WHEREAS, in connection with the acquisition of Tower by ACP Re, the Company, the Constituent Companies and the Reinsurer entered into that certain Loss Portfolio Transfer Agreement, dated as of September 15, 2014 (the “Loss Portfolio Transfer Agreement”), and, in connection therewith, the Company, the Constituent Companies, Reinsurer and NGMC entered into that certain related Personal Lines LPTA Administrative Services Agreement, dated as of September 15, 2014 (the “Personal Lines ASA”) and the Company, the Constituent Companies, Reinsurer and ANA entered into that certain related Commercial Lines LPTA Administrative Services Agreement, dated as of September 15, 2014 (the “Commercial Lines ASA”);

WHEREAS, on or about July 20, 2016, the Constituent Companies merged with and into the Company;

WHEREAS, the Commissioner has been appointed Conservator of the Company pursuant to an order of the Superior Court for the City and County of San Francisco (the “Conservation Court”) entered on [●], 2016;

WHEREAS, pursuant to the plan of conservation for CastlePoint National approved and authorized by the Conservation Court in its Order entered on [●], 2016 and the related Conservation Agreement dated July 28, 2016 among CastlePoint National, ANA, NGMC and the Michael Karfunkel Family 2005 Trust, the Company and the Reinsurer are entering into this Agreement to effect a full and final settlement, discharge and release of any and all of each of their respective liabilities, rights, duties and obligations under the Loss Portfolio Transfer Agreement, all on the terms hereinafter set forth and effective as of 12:01 a.m. Bermuda time on the date hereof (the “Effective Time”); and

WHEREAS, the Company, Reinsurer, NGMC and ANA are entering into this Agreement to effect a termination of the Personal Lines ASA and the Commercial Lines ASA, as applicable, all on the terms hereinafter set forth and as of the Effective Time, with the business previously administered under such agreements and reinsured under the Loss Portfolio Transfer Agreement to be administered following the Effective Date pursuant to new administrative services agreements between the Company and ANA and NMGC, respectively.

NOW, THEREFORE, the Parties hereto agree as follows:

## ARTICLE I COMMUTATION; TERMINATION

Section 1.1 Commutation; Termination. The Loss Portfolio Transfer Agreement, the Personal Lines ASA and the Commercial Lines ASA are each hereby terminated as of the Effective Time. The Company hereby recaptures and assumes one hundred percent (100%) of the Reinsurer’s liabilities and obligations under the Loss Portfolio Transfer Agreement to the extent unpaid as of the Effective Time.

Section 1.2 Transfer of Funds Withheld and Additional Consideration. As consideration for the commutation of the Loss Portfolio Transfer Agreement, as of the Effective Time, the Reinsurer shall (a) sell, transfer, convey, assign and set over to the Company, all of the Reinsurer’s rights, obligations, liabilities, title and interest in the cash and other assets held on a funds withheld basis in accordance with the Loss Portfolio

Transfer Agreement and (b) sell, transfer, convey, assign and set over to the Company the cash and assets listed on Annex 1 hereto.<sup>1</sup>

## ARTICLE II RELEASE

Section 2.1 Company Release of the Reinsurer. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, as of the Effective Time, the Company hereby forever releases and discharges the Reinsurer, and its predecessors, successors, parents, assigns, officers, directors, agents, employees and representatives from any and all duties, rights, obligations, liabilities, claims and demands of any kind, whether known or unknown, that the Company now has, owns, or holds, or at any time had, owned, or held, or may after the execution of this Agreement have, own, or hold, against the Reinsurer, arising from, based upon, or in any way related to the Loss Portfolio Transfer Agreement, it being the intention of the Parties that this release operate as a full and final settlement of the Reinsurer's past, current and future liabilities to the Company under and in connection with the Loss Portfolio Transfer Agreement.

Section 2.2 Reinsurer Release of the Company. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, as of the Effective Time, the Reinsurer hereby forever releases and discharges the Company, and its predecessors, successors, parents, assigns, officers, directors, agents, employees and representatives from any and all duties, rights, obligations, liabilities, claims and demands of any kind, whether known or unknown, that the Reinsurer now has, owns, or holds, or at any time had, owned, or held, or may after the execution of this Agreement have, own, or hold, against the Company, arising from, based upon, or in any way related to the Loss Portfolio Transfer Agreement, it being the intention of the Parties that this release operate as a full and final settlement of the Company's past, current and future liabilities to the Reinsurer under and in connection with the Loss Portfolio Transfer Agreement.

Section 2.3 Mutual Release by Parties to ASAs. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, as of the Effective Time, each of the Company, Reinsurer, NGMC and ANA hereby forever release and discharge each of the other parties to the Personal Lines ASA and the Commercial Lines ASA, as applicable, and their respective predecessors, successors, parents, assigns, officers, directors, agents, employees and representatives from any and all duties, rights, obligations, liabilities, claims and demands of any kind, whether known

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<sup>1</sup> **Note to Draft:** Annex 1 to list all assets of CastlePoint Reinsurance Company Ltd. immediately prior to execution of this Agreement.



or unknown, that the Company, Reinsurer, NGMC and ANA, as applicable, now has, owns, or holds, or at any time had, owned, or held, or may after the execution of this Agreement have, own, or hold, against any of the other parties to the Personal Lines ASA or the Commercial Lines ASA, as applicable, arising from, based upon, or in any way related to the Personal Lines ASA or the Commercial Lines ASA, as applicable, it being the intention of the Parties that this release operate as a full and final settlement of each of the other parties', past, current and future liabilities to the each of the Company, Reinsurer, NGMC and ANA under and in connection with the Personal Lines ASA or the Commercial Lines ASA, as applicable.

### ARTICLE III REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of Each Party. Each Party hereto represents and warrants to the other Party that:

- (a) it is fully authorized to execute and deliver this Agreement;
- (b) this Agreement is enforceable against each of the Parties in accordance with its terms;
- (c) the person or persons executing this Agreement on its behalf has the power, legal capacity and it fully authorized to do so;
- (d) there are no pending conditions, agreements, transactions or negotiations to which it is a party or are likely to be made a party that would render this Agreement or any part thereof, void, voidable, or unenforceable;
- (e) it has obtained the consent of each person or entity, governmental or otherwise, whose authorization, consent, or approval is required to give effect to this Agreement; and
- (f) no claim or loss being paid or settled by this Agreement has been previously assigned, sold and/or transferred to any other entity.

### ARTICLE IV FURTHER ASSURANCES

Section 4.1 Further Assurances. Each Party agrees to execute promptly any and all supplemental agreements, releases, affidavits, waivers and all other documents of any nature or kind which the other Party may reasonable require in order to implement the provisions or objectives of this Agreement.

## ARTICLE V CONFIDENTIALITY

Section 5.1 Confidentiality. The Parties agree to keep the terms and conditions of this Agreement confidential and will not disclose (except as required by applicable law, regulation, or legal process) the existence and/or terms and conditions of this Agreement to third parties, provided that the Parties agree that their directors, officers, partners, members, employees, affiliates, retrocessionaires, brokers, agents, managing general agents or other representatives (including financial advisors, attorneys, accountants, actuaries) may be permitted to know the existence and the terms and conditions of this Agreement on a confidential, need to know basis in the course of normal business.

## ARTICLE VI MISCELLANEOUS

Section 6.1 Notices. All notices, requests, demands and other communications hereunder shall be given in writing and shall be: (a) personally delivered; (b) sent by telecopier, facsimile transmission or other electronic means of transmitting written documents; or (c) sent to the Parties at their respective addresses indicated herein by registered or certified U.S. mail, return receipt requested and postage prepaid, or by private overnight mail courier service. The respective addresses to be used for all such notices, demands or requests are as follows:

(a) If to the Company:

CastlePoint National Insurance Company  
c/o Conservation & Liquidation Office  
100 Pine Street, 26th Floor  
San Francisco, CA 94105  
Attention: David E. Wilson  
Special Deputy Insurance Commissioner

with concurrent copies to:

California Department of Insurance  
Legal Division  
45 Fremont Street, 22nd Floor  
San Francisco, CA 94105  
Attention: David E. Wilson  
Special Deputy Insurance Commissioner

Orrick, Herrington & Sutcliffe LLP  
400 Capitol Mall, Suite 3000  
Sacramento, CA 95814  
Attention: Thomas J. Welsh

(b) If to the Reinsurer:

CastlePoint Re, Ltd.  
Washington Mall  
7 Reid Street Suite 404  
Hamilton HM11 Bermuda  
Attention: [●]  
Facsimile: [●]  
E-mail: [●]

with a copy to:  
Bermuda Monetary Authority  
P.O. Box 2447  
Hamilton HMJX  
Bermuda

(c) if to ANA:

AmTrust North America, Inc.  
59 Maiden Lane, 43rd Floor  
New York, NY 10038  
Attention: Stephen Ungar, Esq.  
E-mail: Steve.Ungar@amtrustgroup.com

(d) If to NGMC:

National General Management Corp.  
59 Maiden Lane, 38<sup>th</sup> Floor  
New York, NY 10038  
Attn: Jeffrey Weissmann, Esq.  
Facsimile No.: (212) 380-9499  
E-mail: jeffrey.weissmann@ngic.com

or to such other address or to such other person as any Party may have last designated by notice to the other Party.

If personally delivered, such communication shall be deemed delivered upon actual receipt; if electronically transmitted pursuant to this paragraph, such

communication shall be deemed delivered the next business day after transmission (and sender shall bear the burden of proof of delivery); if sent by overnight courier pursuant to this paragraph, such communication shall be deemed delivered upon receipt; and if sent by U.S. mail pursuant to this paragraph, such communication shall be deemed delivered as of the date of delivery indicated on the receipt issued by the relevant postal service, or, if the addressee fails or refuses to accept delivery, as of the date of such failure or refusal. Any Party to this Agreement may change its address for the purposes of this Agreement by giving notice thereof in accordance with this Section.

Section 6.2 Entire Agreement. This Agreement contains the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersedes all other prior agreements, understandings, statements, representations and warranties, oral or written, express or implied, between the Parties and their respective affiliates, representatives and agents in respect of the subject matter hereof and thereof.

Section 6.3 Governing Law. This Agreement shall be construed and interpreted according to the internal laws of the State of California excluding any choice of law rules that may direct the application of the laws of another jurisdiction. The Parties hereby stipulate that any action or other legal proceeding arising under or in connection with this Agreement may be commenced and prosecuted in its entirety in the Conservation Court, each Party hereby submitting to the personal jurisdiction thereof, and the Parties agree not to raise the objection that such courts are not a convenient forum. Process and pleadings mailed to a party at the address provided in Section 6.1 shall be deemed properly served and accepted for all purposes.

Section 6.4 Successors and Assigns. This Agreement shall be binding upon and shall inure solely to the benefit of the Parties hereto and their respective successors, assigns, receivers, liquidators, rehabilitators, conservators and supervisors, it not being the intent of the Parties to create any third party beneficiaries, except as specifically provided in Article II, provided, however, this Agreement and the obligations of the Parties shall not be assigned by any Party hereto without the prior written consent of the other Party.

Section 6.5 Amendments. This Agreement may not be changed, altered or modified unless the same shall be in writing executed by the Company and the Reinsurer.

Section 6.6 No Waiver; Preservation of Remedies. No consent or waiver, express or implied, by any Party to or of any breach or default by the other Party in the performance by such other Party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such other Party hereunder. Failure on the part of any Party to complain of any act or failure to act of the other Party or to declare the other Party in default, irrespective of how long such failure continues, shall not constitute

a waiver by such first Party of any of its rights hereunder. The rights and remedies provided are cumulative and are not exclusive of any rights or remedies that any Party may otherwise have at law or equity.

Section 6.7 Special Waiver. The Parties explicitly agree that all rights under Section 1542 of the California Civil Code or any similar provisions of law are hereby expressly waived. Section 1542 of the California Civil Code provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Section 6.8 Negotiated Agreement. This Agreement has been negotiated by the Parties and the fact that the initial and final draft will have been prepared by any Party or an intermediary will not give rise to any presumption for or against any Party to this Agreement or be used in any respect or forum in the construction or interpretation of this Agreement or any of its provisions.

Section 6.9 Expenses. All expenses incurred in connection with this Agreement, including fees and disbursements of legal, actuarial, accounting and other advisors incurred before the Effective Time, shall be paid by the Party incurring such expenses.

Section 6.10 Interpretation. Wherever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.”

Section 6.11 Incontestability. In consideration of the mutual covenants and agreements contained herein, each Party hereto does hereby agree that this Agreement, and each and every provision hereof, is and shall be enforceable by and between them according to its terms, and each Party does hereby agree that it shall not, directly or indirectly, contest the validity or enforceability hereof.

Section 6.12 Severability. If any provision of this Agreement is held to be void or unenforceable, in whole or in part, (i) such holding shall not affect the validity and enforceability of the remainder of this Agreement, including any other provision, paragraph or subparagraph, and (ii) the Parties agree to attempt in good faith to reform such void or unenforceable provision to the extent necessary to render such provision enforceable and to carry out its original intent.

Section 6.13 Headings. Headings used herein are not a part of this Agreement and shall not affect the terms hereof.

Section 6.14 Execution in Counterpart. This Agreement may be executed by the Parties hereto in any number of counterparts, and by each of the Parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives.

CASTLEPOINT NATIONAL INSURANCE  
COMPANY

By \_\_\_\_\_  
Name:  
Title:

CASTLEPOINT REINSURANCE COMPANY LTD.

By \_\_\_\_\_  
Name:  
Title:

NATIONAL GENERAL MANAGEMENT CORP.

By \_\_\_\_\_  
Name:  
Title:

AMTRUST NORTH AMERICA, INC.

By \_\_\_\_\_  
Name:  
Title:

**Annex 1**  
**Additional Consideration**

**[TO COME]**



Exhibit C

Mutual Release

## RELEASE AGREEMENT

This RELEASE AGREEMENT (the “Agreement”) dated as of [●], 2016 (the “Effective Date”) is entered into by and between the INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA (the “Commissioner”), in his capacity as Conservator of and on behalf of CASTLEPOINT NATIONAL INSURANCE COMPANY IN CONSERVATION, an insurance company organized under the laws of California currently in conservation in the State of California (the “Company”) and successor by merger to TOWER INSURANCE COMPANY OF NEW YORK, TOWER NATIONAL INSURANCE COMPANY, HERMITAGE INSURANCE COMPANY, CASTLEPOINT FLORIDA INSURANCE COMPANY, NORTH EAST INSURANCE COMPANY, YORK INSURANCE COMPANY OF MAINE, MASSACHUSETTS HOMELAND INSURANCE COMPANY, PRESERVER INSURANCE COMPANY and CASTLEPOINT INSURANCE COMPANY (collectively, the “Constituent Companies”); AmTrust North America, Inc. (“ANA”), a Delaware corporation; National General Management Corp. (“National General”), a Delaware corporation; and the Michael Karfunkel Family 2005 Trust, members of the Karfunkel family and Leah Karfunkel in her capacity as trustee thereof and not individually (collectively, the “Karfunkel Trust”). Each of the Company, the Karfunkel Trust, ANA and National General, shall be referred to herein as a “Party” and, collectively, as the “Parties.” Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Conservation Agreement.

WHEREAS, the Commissioner has been appointed Conservator of the Company (in such capacity, the “Conservator”) pursuant to an order of the Superior Court for the City and County of San Francisco (the “Conservation Court”) entered on [●], 2016; and

WHEREAS, pursuant to the plan of conservation for the Company approved and authorized by the Conservation Court in its Order entered on [●], 2016, including the related Conservation Agreement among the Parties hereto and certain other parties dated July 28, 2016 (the “Conservation Agreement”), the Parties are entering into this Agreement to effect a release of each of their respective duties, rights, obligations, liabilities, claims and demands on the terms hereinafter set forth and effective as of the Effective Date.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

### ARTICLE I RELEASE

#### Section 1.01. Release by the Conservator and the Company.

(a) As of the Effective Date, the Conservator, for itself and on behalf of the Company, hereby forever releases and discharges:

(i) The Karfunkel Trust, ACP Re, ANA, AmTrust International, National General, National General Re, Integon, Technology and their Affiliates (other than TGI and its subsidiaries) and their respective past or present predecessors, successors, parent companies, shareholders, assigns, officers, directors, agents, attorneys, accountants, auditors, employees and representatives (together, the “Specified Releasees”) from any and all duties, rights, obligations, liabilities, claims and demands of any kind, whether known or unknown (“Claims”), that the Conservator or the Company now has, owns, or holds, or at any time had, owned, or held, or may after the execution of this Agreement have, own, or hold, against any of them in connection with the business or affairs of the Company or the Constituent Companies, except as may arise under the Conservation Agreement, the Conservation Transaction Agreements, the Continuing Agreements or the Acquisition Agreements (as further set forth in Section 1.01(c)); and

(ii) TGI’s and its subsidiaries’ (including the Company’s and the Constituent Companies’) respective past or present directors, officers, employees, agents, attorneys, accountants, auditors and other representatives from any and all Claims that the Conservator or the Company now has, owns, or holds, or at any time had, owned, or held, or may after the execution of this Agreement have, own, or hold, against any of them, arising out of any acts or omissions of such persons occurring after the consummation of the Acquisition Transactions in connection with the business or affairs of the Company or the Constituent Companies.

(b) Without limiting the generality of Section 1.01(a), the Conservator, for himself and on behalf of the Company, hereby waives, releases and discharges any Claim they or any liquidator who may be appointed for the Company have or may in the future have, including following entry of an order of liquidation or dissolution with respect to the Company, any amount paid by or on behalf of the Company to any of the Specified Releasees constitutes a voidable preference (as such term is defined in Section 1034 of the California Insurance Code) or that the Acquisition Agreements are subject to avoidance as a fraudulent conveyance (as such term is defined in Section 1034.1 of the California Insurance Code).

(c) For the avoidance of doubt, the Conservator, for himself and on behalf of the Company, agrees that the Acquisition Transactions and the Acquisition Agreements, as approved by the applicable insurance regulatory authorities having jurisdiction over such transactions, shall not be subject to reformation, rescission or modification in connection with the conservation or liquidation of the Company, except as expressly provided in the Conservation Agreement and the other Conservation Transaction Agreements, but in no way waives, releases or discharges the Specified Releasees or any other Party or Person for any Claim arising from the Company's rights under the Acquisition Agreements, except as such rights are expressly modified or terminated pursuant to the Conservation Agreement and the other Conservation Transaction Agreements. As used in this Agreement, "Acquisition Agreements" means (i) the Amended and Restated Commercial Lines Master Agreement by and between ACP Re, Ltd. and AmTrust Financial Services, Inc., dated as of July 23, 2014, (ii) the Amended and Restated Personal Lines Master Agreement by and between ACP Re., Ltd. and National General Holdings Corp., dated as of July 23, 2014, and (iii) the agreements executed and other documents and instruments delivered pursuant to the terms of such Master Agreements.

Section 1.02. Release of the Conservator and the Company. As of the Effective Date, ANA and National General, for themselves and on behalf of the other Specified Releasees, hereby forever release and discharge the Company, the Conservator and their predecessors, successors and assigns, and the Conservator's officers, agents, attorneys, accountants, auditors, employees and representatives, from any and all duties, rights, obligations, liabilities, claims and demands of any kind, whether known or unknown, that the Specified Releasees now have, own, or hold, or at any time have, owned, or held, or may after the execution of this Agreement have, own, or hold, against any of them, except as may arise under the Conservation Agreement, the Conservation Transaction Agreements or the Continuing Agreements.

Section 1.03. Special Waiver. The Parties explicitly agree that all rights under Section 1542 of the California Civil Code or any similar provisions or principles of law of any jurisdiction, to the extent they might be held applicable to the releases in this Agreement, are hereby expressly waived to the fullest extent permitted by law. Section 1542 of the California Civil Code provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

## ARTICLE II MISCELLANEOUS

Section 2.01. Entire Agreement. This Agreement, together with the Conservation Agreement and the Conservation Transaction Agreements, contains the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersedes all other prior agreements, understandings, statements, representations and warranties, oral or written, express or implied, between the Parties and their respective affiliates, representatives and agents in respect of the subject matter hereof and thereof.

Section 2.02. Governing Law. This Agreement shall be construed and interpreted according to the internal laws of the State of California excluding any choice of law rules that may direct the application of the laws of another jurisdiction.

Section 2.03. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors, assigns, receivers, liquidators, rehabilitators, conservators and supervisors.

Section 2.04. Amendments. This Agreement may not be changed, altered or modified unless the same shall be in writing executed by each of the Parties.

Section 2.05. Negotiated Agreement. This Agreement has been negotiated by the Parties and the fact that the initial and final draft will have been prepared by any Party or an intermediary will not give rise to any presumption for or against any Party to this Agreement or be used in any respect or forum in the construction or interpretation of this Agreement or any of its provisions.

Section 2.06. Expenses. All expenses incurred in connection with this Agreement, including fees and disbursements of legal, actuarial, accounting and other advisors incurred before the Effective Date, shall be paid by the Party incurring such expenses.

Section 2.07. Interpretation. Wherever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.”

Section 2.08. Incontestability. In consideration of the mutual covenants and agreements contained herein, each Party hereto does hereby agree that this Agreement, and each and every provision hereof, is and shall be enforceable by and between them according to its terms, and each Party does hereby agree that it shall not, directly or indirectly, contest the validity or enforceability hereof.

Section 2.09. Severability. If any provision of this Agreement is held to be void or unenforceable, in whole or in part, (i) such holding shall not affect the validity

and enforceability of the remainder of this Agreement, including any other provision, paragraph or subparagraph, and (ii) the Parties agree to attempt in good faith to reform such void or unenforceable provision to the extent necessary to render such provision enforceable and to carry out its original intent.

Section 2.10. Headings. Headings used herein are not a part of this Agreement and shall not affect the terms hereof.

Section 2.11. Execution in Counterpart. This Agreement may be executed by the Parties hereto in any number of counterparts, and by each of the Parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives.

CASTLEPOINT NATIONAL INSURANCE  
COMPANY

By: \_\_\_\_\_  
Name:  
Title:

DAVE JONES, INSURANCE COMMISSIONER,  
STATE OF CALIFORNIA, IN HIS CAPACITY  
AS CONSERVATOR OF CASTLEPOINT  
NATIONAL INSURANCE COMPANY

By: \_\_\_\_\_  
Name:  
Title:

AMTRUST NORTH AMERICA, INC.

By: \_\_\_\_\_  
Name:  
Title:

NATIONAL GENERAL MANAGEMENT CORP.

By: \_\_\_\_\_  
Name:  
Title:

MICHAEL KARFUNKEL FAMILY 2005 TRUST

By: \_\_\_\_\_

Name:

Title: Trustee

LEAH KARFUNKEL, IN HER CAPACITY AS  
TRUSTEE OF THE MICHAEL KARFUNKEL  
FAMILY 2005 TRUST AND NOT  
INDIVIDUALLY

\_\_\_\_\_



Exhibit D

Personal Lines Administrative Services Agreement

**PERSONAL LINES ADMINISTRATIVE SERVICES AGREEMENT**

**BY AND AMONG**

**CASTLEPOINT NATIONAL INSURANCE COMPANY,**

**AND**

**NATIONAL GENERAL MANAGEMENT CORP.**

## PERSONAL LINES ADMINISTRATIVE SERVICES AGREEMENT

**THIS PERSONAL LINES ADMINISTRATIVE SERVICES AGREEMENT** (this “Agreement”) is made and entered into as of [●], 2016, by and among:

1. CastlePoint National Insurance Company in Conservation (the “Company”), an insurance company organized under the laws of California and successor by merger to North East Insurance Company, Preserver Insurance Company, York Insurance Company of Maine, Massachusetts Homeland Insurance Company, Tower Insurance Company of New York, Tower National Insurance Company, Hermitage Insurance Company, CastlePoint Florida Insurance Company, and CastlePoint Insurance Company (collectively, the “Constituent Companies”), acting by and through California Insurance Commissioner Dave Jones (the “Commissioner”) as statutory conservator (“Conservator”); and
2. National General Management Corp., a Delaware corporation (“Administrator”) (collectively, the “Parties” and each, a “Party”).

### RECITALS

**WHEREAS**, ACP Re, Ltd., a Bermuda corporation (“ACP Re”), AmTrust Financial Services, Inc., a Delaware corporation (“AmTrust”), and National General Holdings Corporation, a Delaware corporation (“National General Holdings”) entered into a series of agreements by which ACP Re agreed to acquire Tower Group International, Ltd. (“Tower”), a Bermuda insurance holding company, which transacted commercial and personal lines insurance business in the United States through the Company and the Constituent Companies, and, in connection therewith, AmTrust and National General Holdings have agreed to administer the run-off of Tower’s legacy business and, prospectively, manage and reinsure all business to be written by the Company and the Constituent Companies after the Effective Time;

**WHEREAS**, in connection with the acquisition, (i) the Company, the Constituent Companies and CastlePoint Reinsurance Company Ltd. (“CastlePoint Re”) entered into that certain Loss Portfolio Transfer Agreement, dated as of September 15, 2014, providing the run-off of the liabilities of the Company and the Constituent Companies (the “LPTA”) and (ii) the Company, the Constituent Companies, CastlePoint Re and Administrator entered into that certain Personal Lines LPTA Administrative Services Agreement, dated as of September 15, 2014, providing for administration by Administrator of the personal lines business of the Company and the Constituent Companies issued prior to such date, including such business reinsured under the LPTA (the “Existing Personal Lines ASA”);

**WHEREAS**, on or about July 20, 2016, the Constituent Companies merged with and into the Company;

**WHEREAS**, the Commissioner has been appointed Conservator of the Company pursuant to an order of the Superior Court for the City and County of San Francisco (the “Conservation Court”) entered on [●], 2016 (the “Conservation Order”);

**WHEREAS**, pursuant to the plan of conservation for the Company approved and authorized by the Conservation Court in the Conservation Order (the “Conservation Plan”) and the related Conservation Agreement dated July 28, 2016 among the Conservator, the Administrator, AmTrust North America, Inc. (“ANA”), Technology Insurance Company, Inc., Integon Insurance Company, Inc., CastlePoint Re and the Michael Karfunkel Family 2005 Trust (the “Conservation Agreement”), Administrator, ANA, CastlePoint Re and the Company are entering into that certain Commutation and Release Agreement (the

“Commutation Agreement”), dated as of the date hereof, pursuant to which, among other things, the LPTA is being commuted and the Existing Personal Lines ASA is being terminated; and

**WHEREAS**, in accordance with the Conservation Plan, for a period of time following the Restructuring Effective Date and as more particularly set forth herein, the Company wishes to appoint Administrator as its third-party administrator for purposes of performing the claims administration related to the runoff of claims under Subject Policies.

**NOW, THEREFORE**, in consideration of the foregoing premises and the mutual covenants and promises contained herein, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

## **ARTICLE 1:**

### **DEFINITIONS**

1.1 Definitions. The following terms have the respective meanings set forth below throughout this Agreement and the following definitions are equally applicable to both the singular and plural forms of any of the terms defined herein:

“ACP Re” has the meaning set forth in the Recitals.

“Administrator Invoice” has the meaning set forth in Section 5.2(a).

“Affiliate” means, with respect to any Person, at the time in question, any other Person controlling, controlled by or under common control with such Person.

“Agreement” has the meaning set forth in the preamble.

“AmTrust” has the meaning set forth in the Recitals.

“ANA” has the meaning set forth in the Recitals.

“Books and Records” means all hard-copy and electronic policy information, data, records and policy forms in the possession or control of the Company relating primarily to the Subject Business, including, but not limited to, administrative records, claim records, marketing compliance records, policy files, sales records, files and records relating to regulatory matters, files and records relating to tax information and tax qualification reporting, reinsurance records, underwriting records and accounting records (in whatever form maintained and wherever housed or held); provided, however, that if any such records contain information which does not relate to the Subject Business, such information shall not constitute “Books and Records” and may be redacted from the “Books and Records” as the Company reasonably deems appropriate. Books and Records shall exclude any records that are subject to attorney-client privilege. Except with respect to records or documents that are subject to the attorney-client privilege or that do not relate to the Subject Business, the Company shall provide Administrator with reasonable access to any books and records that are excluded herein from the definition of “Books and Records” and retained by the Company to the extent reasonably required by Administrator to perform its obligations under this Agreement.

“Business Day” means any day other than a Saturday, Sunday or other day on which banking institutions in the State of New York are permitted or obligated by applicable Law to be closed.

“Commissioner” has the meaning set forth in the preamble.

“Company” has the meaning set forth in the preamble.

“Commutation Agreement” has the meaning set forth in the Recitals.

“Confidential Information” means all Books and Records and all documents and information concerning (i) one Party or any of its Affiliates, (ii) a Policyholder, or (iii) the Subject Business, in each case furnished to a Party or such Party’s Affiliates (the “Receiving Party”) or representatives in connection with this Agreement or the Services contemplated hereby, except that, to the extent not prohibited by applicable Law, Confidential Information shall not include information which: (i) at the time of disclosure or thereafter is generally available to and known by the public other than by way of a wrongful disclosure by the Receiving Party hereto or by any representative of the Receiving Party; (ii) was available on a non-confidential basis from a source other than the Receiving Party or its representatives, provided that such source is not and was not bound by a confidentiality agreement with the Party disclosing such information; (iii) prior to the disclosure, was already in the Receiving Party’s possession as evidenced by written records kept in the ordinary course of the Receiving Party’s business or by proof of actual use by the Receiving Party (other than the Books and Records which shall remain “Confidential Information”); or (iv) was independently developed by the Receiving Party without violating any obligations under this Agreement and without the use of any Confidential Information.

“Conservation Agreement” has the meaning set forth in the Recitals.

“Conservation Court” has the meaning set forth in the Recitals.

“Conservation Plan” has the meaning set forth in the Recitals.

“Conservation Order” has the meaning set forth in the Recitals.

“Conservator” has the meaning set forth in the preamble.

“Constituent Companies” has the meaning set forth in the preamble.

“Cut-Through Agreement” means the Personal Lines Cut-Through Quota Share Reinsurance Agreement, dated as of January 3, 2014, by and among the Company (including as successor by merger to the Constituent Companies) and Integon Insurance Company, Inc., an insurance company organized under the laws of North Carolina.

“Damages” means damages, losses, liabilities and expenses (including reasonable attorneys’ fees and reasonable expenses of investigation in connection with any action, suit or proceeding), but shall not include any measure of indirect, special, punitive, contingent, consequential, lost profit or other similar damages.

“Disbursement Account” means a bank account or accounts to be established by the Company and/or Affiliate of AmTrust prior to the Restructuring Effective Date and to be used by Administrator on behalf of the Company as provided in this Agreement and as more particularly described in ARTICLE 3.

“Effective Date” means September 15, 2014.

“Effective Time” means 12:01 a.m. Eastern Standard Time on the Effective Date.

“Extra-Contractual Obligations” means all liabilities or obligations to any Person arising out of or relating to the Subject Policies, other than liabilities or obligations arising under the express terms and conditions and within the policy limits of the Subject Policies, including, without limitation, any liability or obligation for fines, penalties, taxes, fees, forfeitures, compensatory, consequential, punitive, exemplary, special, treble, bad faith, tort, statutory or any other form of extra-contractual damages, as well as all legal fees and expenses relating thereto, which liabilities or obligations arise out of, result from or relate to any act, error or omission, whether or not intentional, negligent, fraudulent, in bad faith or otherwise (actual or alleged), arising out of or relating to the Subject Policies, including, without limitation, (i) the sale, marketing, distribution, underwriting, production, issuance, cancellation or administration of the Subject Policies, (ii) the investigation, defense, prosecution, trial, settlement (or failure to settle) or handling of claims, benefits or payments under the Subject Policies, or (iii) the failure to pay or the delay in payment or errors in calculating or administering the payment of benefits, claims or any other amounts due or alleged to be due under or in connection with the Subject Business.

“Final Administrator Invoice” has the meaning set forth in Section 5.2(b).

“Government Entity” means any court, arbitrator, department, commission, board, bureau, agency, authority, instrumentality or other body, whether federal, state, municipal, foreign or other.

“Law” or “Laws” means any statute, law, ordinance, rule, regulation, administrative or judicial order, bulletin or other governmental pronouncement issued or adopted by any Government Entity.

“LPTA” has the meaning set forth in the Recitals.

“Loss” means “Subject Business Loss”.

“Miscellaneous Costs” has the meaning set forth in Section 5.1.

“MGA Agreement” means the Personal Lines Managing General Agent Agreement, dated September 15, 2014, among the Company (including as successor by merger to the Constituent Companies), National General Insurance Marketing, Inc. and ACP Re.

“Out-of-Pocket Costs” has the meaning set forth in Section 5.1.

“Party” or “Parties” have the meanings set forth in the preamble.

“Person” means any individual, corporation, partnership, firm, joint venture, association, joint stock company, limited liability company, trust, unincorporated organization, Government Entity, business unit, division or entity.

“Personal Lines Business” means all insurance contracts, policies, certificates, binders, slips, covers or other agreements of insurance, including all supplements, riders, endorsements, renewals and extensions for personal automobile liability and physical damage, homeowners, personal excess and umbrella coverage issued by the Company (including as successor by merger to the Constituent Companies).

“Plan” has the meaning set forth in the Recitals.

“Policyholder” means the owner and/or named insured on policies that are included within the Subject Business.

“QSA Agreement” means the Personal Lines Quota Share Reinsurance Agreement, dated as of September 15, 2014, by and among the Company (including as successor by merger to the Constituent Companies) and Integon Insurance Company, Inc., an insurance company organized under the laws of North Carolina.

“Restructuring Effective Date” means [●], 2016.

“Services” has the meaning set forth in Section 2.1(c).

“Subject Business” means, collectively, the Subject Policies.

“Subject Business Losses” shall mean liabilities and obligations to make payments to policyholders, beneficiaries and third party claimants under the Subject Business and all loss adjustment expenses and defense costs, including (i) all expenses incurred by or on behalf of the Company in the investigation, appraisal, adjustment, litigation, defense or appeal of claims under the Subject Business and/or coverage actions under the Subject Business, (ii) all liabilities for consequential, exemplary, punitive or similar extracontractual damages, or for statutory or regulatory fines or penalties, or for any loss in excess of the limits of any Subject Business, whether owing to the policyholders or insureds under the Subject Business, and (iii) court costs accrued prior to final judgment, prejudgment interest or delayed damages and interest accrued after final judgment.

“Subject Consideration” has the meaning set forth in Section 5.1.

“Subject Policies” means insurance contracts, policies, certificates, binders, slips, covers or other agreements of insurance that constitute Personal Lines Business issued by the Company (including as successor by merger to the Constituent Companies) in the states or other jurisdictions where it is authorized to conduct such business through independent agents appointed by the Company (including as successor by merger to the Constituent Companies); provided that the “Subject Policies” exclude any such contracts, policies, certificates, binders, slips, covers or other agreements of insurance that are reinsured under the Cut-Through Agreement or the QSA Agreement.

“Taxes” or “Tax” means all federal, state, local or foreign taxes, charges, fees, levies, rates or dues, or other assessments, including all income, capital gains, capital, sales, use, excise, transfer, goods and services, value added, franchise, withholding, payroll, premium, gross receipts, employment, employment insurance, business, property or other taxes, customs, duties, surtaxes, fees, assessments, charges or governmental imposts of any kind whatsoever imposed by any governmental authority or taxing authority, together with any interest, penalty, fine, or addition thereto, whether disputed or not.

## **ARTICLE 2:**

### **SERVICES APPOINTMENT**

#### **2.1 Appointment and Acceptance; Standards.**

(a) Effective as of the Restructuring Effective Date until the complete performance by Administrator of all obligations and duties arising under this Agreement or the earlier termination of this Agreement in accordance with its terms, and subject to Section 2.2, the Company hereby appoints Administrator to perform on its behalf all claims administration services related to claims under Subject Policies written by the Company (including as successor by merger to the Constituent Companies), as more particularly set forth in this ARTICLE 2 (collectively, the “Services”), and Administrator hereby accepts such appointment and agrees to

act as the designated representative of the Company as necessary to perform the Services in accordance with the terms of this Agreement and applicable Law.

(b) Subject to Section 2.2, Administrator agrees that in providing the Services it shall be subject to the supervision of the Conservator and conduct itself in accordance with all reasonable commercial and professional standards of skill, diligence, care, effort and expertise that are at least equal in quality to the standards Administrator exercises in carrying out its own insurance business; provided, that such standards must be in material compliance with the provisions of applicable Law.

(c) For the avoidance of doubt, and notwithstanding anything contained herein to the contrary, no authority is given or obligations assigned or imposed upon Administrator under this Agreement with respect to the administration of Commercial Lines Business written by the Company (including as successor by merger to the Constituent Companies). For the further avoidance of doubt, the claims and other administration of the Commercial Lines Business or other commercial lines business written by the Company (including as successor by merger to the Constituent Companies) shall be provided by ANA.

2.2 Control of Subject Business. The performance of the Services by Administrator pursuant to this Agreement shall in no way impair the absolute control, and responsibility for, the business and operations of the Company. The Company and the Conservator have the ultimate control over the functions and Services delegated to Administrator pursuant to this Agreement in regards to the Subject Business. Administrator shall comply with any written directions from the Company or the Conservator with respect to all matters affecting the Services in regards to the Subject Business, so long as such directions comply with applicable Law. In respect of such directions involving the Subject Business, the Company shall indemnify and hold harmless Administrator and its Affiliates in following such directions.

2.3 Power of Attorney. The Company hereby appoints and names Administrator, acting through its duly authorized officers, employees and agents, as its true and lawful attorney-in-fact insofar as necessary to enable Administrator to provide the Services in the name of the Company, from and after the Restructuring Effective Date for so long as Administrator is authorized hereunder to provide the Services. Without limiting the foregoing, Administrator is expressly authorized, subject to Section 2.2: (a) to do any and all lawful acts that the Company might have done with respect to the Subject Business insofar as such acts qualify as Services; (b) to proceed by all lawful means to perform any and all of the Company's claims administration obligations with respect to the Subject Business; (c) to enforce any right and defend against any liability arising under the Subject Business as they relate to the Services; (d) to sue or defend in the name of the Company any action arising under the Subject Business; (e) to sign in the name of the Company vouchers, receipts, releases and other papers in connection with any of the foregoing matters, and (f) to endorse checks payable to the Company for deposit. If requested by Administrator, the Company shall execute and deliver to Administrator powers of attorney evidencing such power in a form reasonably acceptable to the Company.

#### 2.4 Confidentiality and Privacy.

(a) The Parties agree that, other than as contemplated hereunder and to the extent permitted or required to implement this Agreement, each of them will and will cause their officers, employees and agents to keep confidential and will not use or disclose Confidential Information and the terms and conditions of this Agreement, including, without limitation, the exhibits and schedules hereto, except as otherwise required by applicable Law or as may be agreed in writing by the Parties hereto.



(b) The Parties acknowledge and agree that Administrator and its Affiliates shall and shall cause their agents to only use Confidential Information regarding Policyholders or the Subject Business in accordance with this Agreement and applicable Law and with due and careful regard for rights of confidentiality and privacy, in order to perform the Services.

(c) Administrator shall and shall cause its Affiliates and their officers, employees and agents to implement and maintain appropriate administrative, technical and physical safeguards to (i) ensure the security, confidentiality and integrity of Confidential Information regarding Policyholders and the Subject Business, (ii) protect against reasonably anticipated threats or hazards to the security or integrity of such Confidential Information, and (iii) protect against unauthorized access to, or use of, such Confidential Information.

(d) Nothing in this Section 2.4 shall prohibit Administrator or any of its Affiliates providing services associated with the Subject Business from allowing disclosures of Confidential Information required under applicable Law or to Governmental Entities or as reasonably requested by rating agencies.

2.5 Communication with Government Entities. Except as otherwise provided herein, and subject to Section 2.2 hereof, from and after the Restructuring Effective Date, Administrator shall be responsible on behalf of the Company to communicate, make filings and/or correspond with Government Entities with respect to the Services. The Company shall have the right to receive, as promptly as shall be commercially practicable, copies of all communications, filings, and correspondence with respect to the Services, whether made to or received from Government Entities by Administrator, and shall have the right to prior review, at its expense, of such communications, filings and correspondence to or with Government Entities.

2.6 Audit Rights. During the term of this Agreement and for a period of three (3) months thereafter, the Company and the Conservator shall have the right, at their sole cost and expense, to audit the Services during regular business hours and upon reasonable notice.

2.7 Administrator's Services. From and after the Restructuring Effective Date and until the termination of this Agreement, and subject to Section 2.2, Administrator shall provide the following administrative services on behalf of the Company with respect to the Subject Business in accordance with applicable Law and subject to the terms of the Subject Business:

(a) Facilities, Supplies and Staffing. Administrator shall provide the facilities and retain all personnel required to perform the Services as determined in the reasonable discretion of Administrator. Administrator shall also furnish all of the operating forms, printing supplies and any other related items which may become necessary for the operation of the Subject Business, except, for the forms specified by the Company which it shall provide and which are technically compatible with Administrator's facilities and equipment.

(b) Losses, Claim Expenses, Attorney Appointments, Loss Reporting and Reinsurance.

(i) Administrator shall receive, consider, review, investigate, defend, reject, supervise the adjustment of, settle, compromise and pay all Losses on the Subject Business, and shall also pay all survey, investigating, legal and other costs thereof, provided that the Company shall have reasonable access to Administrator's claim files and other claim records in regards to the Subject Policies during normal business hours upon reasonable notice. Administrator shall pay all such losses and claims expenses out

of funds held in the Disbursement Account. Administrator shall have no access to, or power to draw on, any other account of the Company for purposes of this Agreement.

(ii) Administrator shall maintain claims files on all Subject Business, which claims files shall be subject to review by the Company, or its Representatives, in regards to the Subject Business during normal business hours and upon reasonable notice.

(iii) Administrator shall appoint claims, defense and loss control attorneys or other outside vendors for the Subject Business.

(iv) Administrator shall determine and evaluate coverage issues arising out of or in connection with the Subject Business and prepare and send all applicable correspondence relating to the Subject Business, including, but not limited to reservation of rights and coverage denial letters.

(v) Administrator shall have the obligation to exercise control and direction over litigation involving the Subject Business and defend against such litigation pursuant to this Agreement, and shall have the authority to settle or consent to judgment in any such litigation.

(vi) Administrator shall perform all commercially reasonable services to pursue salvage and subrogation recoveries and to properly credit recoveries to the appropriate claim file.

(vii) Following reasonable written request therefore, specifying information or reports and filing dates, Administrator shall prepare and submit to the Company all Tax information and Tax-related business reports related to the Services and reasonably necessary for the Company to file all Tax returns or reports, and shall do so no later than fifteen (15) days before such Tax returns or reports must be filed.

(viii) To the extent Administrator collects any premium in respect of the Subject Business, Administrator shall promptly remit such premium to the Company.

(c) Books and Records.

(i) From and after the Restructuring Effective Date, the Company, or its Representatives, shall deliver to Administrator a copy of any Books and Records as reasonably requested by Administrator to the extent that Administrator or any of its Affiliates does not already possess copies of such Books and Records. Administrator shall keep all information related to the Subject Business and the Books and Records confidential, subject to Section 2.4, and shall not disclose or provide access to such information to any third party, except as otherwise contemplated or permitted under this Agreement or required by applicable Law or with the Company's prior written consent. Notwithstanding the foregoing, upon termination of the Services under this Agreement, any copies of the Books and Records and all other books and records maintained at such time by Administrator pertaining to the Subject Business, or copies thereof, shall be delivered promptly to the Company or such other person or entity as it shall designate in writing.

(ii) Administrator agrees that it will and will cause its Affiliates and agents to maintain books and records, including the Books and Records, with respect to the

Services, in accordance with the same standards Administrator applies to its own business and applicable Law, including all such books and records as may be required by applicable Law, and all such books and records, including the Books and Records, shall be (A) the property of the Company in regards to the Subject Business, and (B) available for inspection and copying by the Company, or its Representatives, in regards to the Subject Business and at its sole cost and expense, and any Government Entities at any reasonable time during Administrator's normal business hours upon prior reasonable notice. Administrator shall maintain facilities and procedures comparable to the facilities and procedures it employs for its own books and records for the safekeeping of all books and records used in the performance of the Services and in accordance with applicable Law.

(iii) Administrator agrees to maintain an adequate system of internal controls over financial reporting as it relates to the Services, and at the Company's sole option and cost, to allow the Company, the Conservator or its Representatives, to conduct periodic tests of such internal controls over financial reporting in regards to the Subject Business during normal business hours and upon reasonable notice. Administrator shall make the relevant employees of Administrator or its Affiliates available to the Company, and/or its Representatives, for purposes of this Section 2.7(c)(iii).

(d) Accounting and Reporting. Administrator agrees to provide the following accounting and reporting services:

(i) Within forty-five (45) days after the close of each quarter, Administrator or its Representatives shall render a quarterly account to the Company, summarizing the following items pertaining to the Subject Business and the Services and any amounts due in this regard to the Company:

(A) paid Subject Business Losses less subrogation and salvages and amounts received during the quarter; and

(B) a statement of the gross and net Subject Business Losses outstanding (including loss reserves) at the close of each quarter.

(ii) Administrator or its Representatives shall also provide such other reports with respect to the Subject Business as may be reasonably requested by the Company that arise out of or relate to the Services, including, but not limited to, such reports as are necessary to prepare the Company's Tax returns and financial statements, actuarial analyses of the Subject Business and related reserves, or any report required by any Government Entity, in each case within the time frame needed by the Company to comply with its own contractual or other legal obligations or as otherwise mutually agreed by the Parties.

(iii) The Company and Administrator will cooperate with each other in good faith to develop a mutually acceptable format for the accounts, statements or other reports required under this Section.

(iv) The quarterly accounting and cash settlement are unconditional upon the performance of any other agreement or Person.

(e) Miscellaneous Services. Without limiting the foregoing, Administrator shall

provide any and all other claims-related services on behalf of the Company that may be necessary, required or appropriate for the provision of the Services, including, but not limited to, the following: (i) providing or causing the provision of usual and customary services for Policyholders; (ii) processing or causing the processing of all necessary Policyholder notifications and collections; (iii) answering all inquiries and (iv) taking all actions necessary to comply with its obligations under the Conservation Plan, the Conservation Order and the Conservation Agreement. In the event that this Agreement is terminated prior to the complete performance by Administrator of the Services, Administrator shall take all actions reasonably requested by the Company or the Conservator necessary to (x) transfer control of the Disbursement Account to the Company and the Conservator and/or (y) transition the Services to a replacement administrator (which the Conservator may choose in its sole discretion).

(f) Services Not Covered. For the avoidance of doubt, the Company will be responsible for performing all of its own accounting, financial and regulatory reporting (if any), and Administrator will have no responsibility with respect thereto; provided, that Administrator will provide the Company with the statistical and other information required for such reporting in a timely manner, as reasonably requested by the Company from time to time in accordance with the terms of this Agreement.

### **ARTICLE 3:**

#### **DISBURSEMENT ACCOUNT**

##### **3.1 Disbursement Account.**

(a) Any and all amounts needed to pay Subject Business Losses arising under the Subject Business shall be paid on behalf of the Company by Administrator exclusively from one or more disbursement accounts identified by the Company for such purposes (the “Disbursement Account”).

(b) The Disbursement Account shall be funded by the Company, on an as required basis based on reasonable estimates of cash flow and capital requirements necessary to cover Subject Business Losses.

(c) No later than five days prior to the end of each month during the term of this Agreement, Administrator and its Affiliates shall remit to the Company any and all amounts they receive for or on behalf of the Company in respect of the Subject Business during such month.

(d) All investment income on funds held in the Disbursement Account shall be credited to the Company.

(e) Administrator acknowledges and agrees that it has a fiduciary obligation to the Company to access and disburse funds from the Disbursement Account solely for the purposes set forth in this Section 3.1.

(f) For the avoidance of doubt, any withdrawals from the Disbursement Account shall be used solely to pay (i) Subject Business Losses arising under the Subject Business and (ii) costs and expenses payable in accordance with this Agreement. In the event that any amounts that are used in violation of the preceding sentence, Administrator shall immediately cause such amounts to be refunded to the Disbursement Account.

3.2 Company Estate. For the avoidance of doubt, the Administrator and its Affiliates shall have no obligation to pay Subject Business Losses or any other amounts payable to the Company, its Policyholders, beneficiaries, third party claimants or any other Person hereunder, except out of the assets of the estate of the Company as and when made available by the Conservator in the Disbursement Account.

## **ARTICLE 4:**

### **TERM AND TERMINATION RIGHTS**

#### **4.1 Term.**

(a) Unless terminated earlier as set forth in Section 4.2 of this Agreement, the Services provided hereunder with respect to the Subject Business shall terminate as to the Subject Business on the first to occur of: (i) the complete performance by Administrator of all obligations and duties arising under this Agreement; or (ii) upon the mutual written consent by the Parties hereto to the termination of this Agreement.

(b) Upon the expiration or termination of this Agreement pursuant to Section 4.1(a) or Section 4.2, Administrator shall cooperate with the Conservator to effect an orderly transition of the Services to Conservator (or a replacement administrator designated by the Conservator) at Administrator's sole cost and expense. Such cooperation on the part of Administrator shall include, without limitation: (i) transferring all Books and Records to the Conservator or such replacement Administrator, and (ii) using its commercially reasonable efforts to assign, for the benefit of the Company, any agreements with authorized third-party administrators or other service providers relating to the Services.

**4.2 Termination Rights.** Without limiting any other rights of any Party under this Agreement:

(a) The Company shall have the right to terminate this Agreement at any time, upon reasonable prior notice from the Conservator to the Administrator; and

(b) Administrator shall have the right to terminate this Agreement following the second (2<sup>nd</sup>) anniversary of the Restructuring Effective Date, if the Company does not cure, within thirty (30) days of receiving written notice thereof, any failure to pay Subject Consideration in accordance with Section 5.1.

## **ARTICLE 5:**

### **COMPENSATION**

5.1 Subject Consideration. None of the Company, the Conservator or any of their Affiliates shall have any obligation to pay any consideration to the Administrator in respect of the provision of the Services prior to the second (2<sup>nd</sup>) anniversary of the Restructuring Effective Date. The Company shall reimburse the Administrator for the following costs and expenses that, in each case, are allocable to periods following the second (2<sup>nd</sup>) anniversary of the Restructuring Effective Date: (i) the portion of the total actual costs incurred by Administrator for the claims operations for the Subject Business (including wages and employee benefits provided to Administrator's employees, and overhead costs related to the performance of the Services, including without limitation, other loss adjustment expenses not incurred in relation to a specific claim within the Subject Business), (ii) all of Administrator's out-of-pocket expenses

in respect of the Subject Business, including, without limitation, claims investigations, legal fees, defense costs and loss containment expenses, or other third-party vendor costs that are incurred in relation to a specific claim within the Subject Business (“Out-of-Pocket Costs”) and (iii) costs paid in connection with any modifications to Administrator’s claims system necessary to perform the Services (“Miscellaneous Costs”, and the foregoing (i), (ii) and (iii) collectively, the “Subject Consideration”). For the avoidance of doubt, such obligation of the Company to reimburse Administrator for such Subject Consideration shall constitute an administrative expense claim having the priority set forth in Section 1033(a)(1) of the California Insurance Code.

## 5.2 Procedure.

(a) Beginning with the calendar quarter during which the second (2<sup>nd</sup>) anniversary of the Restructuring Effective Date occurs, and for each calendar quarter thereafter during the term of this Agreement, Administrator shall, within thirty (30) days following the end of such quarter, and within thirty (30) days following the expiration or termination of this Agreement, provide the Company with requests for payment of Subject Consideration hereunder consisting of a reasonably itemized bill and other reasonable proof requested by the Company for such amounts (the “Administrator Invoice”). Subject to the foregoing and relative to undisputed amounts, the Company shall pay Administrator the Subject Consideration no later than fifteen (15) days following its receipt of any Administrator Invoice.

(b) Disputed amounts under this Section 5.2 will be paid subject to the dispute resolution provisions incorporated in Article 10. For the avoidance of doubt, the Subject Consideration shall not include any amounts for Out-of-Pocket Costs or Miscellaneous Costs incurred or paid by Administrator that are not reasonably related or allocable to the performance of the Services.

## **ARTICLE 6:**

### **REPRESENTATIONS AND WARRANTIES OF ADMINISTRATOR**

Administrator represents and warrants to the Company as follows:

6.1 Authority. Administrator has all requisite power and authority to execute and deliver this Agreement, to perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Administrator and constitutes the legal, valid and binding obligation of Administrator, enforceable against it in accordance with its terms

6.2 No Breach. Subject to the approval of the Conservator, the execution, delivery and performance of this Agreement by Administrator will not materially conflict with, or result in a material violation of, or constitute a material default under, any term or provision of applicable Law, or any judgment, writ, injunction, decree or order of any court, governmental authority or arbitrator relating to Administrator.

6.3 Litigation. There is no Litigation (as defined in the Conservation Agreement) pending, or threatened, against Administrator, or any of its assets, properties or Affiliates, at law or in equity, that individually or in the aggregate have or may reasonably be expected to have a material adverse effect on the validity or enforceability of this Agreement or on the ability of Administrator to perform its obligations under this Agreement.

6.4 Capacity. Administrator has all licenses, authorizations and resources necessary to provide, or to obtain a licensed and authorized subcontractor to provide, the Services in accordance with applicable Law, and Administrator has, or has available to it via agents or subcontractors, sufficient expertise, trained personnel, resources, systems, controls and procedures (financial, legal, accounting, administrative, data processing or otherwise) as may be necessary or appropriate to discharge Administrator's services hereunder.

## **ARTICLE 7:**

### **CERTAIN COVENANTS OF ADMINISTRATOR**

7.1 Capacity. Administrator will continue to maintain during the term of this Agreement all licenses, authorizations and resources necessary to provide, or to obtain a licensed and authorized subcontractor to provide, the Services in accordance with applicable Law.

7.2 Insurance. Administrator agrees to maintain general liability and errors and omissions coverages for itself and for its directors, officers and employees as outlined in Schedule 7.2 and to provide updated evidence of that coverage as reasonably requested by the Company.

7.3 Inability to Perform Services. Without limitation to any of the Company's rights hereunder, in the event that Administrator shall be unable to materially perform the Services as required by this Agreement for any reason whatsoever for a period that can reasonably be expected to exceed five Business Days, Administrator shall promptly notify the Company in writing and cooperate with them in obtaining an alternative means of providing such Services. For the avoidance of doubt, Administrator's compliance with the notice requirement set forth in the preceding sentence shall not relieve Administrator of its obligations to indemnify the Company and their Affiliates for Damages pursuant to Article 9.

## **ARTICLE 8:**

### **RESERVED**

## **ARTICLE 9:**

### **INDEMNIFICATION**

#### **9.1 Indemnification.**

(a) Administrator agrees to indemnify and hold the Company and its Affiliates, predecessors, successors and assigns (and their respective officers, directors and employees) (the "Indemnified Persons") harmless from and against and in respect of all Damages incurred by them resulting from (i) any material breach by Administrator of any representation, warranty, covenant or agreement of Administrator in this Agreement and (ii) any fraud or misrepresentation of Administrator in connection with the Services. Notwithstanding the foregoing, Administrator shall have no liability to any Indemnified Person for (x) acts, errors or omissions taken at the request or direction of the Company or the Conservator, or (y) any Extra-Contractual Obligations in respect of the Subject Business, unless such liability for Extra-Contractual Obligations arises from the fraud of a member of the board of directors or a corporate officer of the Administrator acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim in respect of any Subject Policy.

(b) In the event that any Indemnified Person determines to assert a claim for indemnification hereunder, such Indemnified Person shall promptly give written notice to the Administrator describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim and the amount or estimated amount of the Damages sought to be recovered thereunder. Upon receipt of such notice, the Administrator shall have the right to assume the defense and control of the claim or litigation giving rise to the claim for indemnification hereunder, to the extent such claim or litigation is made or instituted by a person not either a party to this Agreement or an Affiliate of a party to this Agreement (a “Third Party Claim”). The Company and the Conservator shall cooperate reasonably with the Administrator in the defense of any such Third Party Claim.

9.2 Survival. All representations, warranties, covenants and agreements made by Administrator pursuant to this Agreement shall survive the Restructuring Effective Date.

## **ARTICLE 10:**

### **RESOLUTION OF DISPUTES**

10.1 Governing Law. This Agreement 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 entirely within that State.

10.2 Dispute Resolution; Enforcement.

(a) Any dispute arising out of this Agreement shall be subject to the continuing jurisdiction of the Conservation Court, which shall be the exclusive forum in which all such disputes shall be resolved.

(b) Administrator acknowledges that the performance of its obligations, including the Services, pursuant to this Agreement is critical to the business and operations of the Company. Accordingly, in the event of a dispute between the Company and Administrator, Administrator shall continue to perform the Services in good faith during the resolution of such dispute unless and until this Agreement is terminated in accordance with the provisions hereof.

10.3 RESERVED.

10.4 Survival. This Article 10, Section 2.4 and Article 5 shall survive the termination of this Agreement.

## **ARTICLE 11:**

### **MISCELLANEOUS**

11.1 Cooperation. Each Party hereto shall cooperate fully with the other in all reasonable respects in order to accomplish the objectives of this Agreement.

11.2 Assignment; Parties in Interest.

(a) Assignment. Except as expressly provided herein, the rights and obligations of a Party hereunder may not be assigned, transferred or encumbered without the prior written consent of the other Party; *provided, however*, that the Conservator may assign or transfer to any statutory



insurance guaranty association or fund that assumes responsibility for the Company's claims administration any obligations to perform the Services without the consent of any other Party.

(b) Parties in Interest. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties and their respective successors and permitted assigns. Nothing contained herein shall be deemed to confer upon any other Person any right or remedy under or by reason of this Agreement.

11.3 Notices. All notices, requests, demands and other communications hereunder shall be given in writing and shall be: (a) personally delivered; (b) sent by telecopier, facsimile transmission or other electronic means of transmitting written documents; or (c) sent to the Parties at their respective addresses indicated herein by registered or certified U.S. mail, return receipt requested and postage prepaid, or by private overnight mail courier service. The respective addresses to be used for all such notices, demands or requests are as follows:

If to the Company:

CastlePoint National Insurance Company  
c/o Conservation & Liquidation Office  
100 Pine Street, 23rd Floor  
San Francisco, CA 94105  
Attention: John Finston  
Deputy Insurance Commissioner and General Counsel

with concurrent copies to:

California Department of Insurance  
Legal Division  
45 Fremont Street, 22nd Floor  
San Francisco, CA 94105  
Attention: David E. Wilson  
Special Deputy Insurance Commissioner

Orrick, Herrington & Sutcliffe LLP  
400 Capitol Mall, Suite 3000  
Sacramento, CA 95814  
Attention: Thomas J. Welsh

If to Administrator:

National General Management Corp.  
59 Maiden Lane, 38<sup>th</sup> Floor  
New York, NY 10038  
Attention: Jeffrey Weissmann, Esq.  
Facsimile No.: (212) 380-9499  
E-mail: jeffrey.weissmann@ngic.com

or to such other person or address as a Party shall furnish to the Company in writing.

If personally delivered, such communication shall be deemed delivered upon actual receipt; if electronically transmitted pursuant to this paragraph, such communication shall be deemed delivered the

next Business Day after transmission (and sender shall bear the burden of proof of delivery); if sent by overnight courier pursuant to this paragraph, such communication shall be deemed delivered upon receipt; and if sent by U.S. mail pursuant to this paragraph, such communication shall be deemed delivered as of the date of delivery indicated on the receipt issued by the relevant postal service, or, if the addressee fails or refuses to accept delivery, as of the date of such failure or refusal. Any Party to this Agreement may change its address for the purposes of this Agreement by giving notice thereof in accordance with this Section.

11.4 Entire Agreement; Merger. This Agreement and any exhibits, schedules and appendices attached hereto together constitute the final written integrated expression of all of the agreements among the Parties with respect to the subject matter hereof and is a complete and exclusive statement of those terms, and supersede all prior or contemporaneous, written or oral, memoranda, arrangements, contracts and understandings between the Parties relating to the subject matter hereof, except for any applicable provisions contained in the Conservation Agreement. Any representations, promises, warranties or statements made by any Party which differ in any way from the terms of this Agreement or any applicable provisions contained in the Conservation Agreement shall be given no force or effect. The Parties specifically represent, each to the other, that there are no additional or supplemental agreements or contracts between or among them related in any way to the matters herein contained unless specifically included or referred to in this Agreement or any applicable provisions contained in the Conservation Agreement. No addition to or modification of any provision of this Agreement or any applicable provisions contained in the Conservation Agreement shall be binding upon either Party unless embodied in a dated written instrument signed by all Parties.

11.5 Waivers and Amendments; Preservation of Remedies. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by each of the Parties and approved by the Conservation Court or, in the case of a waiver, by the Party waiving compliance. No delay on the part of any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Party of any right, power, remedy or privilege, nor any single or partial exercise of any such right, power, remedy or privilege, preclude any further exercise thereof or the exercise of any other such right, remedy, power or privilege. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that any Party may otherwise have under applicable Law or in equity.

11.6 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.7 Governing Law. This Agreement shall be construed and interpreted according to the internal laws of the State of California excluding any choice of law rules that may direct the application of the laws of another jurisdiction. Subject to the provisions of ARTICLE 10, the Parties hereby stipulate that any action or other legal proceeding arising under or in connection with this Agreement shall be commenced and prosecuted in its entirety in the Conservation Court, each Party hereby submitting to the personal jurisdiction thereof, and the Parties agree not to raise the objection that such court is not a convenient forum. Process and pleadings mailed to a party at the address provided in Section 11.3 shall be deemed properly served and accepted for all purposes.

11.8 Headings. The headings in this Agreement are inserted for convenience only and shall not constitute a part hereof.

11.9 Severability. If any part of this Agreement is contrary to, prohibited by, or deemed invalid under applicable Law or regulations, that provision shall not apply and shall be omitted to the extent so contrary, prohibited, or invalid; but the remainder of this Agreement shall not be invalidated and

shall be given full force and effect insofar as possible.

11.10 Expenses. Regardless of whether or not the transactions contemplated in this Agreement are consummated, each of the Parties shall bear its own expenses and the expenses of its counsel and other agents in connection with the transactions contemplated hereby.

11.11 Currency. The currency of this Agreement and all transactions under this Agreement shall be in United States Dollars.

[SIGNATURE PAGES FOLLOW]

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed on the day and year first written above.

**NATIONAL GENERAL MANAGEMENT CORP.**

By\_\_\_\_\_

Title\_\_\_\_\_

**CASTLEPOINT NATIONAL INSURANCE  
COMPANY, acting by and through California  
Insurance Commissioner Dave Jones, as Statutory  
Conservator**

By\_\_\_\_\_

Title\_\_\_\_\_

Exhibit E

Stop Loss Reinsurance Commutation Agreement

## COMMUTATION AND RELEASE AGREEMENT

This COMMUTATION AND RELEASE AGREEMENT (the “Agreement”) dated as of [●], 2016 is entered into by and between CASTLEPOINT REINSURANCE COMPANY, LTD., a Bermuda corporation (the “Company”), AMTRUST INTERNATIONAL INSURANCE, LTD., an insurance company organized under the laws of Bermuda (“AmTrust International”) and NATIONAL GENERAL RE, LTD., an insurance company organized under the laws of Bermuda (“National General Re” and together with AmTrust International, the “Reinsurers”).

WHEREAS, the Reinsurers have issued to the Company that certain Aggregate Stop Loss Reinsurance Contract (the “Stop Loss Reinsurance Contract”), effective September 15, 2014, pursuant to which the Reinsurers have agreed to indemnify the Company for certain losses incurred by the Company under that certain Loss Portfolio Transfer Agreement, dated as of September 15, 2014, between the Company, CastlePoint National and certain of its predecessor companies (the “Loss Portfolio Transfer Agreement”), in excess of an agreed retention amount (the “Reinsurers’ Liability”);

WHEREAS, AmTrust International and National General Re each assumed fifty percent (50%) of the Reinsurers’ Liability, pursuant to the Interests and Liabilities Contract by and between the Company and AmTrust International and the Interests and Liabilities Contract by and between the Company and National General Re, each effective September 15, 2014 and each attached to the Stop Loss Reinsurance Contract;

WHEREAS, as of the date hereof, the Company’s losses in respect of the Loss Portfolio Transfer Agreement have not yet exceeded the Company’s retention under the Stop Loss Reinsurance Agreement, and no amounts have been paid under the Stop Loss Reinsurance Agreement by any party thereto, and the Loss Portfolio Transfer Agreement is being commuted on the date hereof such that no amounts will be payable to the Company under the Stop Loss Reinsurance Agreement in the future;

WHEREAS, the California Insurance Commissioner has been appointed statutory conservator of CastlePoint National Insurance Company, an insurance company organized under the laws of California and an affiliate of the Company (“CastlePoint National”) pursuant to an order of the Superior Court for the City and County of San Francisco (the “Conservation Court”) entered on [●], 2016; and

WHEREAS, pursuant to the plan of conservation for CastlePoint National approved and authorized by the Conservation Court in its Order entered on [●], 2016 and the related Conservation Agreement among the Conservator and certain other parties dated July 28, 2016, the Company and the Reinsurers are entering into this Agreement to effect a full and final settlement, discharge and release of any and all of each of their respective liabilities, rights, duties and obligations under the Stop Loss Reinsurance

Contract, all on the terms hereinafter set forth and effective as of 12:01 a.m. Bermuda time on the date hereof (the “Effective Time”).

NOW, THEREFORE, the Company and the Reinsurers (each a “Party”, and collectively, the “Parties”) agree as follows:

## ARTICLE I COMMUTATION

Section 1.1 Commutation. The Stop Loss Reinsurance Contract is hereby terminated as of the Effective Time, provided that Article 14 of the Stop Loss Reinsurance Contract (Confidentiality) shall survive such termination. The Company hereby recaptures and assumes one hundred percent (100%) of the Reinsurers’ liabilities and obligations under the Stop Loss Reinsurance Contract to the extent unpaid as of the Effective Time.

## ARTICLE II RELEASES

Section 2.1 Company Release of the Reinsurers. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, as of the Effective Time, the Company hereby forever releases and discharges each of the Reinsurers, and its respective predecessors, successors, parents, assigns, officers, directors, agents, employees and representatives from any and all duties, rights, obligations, liabilities claims and demands of any kind, whether known or unknown, that the Company now has, owns, or holds, or at any time had, owned, or held, or may after the execution of this Agreement have, own, or hold against either of the Reinsurers, arising from, based upon, or in any way related to the Stop Loss Reinsurance Contract, it being the intention of the Parties that this release operate as a full and final settlement of each of the Reinsurers’ past, current and future liabilities to the Company under and in connection with the Stop Loss Reinsurance Contract.

Section 2.2 Reinsurer Release of the Company. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, as of the Effective Time, each of the Reinsurers hereby forever releases and discharges the Company, and its predecessors, successors, parents, assigns, officers, directors, agents, employees and representatives from any and all duties, rights, obligations, liabilities, claims and demands of any kind, whether known or unknown, that such Reinsurer now has, owns, or holds, or at any time had, owned, or held, or may after the execution of this Agreement have, own, or hold against the Company, arising from, based upon, or in any way related to the Stop Loss Reinsurance Contract, it being the intention of the Parties that release operate as a full and final settlement of the Company’s past, current and

future liabilities to each of the Reinsurers under and in connection with the Stop Loss Reinsurance Contract.

### ARTICLE III REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of Each Party. Each Party hereto represents and warrants to the other Parties that:

- (a) it is a company in good standing;
- (b) it is fully authorized to execute and deliver this Agreement;
- (c) this Agreement is enforceable against each of the Parties in accordance with its terms;
- (d) the person or persons executing this Agreement on its behalf has the power, legal capacity and it fully authorized to do so;
- (e) there are no pending conditions, agreements, transactions or negotiations to which it is a party or are likely to be made a party that would render this Agreement or any part thereof, void, voidable, or unenforceable;
- (f) it has obtained the consent of each person or entity, governmental or otherwise, whose authorization, consent, or approval is required to give effect to this Agreement; and
- (g) no claim or loss being paid or settled by this Agreement has been previously assigned, sold and/or transferred to any other entity.

### ARTICLE IV FURTHER ASSURANCES

Section 4.1 Further Assurances. The Company and the Reinsurers agree to execute promptly any and all supplemental agreements, releases, affidavits, waivers and all other documents of any nature or kind which any other Party may reasonable require in order to implement the provisions or objectives of this Agreement. This Section also includes the duty of the Company to continue to provide the Reinsurers with financial, claims and other pertinent information to support the Company's efforts to collect moneys owed to them from its retrocessionaires.



## ARTICLE V CONFIDENTIALITY

Section 5.1 Confidentiality. The Parties agree to keep the terms and conditions of this Agreement confidential and will not disclose (except as required by applicable law, regulation, or legal process) the existence and/or terms and conditions of this Agreement to third parties, provided that the Parties agree that their directors, officers, partners, members, employees, affiliates, retrocessionaires, brokers, agents, managing general agents or other representatives (including financial advisors, attorneys, accountants, actuaries) may be permitted to know the existence and the terms and conditions of this Agreement on a confidential, need to know basis in the course of normal business.

## ARTICLE VI MISCELLANEOUS

Section 6.1 Notices. All notices, requests, demands and other communications hereunder shall be given in writing and shall be: (a) personally delivered; (b) sent by telecopier, facsimile transmission or other electronic means of transmitting written documents; or (c) sent to the Parties at their respective addresses indicated herein by registered or certified U.S. mail, return receipt requested and postage prepaid, or by private overnight mail courier service. The respective addresses to be used for all such notices, demands or requests are as follows:

(a) If to the Company:

CastlePoint Reinsurance Company, Ltd.  
Washington Mall  
7 Reid Street  
Suite 404  
Hamilton HM11  
Bermuda  
Attention: CFO  
Tel: 441.444.4803

(b) If to AmTrust International:

AmTrust International Insurance, Ltd.  
Washington Mall  
7 Reid Street  
Suite 404  
Hamilton HM 11  
Bermuda

Attention: CFO  
Tel: 441.444.4803

(c) If to National General Re:

National General Re, Ltd.  
Washington Mall  
7 Reid Street  
Suite 404  
Hamilton HM 11  
Bermuda  
Attention: CFO  
Tel: 441.444.4803

or to such other address or to such other person as any Party may have last designated by notice to the other Parties.

If personally delivered, such communication shall be deemed delivered upon actual receipt; if electronically transmitted pursuant to this paragraph, such communication shall be deemed delivered the next business day after transmission (and sender shall bear the burden of proof of delivery); if sent by overnight courier pursuant to this paragraph, such communication shall be deemed delivered upon receipt; and if sent by U.S. mail pursuant to this paragraph, such communication shall be deemed delivered as of the date of delivery indicated on the receipt issued by the relevant postal service, or, if the addressee fails or refuses to accept delivery, as of the date of such failure or refusal. Any Party to this Agreement may change its address for the purposes of this Agreement by giving notice thereof in accordance with this Section.

Section 6.2 Entire Agreement. This Agreement contains the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersedes all other prior agreements, understandings, statements, representations and warranties, oral or written, express or implied, between the Parties and their respective affiliates, representatives and agents in respect of the subject matter hereof and thereof.

Section 6.3 Governing Law. This Agreement shall be governed as to performance, administration and interpretation by the laws of Bermuda. This Agreement shall be construed and interpreted according to the internal laws of Bermuda excluding any choice of law rules that may direct the application of the laws of another jurisdiction. The Parties hereby stipulate that any action or other legal proceeding arising under or in connection with this Agreement may be commenced and prosecuted in its entirety in Bermuda, each Party hereby submitting to the personal jurisdiction thereof, and the Parties agree not to raise the objection that such courts are not a convenient forum.

Section 6.4 Successors and Assigns. This Agreement shall be binding upon and shall inure solely to the benefit of the Parties hereto and their respective successors, assigns, receivers, liquidators, rehabilitators, conservators and supervisors, it not being the intent of the Parties to create any third party beneficiaries, except as specifically provided in **Error! Reference source not found.**, provided, this Agreement and the obligations of the Parties shall not be assigned by any Party hereto without the prior written consent of the other Parties.

Section 6.5 Amendments. This Agreement may not be changed, altered or modified unless the same shall be in writing executed by the Company and each Reinsurer.

Section 6.6 No Waiver; Preservation of Remedies. No consent or waiver, express or implied, by any Party to or of any breach or default by any other Party in the performance by such other Party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such other Party hereunder. Failure on the part of any Party to complain of any act or failure to act of any other Party or to declare any other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first Party of any of its rights hereunder. The rights and remedies provided are cumulative and are not exclusive of any rights or remedies that any Party may otherwise have at law or equity.

Section 6.7 Negotiated Agreement. This Agreement has been negotiated by the Parties and the fact that the initial and final draft will have been prepared by any Party or an intermediary will not give rise to any presumption for or against any Party to this Agreement or be used in any respect or forum in the construction or interpretation of this Agreement or any of its provisions.

Section 6.8 Expenses. All expenses incurred in connection with this Agreement, including fees and disbursements of legal, actuarial, accounting and other advisors incurred before the Effective Time, shall be paid by the Party incurring such expenses.

Section 6.9 Interpretation. Wherever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.”

Section 6.10 Incontestability. In consideration of the mutual covenants and agreements contained herein, each Party hereto does hereby agree that this Agreement, and each and every provision hereof, is and shall be enforceable by and between them according to its terms, and each Party does hereby agree that it shall not, directly or indirectly, contest the validity or enforceability hereof.

Section 6.11 Severability. If any provision of this Agreement is held to be void or unenforceable, in whole or in part, (i) such holding shall not affect the validity and enforceability of the remainder of this Agreement, including any other provision, paragraph or subparagraph, and (ii) the Parties agree to attempt in good faith to reform such void or unenforceable provision to the extent necessary to render such provision enforceable and to carry out its original intent.

Section 6.12 Headings. Headings used herein are not a part of this Agreement and shall not affect the terms hereof.

Section 6.13 Execution in Counterpart. This Agreement may be executed by the Parties hereto in any number of counterparts, and by each of the Parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives.

CASTLEPOINT REINSURANCE COMPANY, LTD.

By \_\_\_\_\_  
Name:  
Title:

AMTRUST INTERNATIONAL INSURANCE, LTD.

By \_\_\_\_\_  
Name:  
Title:

NATIONAL GENERAL RE, LTD.

By \_\_\_\_\_  
Name:  
Title:

Exhibit F

Stop Loss Retrocession Commutation Agreement

## COMMUTATION AND RELEASE AGREEMENT

This COMMUTATION AND RELEASE AGREEMENT (the “Agreement”) dated as of [●], 2016 is entered into by and between AMTRUST INTERNATIONAL INSURANCE, LTD., an insurance company organized under the laws of Bermuda (“AmTrust International”) and NATIONAL GENERAL RE, LTD., an insurance company organized under the laws of Bermuda (“National General Re” and together with AmTrust International, the “Retrocedents”) and ACP RE, LTD., a Bermuda corporation (the “Retrocessionaire”).

WHEREAS, the Retrocessionaire has issued to the Retrocedents that certain Aggregate Stop Loss Retrocession Contract (the “Stop Loss Retrocession Contract”), effective September 15, 2014, pursuant to which the Retrocessionaire has agreed to indemnify the Retrocedents for one hundred percent (100%) of the amount, if any, that the Retrocedents are required to pay under the Aggregate Stop Loss Reinsurance Contract, dated September 15, 2014 by and between CastlePoint Reinsurance Company Ltd. (“CastlePoint Re”), a Bermuda corporation, and the Retrocedents (the “Stop Loss Reinsurance Contract”);

WHEREAS, as of the date hereof, the Retrocedents have not yet been required to pay any amounts under the Stop Loss Reinsurance Contract and, as a result, the Stop Loss Retrocession Contract has not yet attached and no premiums have been paid thereunder, and the Stop Loss Reinsurance Contract is being commuted on the date hereof such that no amounts will be payable to the Retrocedents under the Stop Loss Retrocession Contract in the future;

WHEREAS, the California Insurance Commissioner has been appointed statutory conservator of CastlePoint National Insurance Company, an insurance company organized under the laws of California and an affiliate of CastlePoint Re (“CastlePoint National”) pursuant to an order of the Superior Court for the City and County of San Francisco (the “Conservation Court”) entered on [●], 2016; and

WHEREAS, pursuant to the plan of conservation for CastlePoint National approved and authorized by the Conservation Court in its Order entered on [●], 2016 and the related Conservation Agreement among the Conservator and certain other parties dated July 28, 2016, (i) CastlePoint Re and the Retrocedents are entering into a Commutation and Release Agreement pursuant to which the Stop Loss Reinsurance Contract is being commuted as of 12:01 a.m. Bermuda time on the date hereof (the “Effective Time”), and (ii) the Retrocedents and the Retrocessionaire are entering into this Agreement to effect a full and final settlement, discharge and release of any and all of each of their respective liabilities, rights, duties and obligations under the Stop Loss Retrocession Contract, all on the terms hereinafter set forth and effective as of the Effective time.

NOW, THEREFORE, the Retrocedents and the Retrocessionaire (each a “Party”, and collectively, the “Parties”) agree as follows:

## ARTICLE I COMMUTATION

Section 1.1 Commutation. The Stop Loss Retrocession Contract is hereby terminated as of the Effective Time, provided that Article 13 of the Stop Loss Retrocession Contract (Confidentiality) shall survive such termination. The Retrocedents hereby recapture and assume one hundred percent (100%) of the Retrocessionaire’s liabilities and obligations under the Stop Loss Retrocession Contract to the extent unpaid as of the Effective Time.

## ARTICLE II RELEASES

Section 2.1 Retrocedents’ Release of the Retrocessionaire. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, as of the Effective Time, each of the Retrocedents hereby forever releases and discharges the Retrocessionaire, and its predecessors, successors, parents, assigns, officers, directors, agents, employees and representatives. from any and all duties, rights, obligations, liabilities, claims and demands of any kind, whether known or unknown, that such Retrocedent now has, owns, or holds, or at any time had, owned, or held, or may after the execution of this Agreement have, own, or hold against the Retrocessionaire, arising from, based upon, or in any way related to the Stop Loss Retrocession Contract, it being the intention of the Parties that this release operate as a full and final settlement of the Retrocessionaire’s past, current and future liabilities to each Retrocedent under and in connection with the Stop Loss Retrocession Contract.

Section 2.2 Retrocessionaires Release of the Retrocedents. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, as of the Effective Time, the Retrocessionaire hereby forever releases and discharges each of the Retrocedents, and its respective predecessors, successors, parents, assigns, officers, directors, agents, employees and representatives. from any and all duties, rights, obligations, liabilities, claims and demands of any kind, whether known or unknown, that the Retrocessionaire now has, owns, or holds, or at any time had, owned, or held, or may after the execution of this Agreement have, own, or hold against either of the Retrocedents, arising from, based upon, or in any way related to the Stop Loss Retrocession Contract, it being the intention of the Parties that this release operate as a full and final settlement of each of the Retrocedents’ past, current and future liabilities to the Retrocessionaire under and in connection with the Stop Loss Retrocession Contract.



### ARTICLE III REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of Each Party. Each Party hereto represents and warrants to the other Parties that:

- (a) It is a company in good standing;
- (b) it is fully authorized to execute and deliver this Agreement;
- (c) this Agreement is enforceable against each of the Parties in accordance with its terms;
- (d) the person or persons executing this Agreement on its behalf has the power, legal capacity and it fully authorized to do so;
- (e) there are no pending conditions, agreements, transactions or negotiations to which it is a party or are likely to be made a party that would render this Agreement or any part thereof, void, voidable, or unenforceable;
- (f) it has obtained the consent of each person or entity, governmental or otherwise, whose authorization, consent, or approval is required to give effect to this Agreement; and
- (g) no claim or loss being paid or settled by this Agreement has been previously assigned, sold and/or transferred to any other entity.

### ARTICLE IV FURTHER ASSURANCES

Section 4.1 Further Assurances. The Retrocedents and the Retrocessionaire agree to execute promptly any and all supplemental agreements, releases, affidavits, waivers and all other documents of any nature or kind which any other Party may reasonable require in order to implement the provisions or objectives of this Agreement.

### ARTICLE V CONFIDENTIALITY

Section 5.1 Confidentiality. The Parties agree to keep the terms and conditions of this Agreement confidential and will not disclose (except as required by applicable law, regulation, or legal process) the existence and/or terms and conditions of this Agreement to third parties, provided that the Parties agree that their directors, officers, partners, members, employees, affiliates, retrocessionaires, brokers, agents, managing general agents or other representatives (including financial advisors, attorneys,

accountants, actuaries) may be permitted to know the existence and the terms and conditions of this Agreement on a confidential, need to know basis in the course of normal business.

## ARTICLE VI MISCELLANEOUS

Section 6.1 Notices. All notices, requests, demands and other communications hereunder shall be given in writing and shall be: (a) personally delivered; (b) sent by telecopier, facsimile transmission or other electronic means of transmitting written documents; or (c) sent to the Parties at their respective addresses indicated herein by registered or certified U.S. mail, return receipt requested and postage prepaid, or by private overnight mail courier service. The respective addresses to be used for all such notices, demands or requests are as follows:

(a) If to AmTrust International:

AmTrust International Insurance, Ltd.  
Washington Mall  
7 Reid Street  
Suite 404  
Hamilton HM 11  
Bermuda  
Attention: CFO  
Tel: 441.444.4803

(b) If to National General Re:

National General Re, Ltd.  
Washington Mall  
7 Reid Street  
Suite 404  
Hamilton HM 11  
Bermuda  
Attention: CFO  
Tel: 441.444.4803

(c) If to the Retrocessionaire:

ACP Re, Ltd.  
Purvis House  
29 Victoria Street  
Hamilton, HM10  
Bermuda

Attention: Daron Skipper

Tel: [●]

or to such other address or to such other person as any Party may have last designated by notice to the other Parties.

If personally delivered, such communication shall be deemed delivered upon actual receipt; if electronically transmitted pursuant to this paragraph, such communication shall be deemed delivered the next business day after transmission (and sender shall bear the burden of proof of delivery); if sent by overnight courier pursuant to this paragraph, such communication shall be deemed delivered upon receipt; and if sent by U.S. mail pursuant to this paragraph, such communication shall be deemed delivered as of the date of delivery indicated on the receipt issued by the relevant postal service, or, if the addressee fails or refuses to accept delivery, as of the date of such failure or refusal. Any Party to this Agreement may change its address for the purposes of this Agreement by giving notice thereof in accordance with this Section.

Section 6.2 Entire Agreement. This Agreement contains the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersedes all other prior agreements, understandings, statements, representations and warranties, oral or written, express or implied, between the Parties and their respective affiliates, representatives and agents in respect of the subject matter hereof and thereof.

Section 6.3 Governing Law. This Agreement shall be governed as to performance, administration and interpretation by the laws of Bermuda. This Agreement shall be construed and interpreted according to the internal laws of Bermuda excluding any choice of law rules that may direct the application of the laws of another jurisdiction. The Parties hereby stipulate that any action or other legal proceeding arising under or in connection with this Agreement may be commenced and prosecuted in its entirety in Bermuda, each Party hereby submitting to the personal jurisdiction thereof, and the Parties agree not to raise the objection that such courts are not a convenient forum.

Section 6.4 Successors and Assigns. This Agreement shall be binding upon and shall inure solely to the benefit of the Parties hereto and their respective successors, assigns, receivers, liquidators, rehabilitators, conservators and supervisors, it not being the intent of the Parties to create any third party beneficiaries, except as specifically provided in **Error! Reference source not found.**, provided, this Agreement and the obligations of the Parties shall not be assigned by any Party hereto without the prior written consent of the other Parties.

Section 6.5 Amendments. This Agreement may not be changed, altered or modified unless the same shall be in writing executed by each Retrocedent and the Retrocessionaire.

Section 6.6 No Waiver; Preservation of Remedies. No consent or waiver, express or implied, by any Party to or of any breach or default by any other Party in the performance by such other Party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such other Party hereunder. Failure on the part of any Party to complain of any act or failure to act of any other Party or to declare any other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first Party of any of its rights hereunder. The rights and remedies provided are cumulative and are not exclusive of any rights or remedies that any Party may otherwise have at law or equity.

Section 6.7 Negotiated Agreement. This Agreement has been negotiated by the Parties and the fact that the initial and final draft will have been prepared by any Party or an intermediary will not give rise to any presumption for or against any Party to this Agreement or be used in any respect or forum in the construction or interpretation of this Agreement or any of its provisions.

Section 6.8 Expenses. All expenses incurred in connection with this Agreement, including fees and disbursements of legal, actuarial, accounting and other advisors incurred before the Effective Time, shall be paid by the Party incurring such expenses.

Section 6.9 Interpretation. Wherever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.”

Section 6.10 Incontestability. In consideration of the mutual covenants and agreements contained herein, each Party hereto does hereby agree that this Agreement, and each and every provision hereof, is and shall be enforceable by and between them according to its terms, and each Party does hereby agree that it shall not, directly or indirectly, contest the validity or enforceability hereof.

Section 6.11 Severability. If any provision of this Agreement is held to be void or unenforceable, in whole or in part, (i) such holding shall not affect the validity and enforceability of the remainder of this Agreement, including any other provision, paragraph or subparagraph, and (ii) the Parties agree to attempt in good faith to reform such void or unenforceable provision to the extent necessary to render such provision enforceable and to carry out its original intent.

Section 6.12 Headings. Headings used herein are not a part of this Agreement and shall not affect the terms hereof.

Section 6.13 Execution in Counterpart. This Agreement may be executed by the Parties hereto in any number of counterparts, and by each of the Parties hereto in separate

counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives.

AMTRUST INTERNATIONAL INSURANCE, LTD.

By \_\_\_\_\_  
Name:  
Title:

NATIONAL GENERAL RE, LTD.

By \_\_\_\_\_  
Name:  
Title:

ACP RE, LTD.

By \_\_\_\_\_  
Name:  
Title:

Exhibit G

Closing Date Reduction Amount Computation

## NatGen Cash Settlement Details

Premium Inception to Date Activity as of April 30 2016

### Written Premium:

Gross Premium Written All Years	726,000,101	
Less: 3rd Party Reinsurance	(165,644,351)	
Less: Approved Write Offs	(468,968)	
Less: Uncollected Premium (i.e A/R)	10,749,967	
Net Premium Payable prior to commission		549,136,815
Less: Ceding Commission		114,986,840
Less: Losses from FAIR Plan		-
Net Premium Due NatGen All Years and All Programs		434,149,975

### Cash Settlements:

Initial Premium Deposit for UPR	(97,289,453)	
Daily Estimated Payments through 01.09.2015	(181,626,999)	
Premium True up Payments	(149,177,429)	
Total Cash for Premium Held By NatGen		(428,093,881)
Total Balance Due to NatGen/(Tower) for Premium Collections		6,056,094

Claims Paid By Tower on CTE/QS Policies before EPIC Claims Conversion	121,832,834	
Cash Paid by NatGen for Claims	121,832,834	
Total Balance Due to NatGen/(Tower) for Claims Paid		-
Total Balance Due to NatGen/(Tower) for Premium and Claims Activity		6,056,094

### Expense Allocations:

Expense Expenses incurred by Tower and Allocated to NatGen	(14,451,739)	
Expense Expenses Incurred by NatGen and Allocated to Tower	83,623,233	
Total Balance Due to NatGen/(Tower) for Expense Allocations		69,171,494
Cash Paid by NatGen/(Tower) for Expense Allocations		(58,419,489)
Total Balance Due to NatGen/(Tower) for Premium and Claims Activity		16,808,098

<b>Net Settlement Due to NatGen/(Tower)</b>	<b>16,808,098</b>
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May Estimate for AP Expenses incurred by AmTrust and Allocated to Tower	12,000,000
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<b>Total Projected due to AmTrust through May</b>	<b>28,808,098</b>
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## AmTrust Cash Settlement Details

Premium Inception to Date Activity as of April 30 2016

### Written Premium:

Gross Premium Written for Amtrust All Years	579,640,147	
Less: 3rd Party Reinsurance	(75,633,600)	
Plus: FAIR Plan	9,383,622	
Plus: WC Constant	(5,001,209)	
Less: Uncollected Premium (i.e A/R)	7,353,067	
Net Premium Payable prior to commission		501,035,892
Less: Ceding Commission		(109,632,683)
Less: Losses from FAIR Plan		(3,733,230)
Less: Commission due on MGA Premium both Tower & AmTrust systems		(2,700,658)
Net Premium Due AmTrust All Years and All Programs		384,969,322

### Cash Settlements:

Initial Premium Deposit for UPR	(79,388,551)	
Daily Estimated Payments to AmTrust 2.14.14 to 9.22.14	(158,639,000)	
Premium True up Payments	(202,305,495)	
Total Cash for Premium Held By AmTrust		(440,333,046)
Total Balance Due to AmTrust/(Tower) for Premium Collections		(55,363,724)
Claims Paid By Tower on CTE/QS Policies before ANA Claims Conversion	(57,932,180)	
Claims Paid by Tower for Pinnacle Claims through 6.19.15	(1,611,447)	
Cash Paid by AmTrust for Claims	107,399,833	
Total Balance Due to AmTrust/(Tower) for Claims Paid		47,856,207
Total Balance Due to AmTrust/(Tower) for Premium and Claims Activity		(7,507,517)

### AP Allocations:

AP Expenses incurred by Tower and Allocated to AmTrust	(15,626,108)	
AP Expenses Incurred by AmTrust and Allocated to Tower	39,339,990	
Total Balance Due to AmTrust/(Tower) for AP Allocations		23,713,882
Total Balance Due to AmTrust/(Tower) for Premium and Claims Activity		16,206,365

ITD Salvage & Subrogation on non-CTE claims in ANA collected by AmTrust and Due to AmTrust/(Tower)	(16,158,100)
3rd Party Inuring Reinsurance Claims Recoveries collected by Tower (net of Bruno and Pre-ANA)	11,014,133

<b>Net Settlement Due to AmTrust/(Tower)</b>	<b>11,062,398</b>
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May Estimate for AP Expenses incurred by AmTrust and Allocated to Tower	3,000,000
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<b>Total Projected due to AmTrust through May</b>	<b>14,062,398</b>
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