

# EXHIBIT D

## PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is made and entered into as of the 22<sup>nd</sup> day of January, 2013 ("Effective Date"), by and between California General Insurance Services, LLC, a California limited liability company ("Purchaser"), and Dave Jones, California Insurance Commissioner, in his capacity as conservator ("Conservator") of Majestic Insurance Company, in conservation, a California domiciled property and casualty insurance company ("Company").

### RECITALS

A. On April 21, 2011, the Superior Court of California, San Francisco County ("Conservation Court"), issued an Order Appointing Insurance Commissioner as Conservator of the Company ("Conservation Order") in that case known as Insurance Commissioner of the State of California v. Majestic Insurance Company, Case No. CPF-11-511261, placing the Company into conservation;

B. In accordance with California law, the Conservation Order appointed the Insurance Commissioner of the State of California ("Commissioner") as conservator of the Company;

C. On April 21, 2011, the Commissioner, acting solely in his capacity as the statutory conservator of the Company entered into a Rehabilitation Agreement (the "Rehabilitation Agreement") with AmTrust North America, Inc., a Delaware corporation ("AmTrust");

D. Pursuant to the Rehabilitation Agreement, AmTrust agreed to (1) purchase or cause to be purchased certain of the operating assets of the Company, on the terms and subject to the conditions in the Renewal Rights Agreement; (2) designate either Security National Insurance Company or Technology Insurance Company, Inc. as reinsurer and cause the reinsurer to enter into certain Reinsurance Agreements with the Company; (3) enter into an Administrative Services Agreement with the Company; and (4) enter into certain ancillary agreements (jointly referred to herein as the "Rehabilitation Plan").

E. Purchaser desires to acquire ownership of Company's Corporate Shell, charter documents including the Articles of Incorporation and Bylaws of Company, and Company's certificates of authority to transact multiple lines of property and casualty insurance in California and certain other non-domiciliary states ("Certificates of Authority"), and certain pledged assets in the aggregate amount of approximately Three Million Eight Hundred Seventy Thousand Dollars (\$3,870,000), which assets are deposited with and pledged to the issuers of the Certificates of Authority (the "Pledged Surplus") of the Company by proceeding pursuant to California Insurance Code §1017(b) to purchase the Company's Corporate Shell, corporate charter documents including the Articles of Incorporation and Bylaws of Company, the Certificates of Authority, and the Pledged Surplus from the Conservator in each case, except as otherwise provided herein, free and clear of any known or unknown liabilities, Liens, claims, or other encumbrances.

F. At the Closing, the Conservator shall cancel all the issued and outstanding stock of the Company and shall issue and deliver to Purchaser or its designee a new stock certificate or certificates for the Corporate Shell (the “Shares”) representing the outstanding capital stock of the Company;

G. Conservator desires to sell, convey and transfer to Purchaser, and Purchaser desires to purchase and accept from Conservator, the Company’s (i) Corporate Shell, (ii) charter documents including the Articles of Incorporation and Bylaws of Company, (iii) the Certificates of Authority, (iv) the Pledged Surplus and (v) the Shares ((i), (ii), (iii), (iv) and (v) are referred to herein collectively as the “Corporate Assets”);

H. To consummate the transactions contemplated by this Agreement, Purchaser shall obtain certain regulatory approvals of its proposal, including but not limited to, the prior approval of the Commissioner pursuant to California Insurance Code §1215.2 and the regulations promulgated pursuant thereto (the “Form A”).

I. The Conservator shall seek an order from the Conservation Court (i) authorizing the Conservator to cancel the issued and outstanding shares of the Company; (ii) authorizing Conservator to sell and transfer the Corporate Assets to Purchaser; (iii) providing that the Corporate Assets shall be transferred to Purchaser free and clear of all known and unknown liens, security interests, claims, debts, demands, or liabilities (including without limitation contingent liabilities) of Company or the prior owners of the issued and outstanding shares of the Company; (iv) releasing the Corporate Assets from any and all claims, demands, actions or causes of action asserted by any policyholder, contract holder, creditor, claimant (including holders of contingent claims) or stockholder of Company, or by any other Person, entity, or representative of the foregoing; (v) releasing Purchaser from any and all claims, demands, actions or causes of action of any policyholder, contract holder, creditor, claimant (including holders of contingent claims) or stockholders of Company, or any other Person, entity or representative, arising out of or relating to this Agreement or the acquisition of the Corporate Assets; (vi) permanently enjoining all Persons, entities or representatives from asserting against the Corporate Shell, the Corporate Assets, or Purchaser any such claim, demand, action or cause of action; and (vii) retaining exclusive jurisdiction in the Conservation Court to resolve any and all claims, demands, actions, or causes of action against Purchaser that arise from or relate to this Agreement or to any pre-Closing liability, claim or demand against Company (the “Court Order”).

J. It is the intent of the parties hereto that if the transactions contemplated by this Agreement are approved and implemented, the ownership and control of the Corporate Assets shall transfer to Purchaser at Closing, and all pre-Closing Company liabilities and all Company assets other than the Corporate Assets shall be retained in the Conservation Trust created pursuant to the Rehabilitation Plan, under the continuing jurisdiction of the Conservator.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

## **ARTICLE I DEFINITIONS**

1.1 Definitions. As used in this Agreement, the following terms have the meanings set forth below.

“Admitted Assets” means assets which California domestic insurers are authorized to acquire and hold pursuant to the California Insurance Code and the economic value of which is recognized pursuant to SAP in the respective Statutory Financial Statements.

“Agreement” shall have the meaning set forth in the Preamble.

“AmTrust” shall have the meaning set forth in the Recitals.

“Business Day” means any day other than a Saturday, Sunday, a day on which banking institutions in the State of California are permitted or obligated by law to be closed or a day on which the New York Stock Exchange is closed for trading.

“Cash Equivalents” means United States Treasury obligations or senior corporate debt obligations issued by entities rated “AAA” or its equivalent by one or more nationally recognized rating organizations, in each case having a remaining duration to maturity of less than six (6) months.

“CDI” shall mean the California Department of Insurance.

“Certificates of Authority” shall have the meaning set forth in the Recitals.

“Claim” shall have the meaning set forth in Section 10.4.

“Closing” shall have the meaning set forth in Section 3.1.

“Closing Date” shall have the meaning set forth in Section 3.1.

“Commissioner” shall have the meaning set forth in the Recitals.

“Company” shall have the meaning set forth in the Preamble.

“Conservator” shall have the meaning set forth in the Preamble.

“Conservator Indemnitees” shall have the meaning set forth in Section 10.2.

“Conservation Court” shall have the meaning set forth in the Recitals.

“Conservation Date” shall mean April 21, 2011.

“Conservation Order” shall have the meaning set forth in the Recitals.

“Conservation Trust” shall mean the trust created by order of the Conservation Court pursuant to the Conservation Trust Agreement to be entered into by the Conservator pursuant to the Rehabilitation Plan to hold the Company’s residual assets and liabilities that are not

transferred or assigned to the Purchaser or AmTrust, and thereby legally and irrevocably sever such liabilities and assets from the Corporate Shell.

“Corporate Assets” shall have the meaning set forth in the Recitals.

“Corporate Shell” shall mean the corporate entity organized under the laws of the State of California currently named “Majestic Insurance Company” and shall not include the conservation estate or any pre-Closing liabilities of the Company.

“Court Order” shall have the meaning set forth in the Recitals.

“Deposit” shall have the meaning set forth in Section 2.2(b).

“Effective Date” shall have the meaning set forth in the Preamble.

“Form A” shall have the meaning set forth in the Recitals.

“Governmental Authority” shall mean any foreign, domestic, federal, territorial, state, or local governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, commissioner, tribunal or organization, or any regulatory body.

“Indemnified Party” shall have the meaning set forth in Section 10.3.

“Lien” shall mean any lien, pledge, mortgage, security interest, claim, charge, lease, easement, option, right of first refusal or other limitation on transfer, or other encumbrance or restrictions.

“Loss” shall mean, with respect to any Person, all claims, losses, liabilities, damages, deficiencies, obligations, costs or expenses, penalties and reasonable attorneys’ fees and disbursements incurred by such Person.

“Material Adverse Effect” shall mean any effect occurring on or after the Effective Date and prior to the Closing Date that, individually or in the aggregate with all such other effects, is materially adverse to the business, assets, operations or condition (financial or otherwise) of the affected party, or any adverse effect on the ability of the affected party to consummate the Closing following the Effective Date of this Agreement, provided that any adverse change or effect to the extent that is generally applicable to (A) the United States economy or securities markets in general; (B) the announcement of this Agreement or the transactions contemplated hereby; (C) the industries or markets in which the Company or any of the parties operates shall not in and of itself be deemed a Material Adverse Effect.

“Offsetting Tax Benefit” shall have the meaning set forth in Section 10.5.

“Optional Termination Date” shall have the meaning set forth in Section 11.1(d).

“Person” shall mean an individual, a partnership, a corporation, limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

“Rehabilitation Plan” shall have the meaning set forth in the Recitals.

“Pledged Surplus” shall have the meaning set forth in the Recitals.

“Purchase Price” shall have the meaning set forth in Section 2.2(a).

“Purchaser” shall have the meaning set forth in the Preamble.

“Purchaser Indemnities” shall have the meaning set forth in Section 10.1.

“Recovered Assets” shall have the meaning set forth in Section 2.1.

“Rehabilitation Agreement” shall have the meaning set forth in the Recitals.

“SAP” shall mean statutory accounting principles prescribed or permitted by the National Association of Insurance Commissioners and with respect to the Company, the California Department of Insurance.

“Shares” shall have the meaning set forth in the Recitals.

“Statutory Capital and Surplus” shall mean the sum of the Company’s common capital stock, gross paid-in and contributed surplus and unassigned funds (surplus), all as calculated according to SAP.

“Statutory Deposit” shall have the meaning set forth in Section 4.18.

“Statutory Financial Statements” shall have the meaning set forth in Section 4.8.

“Tax” or “Taxes” shall mean all federal, state, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto.

“Tax Returns” shall mean any report, return, statement, or other written information required to be supplied to a taxing authority in connection with Taxes.

“Transaction Consideration” shall have the meaning set forth in Section 2.2(a).

## **ARTICLE II PURCHASE AND SALE**

2.1 Purchase and Sale of the Corporate Assets. On the Closing Date (as defined in Section 3.1), subject to the terms and conditions of this Agreement, Conservator shall sell, assign, convey, transfer, and deliver the Corporate Assets to Purchaser, and Purchaser shall purchase and accept the Corporate Assets from Conservator for the consideration specified in Section 2.2, free and clear of any and all known and unknown Liens, security interests, encumbrances, claims, debts, demands, and liabilities including but not limited to, contingent liabilities, except for the Liens of the issuers of the Certificates of Authority relating to the

Pledged Surplus. Notwithstanding anything in this Agreement to the contrary, Purchaser is not acquiring any right, title or interest in or to, and the term “Corporate Assets” shall not include, any assets of the Company which the Commissioner has recovered or may recover in his capacity as Conservator of the Company and which assets would be distributable to the shareholders of a conserved insurance company (the “Recovered Assets”); the parties hereto agree that all such Recovered Assets (if any) shall be distributed solely to the Conservation Trust created pursuant the Conservator’s authority under the Rehabilitation Plan and the Conservation Trust Agreement to hold and administer the existing liabilities and certain defined assets of the Company.

## 2.2 Purchase Price.

(a) On the Closing Date, Purchaser shall pay to Conservator, and Conservator shall accept from Purchaser as consideration for the Corporate Assets, an amount equal to the sum of value of the Pledged Surplus plus Five Hundred Thousand Dollars (\$500,000) (the \$500,000 portion of the Purchase Price is referred to herein as the “Transaction Consideration” and together with the value of the Pledged Surplus, the “Purchase Price”). At the Closing, Purchaser shall deliver to the Conservator the Purchase Price by wire transfer of immediately available funds, to such account and according to such instructions as the Conservator may designate prior to the Closing.

(b) Purchaser previously delivered to the Conservator a deposit of fifty thousand dollars (\$50,000) (the “Deposit”). In the event the Closing shall occur, the Deposit shall be applied first to the payment of the Conservator’s expenses, and any remaining balance of the Deposit shall be promptly returned to the Purchaser but in no event later than thirty (30) days after the Closing Date. In the event the Closing shall not occur, the Deposit shall be applied first to the payment of the Conservator’s expenses incurred in connection with the transactions contemplated by this Agreement through and including the effective date of the termination of this Agreement, and any balance remaining shall be promptly returned to the Purchaser.

2.3 Transaction Expenses of Conservator. Purchaser shall pay the reasonable direct expenses incurred by the Conservator in connection with the preparation of the letter of intent for the purchase and sale, the preparation of the definitive agreements, including but not limited to, this Agreement, and in seeking the approval of the transactions contemplated by this Agreement from the Conservation Court, provided, however, that the Purchaser shall not be required to reimburse the Conservator for any such direct expenses in excess of fifty thousand dollars (\$50,000). Purchaser shall pay its own expenses incident to the negotiation, preparation and execution of this Agreement and the consummation of the transactions contemplated herein, including without limitation, all legal fees and disbursements.

2.4 Capital Contribution to Company by Purchaser. In the event the Closing shall occur, the Purchaser shall contribute to the Corporate Shell immediately upon Closing admitted assets, cash or Cash Equivalents in an amount sufficient to increase the Statutory Capital and Surplus of the Corporate Shell to an amount no less than \$5,400,000, or such other amount reasonably required by the California Department of Insurance (“CDI”) as a condition for its approval of the Form A, not to exceed \$3,200,000, or such greater amount as the Purchaser may approve.

### **ARTICLE III CLOSING**

3.1 Closing. Subject to the satisfaction or waiver of the conditions precedent provided herein, consummation of the purchase and sale of the Corporate Assets (the “Closing”) shall take place on the first Monday immediately following the satisfaction or waiver of all conditions precedent set forth in Articles VI and VII of this Agreement, at the offices of SNR Denton, US LLP at 525 Market Street, San Francisco, California 94105 or such other date or location as Purchaser and Conservator shall mutually agree in writing (the “Closing Date”). The Closing shall be effective as of 12:01 a.m. California time on the Closing Date.

### **ARTICLE IV REPRESENTATIONS AND WARRANTIES BY CONSERVATOR**

To induce Purchaser to enter into this Agreement and to cause the transactions contemplated by this Agreement to be consummated on the Closing Date, Conservator represents and warrants to Purchaser as follows:

4.1 Authority for Agreement. Subject to receipt of the Court Order, Conservator has full power and authority to execute, deliver and perform its obligations under this Agreement. Upon issuance of the Court Order, this Agreement, when executed and delivered by Conservator and Purchaser, shall constitute the legal, valid, and binding obligation of Conservator, enforceable by Purchaser in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting rights of creditors or by general principles of equity regardless of whether enforcement is sought in a proceeding at law or equity.

4.2 Organization of Company. Except for the Conservation Order, Company is a corporation duly organized and validly existing under the laws of the State of California.

4.3 Officers and Directors. As of the Effective Date, the Corporate Shell has no officers or directors.

4.4 Certificates of Authority of Company. Company holds a valid Certificate of Authority issued by the CDI to transact the classes of Fire, Surety, Plate Glass, Liability, Workers’ Compensation, Boiler and Machinery and Burglary insurance in the State of California, as those classes of insurance are defined by the California Insurance Code. Schedule 4.4 contains a complete list of each Certificate of Authority held by the Company indicating the jurisdiction and lines of business the Company is authorized to transact in each such state. Except as set forth on Schedule 4.4, as of the Effective Date, each of the Certificates of Authority of Company is either suspended or not in good standing.

4.5 Subsidiaries of Company. Company has no subsidiaries.

4.6 Authorized Capital Stock of Company. The total authorized capital stock of Company consists of 50,000 shares of common stock, \$75 par value per share. As of the Effective Date, 40,000 shares of Company common stock are validly issued, fully paid and non-assessable and such shares of common stock constitute all of the issued and outstanding capital stock of Company. Except for this Agreement, to the knowledge of Conservator, there are no



outstanding options, warrants, or rights (including conversion or preemptive rights) for the purchase or acquisition from Company of any of its securities.

4.7 Articles of Incorporation and Bylaws. The Articles of Incorporation and Bylaws of Company attached hereto as Schedule 4.7, are complete, true, and correct copies of the Articles of Incorporation and the Bylaws of Company and all amendments and supplements thereto as of the Effective Date.

4.8 Financial Statements. Conservator has provided Purchaser true and complete copies of Company's audited SAP statutory financial statements as of and for the year ended December 31, 2011 and the unaudited SAP statutory financial statement as of and for the quarter ended June 30, 2012 (together with the notes relating thereto, whether or not included therein) as filed with or submitted to the CDI on forms prescribed or permitted by the CDI (collectively, the "Statutory Financial Statements"). Each Statutory Financial Statement complied in all material respects with all applicable laws, statutes, rules and regulations when so filed, and all material deficiencies with respect to any such Statutory Financial Statement have been cured or corrected. Each such Statutory Financial Statement, including without limitation, each balance sheet and each of the statements of operations, capital and surplus account and cash flow contained therein was prepared in accordance with SAP applied on a basis and in a manner consistent with prior periods except as disclosed in the notes thereto, and fairly represents the financial condition of the Company as of the respective date thereof. Conservator shall provide Purchaser with a copy of the Statutory Financial Statement of Company as of and for the year ended December 31, 2012 promptly upon the filing of such quarterly statement with the CDI.

4.9 No Undisclosed Liabilities. Except to the extent specifically set forth in the Statutory Financial Statements (or in the notes relating thereto), there were and are no liabilities, indebtedness or obligations of any nature against, relating to, or affecting the Company or the Corporate Assets as of the respective dates of such Statutory Financial Statements.

4.10 Assets of Company. Since April 21, 2011, pursuant to the Conservation Order, Conservator has been in control of all the assets of Company including its books, records and property, both real and personal, including but not limited to, the Corporate Assets, wherever situated. Company has good and marketable title to all of the Corporate Assets, free and clear of any Lien, encumbrance, restriction, claim, charge, or defect of title, except, for the avoidance of doubt, the Liens of the issuers of the Certificates of Authority relating to the Pledged Surplus. As of the Closing Date, the Corporate Shell shall have no assets or property, real or personal, except the Pledged Surplus.

4.11 Pending Suits and Proceedings. To the Conservator's knowledge, except as set forth in Schedule 4.11, there are no actions, suits, claims, or investigations pending or threatened, nor any legal, administrative or arbitration proceedings pending or threatened, nor is there any subpoena, outstanding order, writ, injunction or decree of any court, Governmental Authority or arbitration tribunal against Company or Conservator which (i) would restrain, enjoin, prohibit or in any way impair the ability of Conservator to consummate any transactions contemplated herein, or (ii) could restrict Company's conduct of its business or require it to take or refrain from taking any action.

4.12 Authority of Conservator. Upon receipt of the Court Order, Conservator shall be authorized pursuant to the Conservation Order and California Insurance Code §1017(b), to sell to Purchaser the Corporate Assets without transferring any pre-Closing liabilities of the Company while continuing to administer and distribute the remaining Company assets, and pursuant to California Insurance Code §1037(d), Conservator is authorized to sell, transfer or otherwise dispose of any property of the Company upon such terms and conditions as Conservator deems proper, provided that no transaction involving real or personal property shall be made where the market value of the property involved exceeds \$20,000 without first obtaining permission from the Conservation Court.

4.13 Governmental Approvals. Except for the Court Order, no authorization, consent, approval or other order or action of or filing with any Person, court, or Governmental Authority is required for (i) the execution and delivery by Conservator of this Agreement, (ii) the consummation by Conservator of the transactions contemplated by this Agreement, or (iii) the transfer and sale of the Corporate Assets to Purchaser on the Closing Date.

4.14 Conflict with Other Instruments. Upon issuance of the Court Order, the execution, delivery, and performance of this Agreement will not conflict with, or result in a breach or violation of the terms, conditions, or provisions of, or constitute a default (or an event which, with the giving of notice or passage of time, or both, could result in a default) under, or result in the creation or imposition of any Lien pursuant to the terms of, the Articles of Incorporation or Bylaws of Company, or any judgment, ruling, decree, injunction or order of any court or Governmental Authority to which Conservator, any of the Corporate Assets or the Company is subject, or any provision of any material contract, lease, loan agreement, security agreement, trust indenture, or other agreement or instrument to which the Corporate Assets, Company or Conservator is a party or by which either the Company or Conservator is bound.

4.15 Compliance with Law. Company is not in violation of any applicable law, rule, regulation, ordinance, order, judgment, injunction or decree, or any other requirement of any court or federal, state, municipal, or other Governmental Authority the result of which would have a Material Adverse Effect on the ability of Conservator to consummate the transactions contemplated by this Agreement.

4.16 Prior Liabilities. After issuance of the Court Order and upon the Closing, Purchaser shall acquire the Corporate Shell and Corporate Assets free and clear of any known or unknown liabilities or obligations of any nature, whether absolute, accrued, contingent or otherwise, or whether due or to become due on or after the Closing, and no such liabilities or obligations shall be retained by the Corporate Shell or transferred to Purchaser upon the sale and transfer of the Corporate Assets to Purchaser, whether such liabilities are known or unknown to the Conservator or the Purchaser.

4.17 Contracts. After issuance of the Court Order and upon the Closing, the Corporate Shell shall not be party to any written or oral, express or implied contract, agreement or commitment of any kind, and following the Closing, the Corporate Shell shall not be bound by any written or oral, express or implied contract or agreement of any kind, and none of the Corporate Assets shall be subject to or bound by any contract, commitment or undertaking, by which the Corporate Shell or Corporate Assets may have any liability after Closing.

4.18 Title to Assets. The Company has good and marketable title to all of the assets comprising the Pledged Surplus set forth on the Statutory Financial Statements, and except for the Court Order and the Liens of the issuers of the Certificates of Authority relating to the Pledged Surplus, such assets are free and clear of any restrictions on or conditions to transfer or assignment, and are free and clear of (a) mortgages, Liens, pledges, charges, encumbrances, equities, covenants, conditions or restrictions, except for those disclosed in the most recent Statutory Financial Statement; (b) the Lien for current Taxes not yet due and payable; and (c) and Liens that arise by operation of law. Schedule 4.18 lists all assets maintained under any applicable insurance law in each jurisdiction in which the Company holds a Certificate of Authority (each a “Statutory Deposit”). Schedule 4.18 accurately sets forth the assets that comprise each such Deposit and the name of the bank and the number of the bank account in which such Deposit is maintained. All assets comprising the Pledged Surplus qualify as Admitted Assets under SAP.

4.19 Tax Returns and Audits. All Tax Returns required to be filed with the federal government with respect to the Company, with any state or with any other jurisdiction have been duly and timely filed, and all such Tax Returns are true, correct and complete in all material respects. The Company has duly and timely paid (or has caused payment to be made on its behalf pursuant to a consolidated return) all Taxes, penalties, interest, additions to Tax, and assessments that are due, or claimed or asserted by any taxing authority to be due, from the Company for the periods covered by such returns. None of the Tax Returns and reports relating to the Company required to be filed with the federal government, with any state or with any other jurisdiction or Governmental Authority have been audited by the Internal Revenue Service or other Governmental Authority. With respect to any period of time ending on or prior to the Closing Date for which Tax Returns or reports have not yet been filed, or for which Taxes are not yet due or owing, neither Purchaser nor the Company shall have any liability for Taxes for any period ending on or prior to the Closing Date or resulting from the Company’s withdrawal from any consolidated Tax Return. Conservator shall cause to be filed all federal, state and local Tax Returns and reports due before Closing and pay (or cause to be paid) all Taxes required to be paid by the Company pursuant to such Tax Returns. There are no Liens with respect to Taxes upon any of the assets or properties of the Company, including but not limited to the Corporate Assets, other than statutory Tax Liens for Taxes not yet due.

4.20 Employees and Employment Contracts. The Company has no employees, nor does the Company have any written or oral employment agreement, severance agreement, consulting agreement or personal service contract with any Person. The Company is not bound, and following the Closing will not be bound, by any express or implied contract or agreement to employ, directly, as a consultant, or otherwise, any Person for any specific period of time or until any specific age. The Company is not a party to any written employment contracts, collective bargaining agreements, pension plans, bonus agreement, profit sharing, stock option, or other agreements providing for employee remuneration or benefits other than employee health and life insurance.

4.21 Corporate Records. The Conservator has provided Purchaser with full and complete copies of the Company’s Articles of Incorporation, Bylaws, stock record book and the corporate minutes and all amendments thereto, all of which, to the knowledge of the Conservator, are correct and complete in all material respects and accurately reflect the proceedings of the shareholders and directors of the Company (and all committees thereof).

## **ARTICLE V**

### **REPRESENTATIONS AND WARRANTIES BY PURCHASER**

To induce the Conservator to enter into this Agreement and to cause the transactions contemplated by this Agreement to be consummated on the Closing Date, Purchaser represents and warrants to Conservator as follows:

5.1 Existence, Power, and Authority. Purchaser is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of California, and has full limited liability company power and authority to enter into this Agreement and to consummate the transactions contemplated herein.

5.2 Authority Relating to this Agreement. Subject to receipt of the Court Order, Purchaser has full limited liability company power and authority to execute and deliver this Agreement and to take all of the actions required to be taken by it pursuant to this Agreement and the transactions provided for herein. The execution, delivery, and performance by Purchaser of this Agreement, and the consummation by Purchaser of the transactions contemplated herein, have been duly authorized and approved by all necessary actions of Purchaser in accordance with all applicable laws, the Articles of Formation and Operating Agreement of Purchaser. Upon receipt of the Court Order, this Agreement, when executed and delivered by Conservator and Purchaser as provided for herein, will constitute the legal, valid, and binding obligation of Purchaser, enforceable by Conservator against Purchaser in accordance with the terms hereof except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting rights of creditors or by general principles of equity regardless of whether enforcement is sought in a proceeding at law or equity.

5.3 Governmental Approvals. Except for (i) the Court Order; and (ii) the approval of the Form A, no authorization, consent, or approval or other order or action of or filing with any Person, court, or Governmental Authority is required for the execution and delivery by Purchaser of this Agreement, or the consummation by Purchaser of the transactions contemplated herein.

5.4 No Violation or Breach. Purchaser's execution, delivery and performance of this Agreement, and the consummation by Purchaser of the transactions contemplated hereby in accordance with the terms and conditions hereof, does not and will not conflict with, constitute a violation or breach of, constitute a default or give rise to any right of termination or acceleration of any right or obligation of Purchaser under, or result in the creation or imposition of any Lien upon the property of Purchaser by reason of the terms of (i) the Articles of Formation and Operating Agreement of Purchaser, (iii) any contract, agreement, lease, indenture or other instrument to which it is a party or by or to which it or its assets or properties may be bound or subject, or (iii) any order, judgment, injunction, award or decree of any court, arbitrator or Governmental Authority or any statute, law or regulation applicable to Purchaser.

## **ARTICLE VI PRE-CLOSING COVENANTS**

The respective parties agree to take or refrain from taking, as applicable, the following actions between the Effective Date and the Closing Date.

6.1 General. Each of the parties shall use its reasonable best efforts to take all actions and to do all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement, including but not limited to, satisfaction of the closing conditions set forth in this Article VI and Article VII below.

6.2 Exclusivity. Until this Agreement is terminated in accordance with its terms, or unless otherwise required by applicable law, the Conservator shall not directly or indirectly take any action to solicit, initiate or encourage any offer or proposal for, or any indication of interest in, a sale, merger or any other business combination involving the Corporate Assets or enter into any such transaction with any party other than the Purchaser, unless and until ordered to do so by the Conservation Court.

### 6.3 Conduct of Business.

(a) Conservator covenants and agrees that from and after the Effective Date through and including the Closing Date, except as otherwise permitted, required by, or provided in this Agreement, Conservator shall cause Company to preserve the Corporate Assets.

(b) Between the Effective Date and the Closing Date, the Conservator shall not, and Conservator shall not cause or permit Company to, issue any shares of capital stock or any other security of Company or enter into any subscription, option agreement or other commitment of any kind with respect of the issuance, transfer, sale or encumbrance of any of the securities of the Company.

(c) Between the Effective Date and the Closing Date, Conservator shall not, and shall not cause or permit Company to:

1. change the capital structure or recapitalize Company;
2. sell, assign, or transfer or otherwise dispose of, or pledge, mortgage, or otherwise encumber the Corporate Assets;
3. amend Company's Articles of Incorporation or Bylaws or take any action with respect to any such amendment;
4. amend or terminate any of Company's Certificates of Authority;
5. issue any new policies of insurance or appoint any insurance agents or otherwise engage in the insurance business or any other business, except for the management of its assets, servicing of any in-force policies, and payment of claims in accordance with applicable law;

6. enter into any contract, express or implied, including but not limited to, employment or consulting agreements where the Corporate Shell is a party;
7. change its accounting or reporting principles, methods or policies, in each case except as required by SAP or applicable law;
8. merge or consolidate with, or purchase substantially all of the assets of, or otherwise acquire the equity interests or business of, any Person;
9. acquire any real property;
10. enter into any contract that restrains limits or impedes the ability of the Company to compete with or conduct any business or line of business in any geographic area;
11. engage in any activity or enter into any transaction or proceeding that is reasonably likely to cause a Material Adverse Effect on the Corporate Shell or the Corporate Assets; or
12. agree or commit to do any of the foregoing referred to in clauses (1) – (11) of this Section 6.3.

6.4 Notification of Changes and Default. The parties covenant and agree that between the Effective Date and the Closing Date, they shall promptly provide notice to the other party of (i) the occurrence of any event or circumstance or the discovery of any inaccuracy, omission, or mistake known to Purchaser or Conservator, which, in any way, would cause the representations and warranties made by Purchaser or Conservator in Article III or Article IV as applicable, or any of the information or documents delivered by Purchaser or Conservator to the other party pursuant to this Agreement, whether as of the Effective Date or at any time subsequent thereto and prior to the Closing Date, to be inaccurate or misleading in any respect, or (ii) the occurrence of any events or circumstances known to Purchaser or Conservator that would result in a violation or breach by Purchaser or Conservator of any of the terms and provisions of this Agreement, or would be reasonably likely to cause a Material Adverse Affect on such party.

6.5 Cooperation for Compliance with the Insurance Laws. Conservator shall use its commercially reasonable efforts to obtain the Court Order and provide reasonable assistance to Purchaser in reactivating any suspended Certificate of Authority of Company.

6.6 Termination of Agreements. As of the Closing Date, the Corporate Shell and the Corporate Assets shall not be a party or subject to any written or oral agreements, express or implied, other than this Agreement.

6.7 Availability of Company Records. From the Effective Date to the Closing Date, Conservator shall and shall cause Company to make available to Purchaser and its authorized agents, actuaries, attorneys, accountants, and other representatives, at all reasonable times and under reasonable circumstances, for inspection, examination, copying, or verification, all Company's corporate records, stock books, Certificates of Authority and related correspondence and other documents reasonably requested by the Purchaser related to Company, the Corporate Assets and the Corporate Shell.

6.8 Financial Statements.

(a) Conservator shall deliver to Purchaser, within ten (10) days following the filing with the CDI, all financial statements of Company from the Conservation Date to and including the Closing Date.

(b) Conservator shall cause Company to deliver to Purchaser, promptly upon the same becoming available to Company, copies of any financial reports, filings, orders and other communications delivered to or received from Governmental Authorities, including but not limited to the Conservation Court, with respect to the Corporate Assets or the Corporate Shell.

6.9 Stock Cancellation and Issuance. Prior to the Closing Date, Conservator shall cancel all issued and outstanding capital stock of the Company and, at the Closing, the Conservator shall issue and deliver to Purchaser or its designee a new stock certificate(s) representing 40,000 shares of common stock, \$75 par value of the Company.

6.10 Company Name Change. Prior to the Closing Date, Purchaser shall identify a new corporate name for Company, and Purchaser shall be solely responsible for obtaining approval of such new corporate name from the CDI and, to the extent necessary, from any Governmental Authority that issued a Certificates of Authority to Company. On and after the Closing Date, Purchaser shall cease using any and all trade names, trademarks, logos and trade dress of Company prior to the Conservation Date, including without limitation, "Majestic" or any other name, term or identification that suggests, simulates or is confusing due to its similarity to the foregoing. Purchaser shall cause Company to file an amendment to the Company's Articles of Incorporation and to amend the Certificates of Authority of Company to remove all references to "Majestic" as soon as practicable after the Closing Date, but in no event, subject to any required regulatory consents or approvals, within one hundred and twenty (120) days after the Closing Date.

6.11 Further Assurances; Cooperation Pending Closing. Purchaser and Conservator shall execute such documents and other papers and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and the transactions contemplated hereby including (i) any filings, petitions, applications, motion or similar documents necessary to obtain the Court Order; (ii) any permit, authorization or approval from the Commissioner necessary to consummate the transactions contemplated by this Agreement; and (iii) applications to reinstate the Certificates of Authority. Conservator and Purchaser shall use their commercially reasonable best efforts and diligently attempt to satisfy, to the extent within its control, all conditions contemplated hereby. Conservator shall use commercially reasonable best efforts to cooperate and keep Purchaser informed of all facts material to this Agreement and the transactions contemplated by this Agreement.

**ARTICLE VII**  
**CONDITIONS PRECEDENT TO OBLIGATION OF PURCHASER TO CLOSE**

The obligation of Purchaser under this Agreement to purchase the Corporate Assets from Conservator on the Closing Date is, at the option of Purchaser, subject to the satisfaction or waiver by Purchaser of the following conditions precedent; provided, however, that the Conservator shall be entitled to cure any defect in accordance with the terms of Section 11.1.

7.1 Proceedings Satisfactory. All actions, proceedings, notices, instruments, opinions, and documents required to consummate the transactions provided for in this Agreement, and all other related legal matters, shall be reasonably satisfactory to Purchaser. Conservator shall have delivered to Purchaser on the Closing Date such documents and other evidence as Purchaser may reasonably request in order to establish the Closing of the transactions provided for in this Agreement, the taking of all corporate and other actions or proceedings in connection herewith, and the compliance by Conservator with the conditions set forth in this Article VII, all in form and substance reasonably satisfactory to Purchaser.

7.2 Representations and Warranties of Conservator. Each of the representations and warranties of and made by Conservator in this Agreement shall be true and correct in all material respects on and as of the Closing Date as though each of such representations and warranties had been made at and as of the Closing Date.

7.3 Compliance with Covenants. Conservator shall have complied with and performed to the reasonable satisfaction of Purchaser all covenants and agreements required to be performed by Conservator herein on or before the Closing Date.

7.4 Termination of Agreements. As of the Closing Date, neither the Corporate Shell nor the Corporate Assets shall be a party or subject to any written or oral agreement, express or implied, other than this Agreement.

7.5 No Officers or Directors. As of the Closing Date, the Corporate Shell shall have no officers or directors.

7.6 No Material Adverse Effect. Except as contemplated by this Agreement, no Material Adverse Effect shall have occurred with respect to Corporate Shell or the Corporate Assets between the Effective Date and the Closing Date.

7.7 No Proceedings Pending. No injunction or restraining order shall prohibit or limit the right of Purchaser to consummate the transactions provided for in this Agreement, and no action, suit, proceeding, or other investigation by or before any court, administrative agency, or other governmental authority of any kind shall have been instituted or threatened that may result in restraining, prohibiting or invalidating, or seeking monetary damages by reason of, consummation of the transactions provided for in this Agreement. No request of any Government Authority of any kind for deferral of the Closing Date shall be pending or threatened.

7.8 Delivery of Certificates for the Shares. Conservator shall have cancelled all issued and outstanding stock of the Company and shall have delivered to Purchaser or its designee, a certificate or certificates evidencing ownership of 40,000 shares of \$75 par value common stock of Company.

7.9 Delivery of Corporate Records and Corporate Assets. At Closing, Conservator shall deliver to Purchaser Company's stock and minute books, corporate seal, and other records and documents regarding Company and the Corporate Assets.

7.10 CDI Approvals. All approvals, authorizations, consents, permits, and licenses from the CDI required for the consummation of the transactions contemplated by this Agreement



shall have been obtained and shall be in full force and effect and without conditions or limitations unacceptable to Purchaser, and Purchaser shall have been furnished with appropriate evidence, reasonably satisfactory to it and its counsel, of the granting of such approvals, authorizations, consents, permits, and licenses.

7.11 Court Approval of Sale. The Conservation Court shall have entered a final Court Order approving the transactions contemplated by this Agreement and finding that the terms and conditions of this Agreement are fair and reasonable to all interested parties, including the creditors and the former shareholders of the Company. The Conservator shall seek an order from the Conservation Court (i) authorizing the Conservator to cancel the issued and outstanding shares of the Company; (ii) authorizing Conservator to sell and transfer the Corporate Assets to Purchaser; (iii) providing that the Corporate Assets shall be transferred to Purchaser free and clear of all known and unknown Liens, security interests, claims, debts, demands, or liabilities (including without limitation contingent liabilities) of Company or the prior owners of the issued and outstanding shares of the Company; (iv) releasing the Corporate Assets from any and all claims, demands, actions or causes of action asserted by any policyholder, contract holder, creditor, claimant (including holders of contingent claims) or stockholder of Company, or by any other Person, entity, or representative of the foregoing; (v) releasing Purchaser from any and all claims, demands, actions or causes of action of any policyholder, contract holder, creditor, claimant (including holders of contingent claims) or stockholders of Company, or any other Person, entity or representative, arising out of or relating to this Agreement or the acquisition of the Corporate Assets; (vi) permanently enjoining all Persons, entities or representatives from asserting against the Corporate Assets, or Purchaser any such claim, demand, action or cause of action; and (vii) retaining exclusive jurisdiction in the Conservation Court to resolve any and all claims, demands, actions, or causes of action against Purchaser that arise from or relate to this Agreement or to any pre-Closing liability, claim or demand against Company without terms, conditions or limitations unacceptable to Purchaser, and either the period to appeal from the Court Order has expired without such appeal being taken, or any appeal from the Court Order shall have been finally disposed of and the Court Order shall have been affirmed in all respects.

7.12 Clear and Unencumbered Title. Conservator shall have obtained such other transfers, assignments, approvals, and consents that Purchaser, in its sole and absolute discretion, determines are necessary or appropriate to enable Conservator to transfer to Purchaser full, absolute, and exclusive ownership of and title to the Corporate Assets, free and clear of any and all security interests, Liens, encumbrances, debt, claims, demands, or liabilities (including, but not limited to, contingent liabilities) against Purchaser, the Corporate Shell, and all the Corporate Assets, except, for the avoidance of doubt, the Liens of the issuers of the Certificates of Authority relating to the Pledged Surplus.

7.13 No Assets. As of the Closing Date, the Corporate Shell shall have no real or personal assets other than the Pledged Surplus.

7.14 Good Standing. Company shall be validly existing and in good standing under the laws of the State of California and Company's California Certificate of Authority shall be valid, in force, unimpaired, and in good standing on the Closing Date.

## **ARTICLE VIII**

### **CONDITIONS PRECEDENT TO OBLIGATION OF CONSERVATOR TO CLOSE**

The obligation of Conservator under this Agreement to sell to Purchaser the Corporate Assets on the Closing Date is subject to the satisfaction or waiver by Conservator of the following conditions precedent; provided, however, that Purchaser shall have the opportunity to cure any defect in accordance with the terms of Section 11.1.

8.1 Proceedings Satisfactory. All actions, proceedings, instruments, and documents, including but not limited to, Form A approval and other related approvals by Governmental Authorities and/or undertakings regarding the approvals required to consummate the transactions provided for in this Agreement, and all other related legal matters, shall be reasonably satisfactory to Conservator. Purchaser shall have delivered to Conservator on the Closing Date such documents and other evidence as Conservator may reasonably request in order to establish the consummation of the transactions provided for in this Agreement, the taking of all corporate and other proceedings in connection herewith, and the compliance by Purchaser with the conditions set forth in this Article VII, in form and substance reasonably satisfactory to Conservator.

8.2 Representations and Warranties of Purchaser. Each of the representations and warranties of and made by Purchaser in this Agreement shall be true and correct in all material respects on and as of the Closing Date as though each of such representations and warranties had been made at and as of the time of Closing on the Closing Date.

8.3 Compliance with Covenants. Purchaser shall have complied with and performed to the reasonable satisfaction of Conservator all covenants and agreements required to be performed by Purchaser herein, on or before the Closing Date.

8.4 No Proceedings Pending. No injunction or restraining order shall prohibit or limit the right of Conservator to consummate the transactions provided for in this Agreement, and no action, suit, proceeding, or other investigation by or before any court, administrative agency, or other Governmental Authority of any kind shall have been instituted or threatened that may result in restraining, prohibiting or invalidating, or seeking monetary damages by reason of, consummation of the transactions provided for in this Agreement. No request of any Governmental Authority of any kind for deferral of the Closing Date shall be pending or threatened.

8.5 CDI Approvals. All approvals, authorizations, consents, permits, and licenses from the CDI required for the consummation of the transactions contemplated by this Agreement shall have been obtained and shall be in full force and effect and without conditions or limitations unacceptable to Conservator, and Conservator shall have been furnished with appropriate evidence, reasonably satisfactory to it and its counsel, of the granting of such approvals, authorizations, consents, permits and licenses.

8.6 Court Approval of Sale. The Conservation Court shall have entered the final Court Order containing the terms set forth in Section 7.11.

8.7 Payment of Purchase Price. Purchaser shall have tendered to Conservator the Purchase Price.

8.8 Consultation with AmTrust North America, Inc. The Conservator shall have consulted with AmTrust North America, Inc. pursuant to and in conformity with Section 8.3 of the Rehabilitation Plan.

8.9 Amendment to Articles of Incorporation of Company. At Closing, a certified copy of the Conservation Court's Order approving the transactions contemplated by this Agreement shall be filed with the California Secretary of State, together with an Amendment to the Articles of Incorporation of the Company to reflect its new corporate name.

## **ARTICLE IX SURVIVAL OF REPRESENTATIONS, WARRANTIES, AND COVENANTS**

9.1 Survival. Notwithstanding any right of Purchaser to investigate fully the affairs of Company and notwithstanding any knowledge of facts determined or determinable by Purchaser pursuant to such investigation or right of investigation, the parties shall have the right to rely fully upon the representations, warranties, covenants and agreements of the other parties contained in this Agreement. All such representations, warranties, covenants and agreements of each party shall survive the Closing.

## **ARTICLE X INDEMNIFICATION**

10.1 Conservator's Indemnification of Purchaser. Conservator shall cause the Conservation Trust to defend, indemnify and hold Purchaser and its respective members, shareholders, subsidiaries, affiliates, officers, directors, employees, successors and assigns (the "Purchaser Indemnitees"), harmless at all times from and against any and all Loss resulting from or relating in any way to (i) any material inaccuracy or breach of any representation or warranty or material breach or nonfulfillment of any covenants or agreements made by Conservator contained in this Agreement or in any certificate or document furnished by Conservator pursuant hereto; (ii) any and all liabilities of any type or nature arising from the operations of the Company prior to the Closing and any actions, omissions, operations or business of the Company, or any of its respective shareholders, affiliates, officers, directors, employees, agents, successors and assigns prior to Closing, including but not limited to any Loss relating to violations by the Conservator or Company prior to the Closing Date of any applicable federal, state, county or local statutes, laws, regulations, rules, ordinances, codes, licenses and permits of any Governmental Authorities; or (iii) any enforcement of this indemnity. Notwithstanding the foregoing, any and all obligations arising or accruing after the Closing related to the Corporate Assets, including state fees and assessments related thereto, shall remain as the sole liability of the Company after the Closing and subject to the administration and control of the Purchaser.

10.2 Indemnification by Purchaser. Purchaser shall defend, indemnify and hold the Conservation Trust and its trustees, agents, or successors and assigns (the "Conservator Indemnitees"), harmless at all times from and against any and all Loss resulting from or relating in any way to (i) any material inaccuracy or breach of any representation or warranty or material breach or nonfulfillment of any covenants or agreements made by Purchaser contained in this Agreement or in any certificate or document furnished by Purchaser pursuant hereto; (ii) any actions, omissions, operations or business of the Company on or after the Closing Date, including but not limited to, any Loss relating to violations by Purchaser or the Company on or

after the Closing Date of any applicable federal, state, county or local statutes, laws, regulations, rules, ordinances, codes, licenses and permits of any Governmental Authorities; or (iii) any enforcement of this indemnity.

10.3 Notice of Claims. Any party seeking indemnification under this Agreement (the “Indemnified Party”) shall give to the party from which indemnification is sought (the “Indemnitor”) a notice (a “Claim Notice”) describing in reasonable detail the facts giving rise to any claim for indemnification hereunder and shall include in such Claim Notice (if then known) the amount or the method of computation of the amount of such claim, and a reference to the provisions of this Agreement or any other agreement, document or instrument executed or delivered hereunder or in connection herewith upon which such claim is based; provided that a Claim Notice in respect of any action at law or suit in equity by or against a third Person as to which indemnification will be sought shall be given promptly after the action or suit is commenced; and provided further that failure to give such notice shall not relieve the Indemnitor of its obligations hereunder except to the extent it shall have been prejudiced by such failure.

10.4 Third-Party Claims. The Indemnitor shall have ten (10) Business Days after receipt of any Claim Notices or information necessary to make the Claim Notice complete, relating to any third Person claim action or suit (collectively, “Claim”) to notify the Indemnified Party of its election to conduct and control the defense, compromise or settlement of such Claim. Unless the Indemnitor gives the foregoing notice, the Indemnified Party shall have the right to conduct and control, through counsel of its own choosing, the defense, compromise or settlement of such Claim, and in any such case the Indemnitor shall cooperate in connection with such Claim and shall furnish such records, information and testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the Indemnified Party in connection therewith; provided that, should the Indemnitor fail to give timely notice as provided above in this Section 10.4, (a) the Indemnitor may, in any event, participate, through counsel chosen by it and at its own expense, in the defense of any such Claim, and (b) if the Indemnitor has acknowledged and agreed in writing that it has an obligation to provide indemnification under this Agreement for any Loss incurred in connection with or arising from such Claim, the Indemnitor shall have the right to assume control of the defense, compromise or settlement of such Claim from the Indemnified Party at any time by giving written notice of such election to the Indemnified Party. If the Indemnitor gives timely notice as provided above in this Section 10.4 or assumes control of the defense, compromise or settlement of any Claim, and in any such case, the Indemnified Party shall cooperate in connection with such Claim and shall furnish such records, information and testimony and attend such conferences, discovery, proceedings, hearings, trials and appeals as may be reasonably requested by the Indemnitor in connection therewith; provided, that the Indemnified Party may participate, through counsel chosen by it and at its own expense, in the defense of any such Claim, as to which the Indemnitor has so elected to conduct and control the defense thereof; and provided further, that the Indemnitor shall not, without the written consent of the Indemnified Party (which consent shall not be unreasonably withheld) pay, compromise or settle any such Claim (i) in any case where the Indemnitor has not acknowledged its obligation to provide indemnification to the Indemnified Party under this Agreement, or (ii) seeking any relief other than monetary damages; and provided further, that the Indemnitor shall, at any time sufficient to allow the Indemnified Party to prepare adequately prior to the settlement or commencement of trial with respect to any Claim, tender the defense, compromise and settlement of such Claim to the Indemnified Party should the Indemnitor reasonably determine, based upon the information

furnished to it by the Indemnified Party or obtained by the Indemnitor in the course of defending the Claim that the Indemnitor is not obligated to provide indemnification to the Indemnified Party under this Agreement.

10.5 Reduction of Indemnification Amount. The amount for which an Indemnifying Party shall be liable for indemnification under this Article X shall be reduced by: (i) any Offsetting Tax Benefit (as hereinafter defined); and (ii) the amount of any valid set off against the claim giving rise to such right of indemnification by the amount of any final judgment rendered or settlement effected as a result of a counterclaim or third party complaint arising out of or relating to such claim. As used herein, the term “Offsetting Tax Benefit” shall mean the aggregate amount by which the liability of the Indemnified Party, its affiliates, or any of them, with respect to Taxes is reduced (by way of deduction, credit, entitlement to refund or otherwise, whether available in the then current taxable year or as an adjustment to taxable income in any other taxable year or as a carry-forward or carry-back to subsequent or preceding taxable years, as applicable) by reason of the claim giving rise to such right of indemnification.

10.6 Interest. In the case of any payments made or costs or damages incurred and paid by a party, interest on the amount thereof shall accrue beginning the date any Loss is paid by the Indemnified Party or a date thirty (30) days after written notice of the claim is given, whichever is later, provided that such notice is accompanied by documentation describing the basis of such claim in reasonable detail for evaluation; provided further, however, that the claiming party shall only be entitled to receive such interest to the extent that it is determined that such party is entitled to indemnification hereunder. Interest shall accrue until the claim is paid in full at a variable rate equal to the prime interest rate (as published in the Money Rates column of *The Wall Street Journal*) on the date that such interest begins to accrue.

10.7 Exclusive Remedy. The indemnification provided under this Article X shall be the exclusive remedy of any Party to this Agreement against any other Party for any claim covered by such indemnification other than claims for specific performance or injunctive relief, and claims based on intentional fraud.

## **ARTICLE XI TERMINATION**

11.1 Termination. This Agreement may be terminated, and the transactions contemplated hereby abandoned, prior to Closing Date:

- (a) by mutual written consent of the Purchaser and Conservator;
- (b) by Purchaser if there has been a material misrepresentation on the part of Conservator in any material representation or warranty of Conservator contained herein, or if there has been any failure on the part of Conservator to comply with or perform any of its agreements, covenants or obligations hereunder in any material respect, and such misrepresentation, noncompliance or nonperformance shall not have been (i) cured or eliminated by Conservator within twenty (20) business days following receipt by Conservator of written notice thereof from Purchaser, or (ii) waived by Purchaser on or before the expiration of such twenty (20) business day period;

(c) by Conservator if there has been a material misrepresentation on the part of Purchaser in any material representation or warranty of Purchaser contained herein or in any certificate or other instrument delivered or furnished to Conservator pursuant hereto, or if there has been any failure on the part of Purchaser to comply with or perform any of its agreements, covenants or obligations hereunder in any material respect, and such misrepresentation, noncompliance or nonperformance shall not have been (i) cured or eliminated by Purchaser within twenty (20) business days following receipt by Purchaser of written notice thereof from Conservator, or (ii) waived by Conservator on or before the expiration of such twenty (20) business day period; and

(d) at the election of either party hereto if any of the conditions to its obligation to consummate the transactions contemplated hereby have not been fulfilled within six (6) months of the Effective Date of this Agreement (the “Optional Termination Date”), provided, however, that in the event the Closing of the transactions contemplated hereby has not occurred prior to the Optional Termination Date solely because of the failure to obtain consents, approvals, permits, orders or authorizations as required by the conditions set forth in Sections 7.10, 7.11, 8.5 and 8.6 despite the responsible party using its commercially reasonable efforts to obtain such consents, approvals permits or authorizations, the Optional Termination Date will automatically be amended to be twelve (12) months from the date of this Agreement, with no further extensions.

(e) at the election of either party hereto in the event the Conservation Court fails to issue the Court Order in a form reasonably acceptable to Purchaser or Conservator.

11.2 Effect of Termination. In the event of termination of this Agreement pursuant to Section 11.1 hereof, this Agreement shall be void and of no force and effect and none of the parties hereto shall have any liability to the other party hereto with respect to this Agreement, except that Sections 2.3 (Transaction Expenses), Article X (Indemnification), Section 12.3 (Post-Closing Access), Section 12.12 (Further Assurances), and this Section 11.2 shall survive any such termination.

## **ARTICLE XII MISCELLANEOUS PROVISIONS**

12.1 Waivers. Each of Purchaser and Conservator may, pursuant to action by its duly and properly authorized representative and by an instrument in writing, extend the time for or waive the performance of any of the obligations of the other party or waive compliance by the other party with any of the covenants or conditions contained herein.

12.2 Amendments, Modifications. Except as otherwise specifically stated herein, this Agreement and any provision herein may be amended, modified or supplemented only by a written instrument executed by the parties hereto.

12.3 Post-Closing Access. After the Closing, Conservator shall afford to Purchaser and its agents and representatives, reasonable access to the books and records of Company to the extent reasonably necessary or desirable to permit Purchaser to determine or investigate any matter relating the Corporate Assets, or Purchaser’s rights and obligations with respect to Company.

12.4 Public Statements: Confidentiality. Except as required by law or as necessary to obtain the Court Order and approval of the Form A, Purchaser and Conservator shall not engage in, encourage, or support any publicity or disclosure of any kind or form in connection with this Agreement or the transactions contemplated hereby unless Purchaser and Conservator mutually agree in advance on the form, timing, and contents of any such publicity, announcement, or disclosure, whether to the financial community, Governmental Authorities, or to the public generally. Purchaser and Conservator may disclose the transactions contemplated by this Agreement without the consent or agreement of the other party to their members, directors, officers, employees and agents that are bound by similar confidentiality provisions, the CDI and the Conservation Court if it believes that such disclosure is required or advisable provided that it describes such intended disclosure to the other party hereto in advance and the disclosing party seeks confidential treatment for such portions of the disclosure or filing as may be requested by the other party. Notwithstanding the foregoing, nothing in this Section 12.4 shall prohibit Purchaser from disclosing the transactions contemplated pursuant to this Agreement to financial institutions in negotiations regarding financing related to such transactions. Purchaser and Conservator shall keep this Agreement, the terms hereof, and all documents and information relating hereto, or furnished pursuant to, or in connection with this Agreement, or the transactions contemplated hereby, confidential, except as may be required by law.

No party or its respective affiliates, officers, directors, members or principals shall use the name of the other party in any press release, notice or other publication without the prior written consent of such other party, which shall not be unreasonably withheld or delayed, provided, however, that this subparagraph of Section 12.4 shall not apply with respect to communications with (i) AmTrust North America, Inc.; (ii) the CDI; (iii) any Governmental Authority that issued any of the Certificates of Authority; or (iv) the Company's former shareholders.

12.5 Assignment; Binding Effect. This Agreement may not be assigned or delegated, in whole or in part, by any party hereto without the prior written consent of the other party, which consent shall not be unreasonably withheld. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

12.6 Governing Law. This Agreement, and the rights and obligations of the parties hereto, shall be governed by and construed in accordance with the laws of the State of California without regard to its applicable principles of conflicts of law and venue over any disputes arising under this Agreement or the transactions contemplated herein shall be and is exclusively vested in the Conservation Court.

12.7 Notices. Any notice, demand, approval, consent, request, waiver, description, or other communication that may or is required to be given pursuant to this Agreement shall be in writing and shall be deemed given on the day actually received, and shall be addressed to a party hereto at the address set forth after its respective name below, or at such different address as such party shall have theretofore advised the other party in writing, with a copy sent to the Persons indicated below:

If to Conservator: Rommel R. Adao, Estate Trust Manager  
Conservation & Liquidation Office  
100 Pine Street, 26<sup>th</sup> Floor  
San Francisco, CA 94111

With a copy to: California Department of Insurance  
Att: General Counsel  
45 Fremont Street, 23<sup>rd</sup> Floor  
San Francisco, CA 94105

If to Purchaser: California General Insurance Services, LLC  
Attn: Manager  
2701 Citrus Road, Suite A  
Rancho Cordova, CA 95742

With a copy to: Kenneth B. Schnoll  
SNR Denton, US LLP  
525 Market Street, Suite 2600  
San Francisco, California 94105  
(415) 882-5000

12.8 Number and Gender of Words. Whenever herein the singular is used, the same shall include the plural, where appropriate, and whenever herein the plural is used, the same shall include the singular, where appropriate, and words of any gender, shall include each other gender, where appropriate.

12.9 Invalid Provision. If any provision hereof is held to be illegal, invalid, or unenforceable under any present or future laws effective during the term hereof, such provision shall be fully severable from this Agreement. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof, and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. In lieu of such illegal, invalid, or unenforceable provision there shall be added automatically as a part hereof a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

12.10 Entire Agreement. This Agreement contains the entire agreement between the parties hereto and supersedes any and all prior agreements, arrangements, or understandings between the parties relating to the subject matter hereof. No representation, inducement, promise, or agreement, oral or otherwise, which is not embodied or referred to herein is or shall be of any force or effect.

12.11 Force Majeure. No party hereto shall be liable for any delay or failure in the performance of any obligation under this Agreement or for any loss or damage (including indirect or consequential damage) to the extent that such nonperformance, delay, loss or damage results from any contingency which is beyond the control of such party, provided such contingency is not caused by the fault or negligence of such party. A contingency for purposes of this Agreement shall be acts of God, fires, floods, earthquakes, explosions, storms, wars, hostilities, acts of terrorism, blockades, public disorders, quarantines, restrictions, embargos, strikes or other labor disturbances, and compliance with any law, order or control of, or insistence of any governmental authority or military authority.



12.12 Further Assurances. Following the Closing, upon the terms and subject to the conditions herein, each of the parties hereto agrees to use its reasonable best efforts to take or cause to be taken all actions, to do or cause to be done, and to assist and cooperate with the other parties in doing all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement, including the execution and delivery of such instruments, and the taking of such other actions, as the other parties hereto may reasonably require in order to carry out the intent of this Agreement.

12.13 No Third Party Beneficiaries. Nothing in this Agreement is intended to give any Person, other than the parties hereto, their successors, and permitted assigns, any legal or equitable right or remedy hereunder, or in respect to any provision hereof.

12.14 Headings. The Article and Section headings in this Agreement are inserted for convenience of reference only, and shall not affect the interpretation of this Agreement.

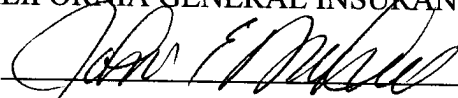
12.15 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original for all purposes and all of which shall be deemed, collectively, one and the same Agreement. This Agreement shall become effective when executed and delivered by the parties hereto.

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IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative.

PURCHASER:

CALIFORNIA GENERAL INSURANCE SERVICES, LLC

By: 

Title: Manager

CONSERVATOR:

DAVE JONES, INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA  
IN HIS CAPACITY AS CONSERVATOR OF AND ON BEHALF OF MAJESTIC  
INSURANCE COMPANY IN CONSERVATION, AND NOT IN HIS INDIVIDUAL  
CAPACITY

By: \_\_\_\_\_  
David E. Wilson

Title: CEO, Special Deputy Insurance Commissioner

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative.

PURCHASER:

CALIFORNIA GENERAL INSURANCE SERVICES, LLC

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

Title: \_\_\_\_\_

CONSERVATOR:

DAVE JONES, INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA  
IN HIS CAPACITY AS CONSERVATOR OF AND ON BEHALF OF MAJESTIC  
INSURANCE COMPANY IN CONSERVATION, AND NOT IN HIS INDIVIDUAL  
CAPACITY

By: David E. Wilson  
David E. Wilson

Title: CEO, Special Deputy Insurance Commissioner

#### **Schedule 4.4**

The following are the states where Majestic holds Certificates of Authority:

- 1) Alaska
- 2) Arizona
- 3) California
- 4) Florida
- 5) Hawaii
- 6) Idaho
- 7) Illinois
- 8) Montana
- 9) Nevada
- 10) New Jersey
- 11) New Mexico
- 12) New York
- 13) Oregon
- 14) Texas
- 15) Utah
- 16) Virginia
- 17) Washington

**Schedule 4.7**

[See Below]

# BYLAWS

MAJESTIC INSURANCE COMPANY,  
a California corporation

CERTIFICATE OF SECRETARY

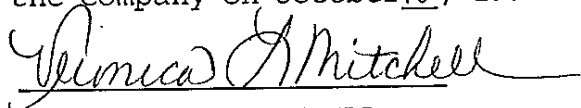
The undersigned, Veronica L. Mitchell, does hereby certify that she is the duly elected and acting Secretary of Majestic Insurance Company, a California corporation (the "Company") and does further certify as follows:

Attached hereto is a full, true and correct copy of the Bylaws of the Company as duly adopted by the Board of Directors of the Company on and as of September 28, 1995.

The attached Bylaws, consisting of fifteen pages, have not been amended, modified or revoked and they are currently in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this certificate and affixed the seal of the Company on October 10, 1995.

[Seal]

  
VERONICA L. MITCHELL  
Secretary

**BYLAWS**  
**OF**  
**MAJESTIC INSURANCE COMPANY**

**ARTICLE I.**

**CORPORATE OFFICES**

**1.1 PRINCIPAL OFFICE**

The principal executive office of the corporation shall be located at 400 Second Street, Suite 350, San Francisco, California 94107. The Board of Directors may change the location of the principal executive office of the corporation to any place within or outside the State of California. If the principal executive office is located outside California, then the Board of Directors shall fix and designate a principal business office in California.

**1.2 OTHER OFFICES**

The Board of Directors may at any time establish branch or subordinate offices within or outside the State of California.

**ARTICLE II.**

**MEETINGS OF SHAREHOLDERS**

**2.1 PLACE OF MEETINGS**

Meetings of shareholders shall be held at any place within or outside the State of California designated by the Board of Directors. In the absence of any such designation, shareholders' meetings shall be held at the principal executive office of the corporation.

**2.2 ANNUAL MEETING**

An annual meeting of the shareholders shall be held each year on a date and at a time designated by the Board of Directors. At that meeting, directors shall be elected and any other proper business may be transacted.

**2.3 SPECIAL MEETINGS**

Special meetings of the shareholders may be called at any time, subject to the provisions of Sections 2.4 and 2.5 of this Article, by the Board of Directors, the Chairman of the Board, the President or the holders of shares entitled to cast not less than 10% of the votes at that meeting.



#### 2.4 NOTICE OF SHAREHOLDERS' MEETINGS

All notices of meetings of shareholders shall be sent or otherwise given in accordance with Section 2.5 of this Article not less than 10 nor more than 60 days before the date of the meeting to each shareholder entitled to vote at that meeting. Such notice shall state the place, date, and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted, and no business other than that specified in the notice may be transacted, or (ii) in the case of the annual meeting, those matters which the Board of Directors, at the time of the mailing of the notice, intends to present for action by the shareholders, but, subject to the provisions of the next paragraph of this Section 2.4, any proper matter may be presented at the meeting for such action.

If action is proposed to be taken at any meeting for approval of (i) a contract or transaction in which a director has a direct or indirect financial interest, pursuant to Section 310 of the California Corporations Code (the "Code"), (ii) an amendment of the Articles of Incorporation, pursuant to Section 902 of the Code, (iii) a reorganization of the corporation, pursuant to Section 1201 of the Code, (iv) a voluntary dissolution of the corporation, pursuant to Section 1900 of the Code, or (v) a distribution in dissolution other than in accordance with the rights of any outstanding preferred shares, pursuant to Section 2007 of the Code, then the notice shall also state the general nature of that proposal.

#### 2.5 MANNER OF GIVING NOTICE

Notice of a shareholders' meeting shall be given personally or by first-class mail, or other means of written communication, addressed to the shareholder at the address of the shareholder appearing on the books of the corporation or given by the shareholder to the corporation for the purpose of notice. If a shareholder is a corporation or other legal entity, its notice shall be directed to the attention of the person specified by the shareholder to the corporation for the purpose of notice. The notice shall be deemed to have been given at the time deposited in the mail or sent by telecopier.

#### 2.6 QUORUM

Unless otherwise provided in the Articles of Incorporation of the corporation, a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the shareholders. In the absence of a quorum, any meeting of shareholders may be adjourned from time to time by the vote of a majority of the shares represented either in person or by proxy, but no other business may be transacted.

## 2.7 VOTING

The shareholders entitled to vote at any meeting of shareholders shall be determined in accordance with the provisions of Section 2.10 of this Article, subject to the provisions of Sections 702 through 704 of the Code (relating to voting of shares held by a fiduciary, in the name of a corporation, or in joint ownership). Elections for directors and voting on any other matter at a shareholders' meeting need not be by ballot unless a shareholder demands election by ballot at the meeting and before the voting begins.

## 2.8 VALIDATION OF MEETINGS; WAIVER OF NOTICE; CONSENT

The transactions of any meeting of shareholders, either annual or special, however called and noticed, and wherever held, are as valid as though they had been taken at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. Neither the business to be transacted at nor the purpose of any annual or special meeting of shareholders need be specified in any written waiver of notice or consent to the holding of the meeting or approval of the minutes thereof, except that if action is taken or proposed to be taken for approval of any of those matters specified in the second paragraph of Section 2.4 of this Article, the waiver of notice or consent or approval shall state the general nature of the proposal and the action, if any, taken or proposed to be taken with respect thereto. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance of a person at a meeting shall constitute a waiver of notice of and presence at that meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by the Code to be included in the notice of such meeting but not so included, if such objection is expressly made at the meeting.

## 2.9 SHAREHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Any action which may be taken at any annual or special meeting of shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. A director may be elected by written consent if it is a unanimous written consent of all shares entitled to vote for the election of that director.

## 2.10 RECORD DATE FOR SHAREHOLDER NOTICE AND VOTING

In order that the corporation may determine the shareholders entitled to notice of any meeting or to vote, the Board of Directors may fix, in advance, a record date, which shall not be more than 60 days nor less than 10 days prior to the date of such meeting nor more than 60 days before any other action. Shareholders at the close of business on the record date are entitled to notice and to vote, as the case may be, notwithstanding any transfer of shares on the books of the corporation after the record date, except as otherwise provided in the Articles of Incorporation or the Code.

## 2.11 PROXIES

Every person entitled to vote for directors, or on any other matter, shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the Secretary of the corporation. A proxy shall be deemed signed if the shareholder's name or other authorization is placed on the proxy (whether by manual signature, typewriting, telegraphic or electronic transmission or otherwise) by the shareholder or the shareholder's attorney-in-fact.

# ARTICLE III.

## DIRECTORS

### 3.1 POWERS

Subject to the provisions of the Code and any limitations in the Articles of Incorporation and these Bylaws relating to action required to be approved by the shareholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors.

### 3.2 NUMBER OF DIRECTORS

The authorized number of directors shall be within the limits specified in the corporation's Articles of Incorporation. The exact number of directors shall be fixed within such limits by a resolution duly adopted by the Board of Directors or the shareholders; provided, however, that a resolution adopted by the shareholders for this purpose shall be controlling, and, provided further, that the number of directors shall be five (5) unless such number is otherwise fixed as provided in this Section 3.2.

### 3.3 ELECTION AND TERM OF OFFICE OF DIRECTORS

At each annual meeting of shareholders, directors shall be elected to hold office until the next annual meeting. Each director, including a director elected to fill a vacancy, shall

hold office until the expiration of the term for which elected and until a successor has been elected and qualified, except in the case of the death, resignation, or removal of such a director.

### 3.4 VACANCIES AND RESIGNATION

A vacancy in the Board of Directors shall be deemed to exist in case of the death, resignation or removal of any director, or if the Board of Directors by resolution declares vacant the office of a director who has been declared of unsound mind by order of court or convicted of a felony, if the authorized number of directors be increased, or if the shareholders fail, at any annual or special meeting of shareholders at which any director or directors are elected, to elect the full authorized number of directors to be voted for at that meeting.

Vacancies in the Board of Directors, except for a vacancy created by the removal of a director, may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual or a special meeting of the shareholders. A vacancy in the Board of Directors created by the removal of a director may only be filled by the vote of a majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present, or by the written consent of the holders of a majority of the outstanding shares.

The shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. Any such election by written consent shall require the consent of holders of a majority of the outstanding shares entitled to vote.

Any director may resign effective upon giving written notice to the Chairman of the Board, the President, the Secretary or the Board of Directors of the corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board or the shareholders shall have power to elect a successor to take office when the resignation is to become effective.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

### 3.5 REGULAR MEETINGS

Regular meetings of the Board of Directors may be held at any place within or outside the State of California that has been designated from time to time by resolution of the Board. In the absence of such a designation, regular meetings shall be held at the principal executive office of the corporation. Regular meetings may be held without notice if the time and place of such meetings are fixed by the Board of Directors.

### 3.6 SPECIAL MEETINGS

Special meetings of the Board may be held at any place within or outside the State of California that has been designated in the notice of the meeting. Subject to the provisions of the following paragraph, special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chairman of the Board, or any two directors.

Notice of the time and place of special meetings shall be sent by first-class mail or by telecopier, addressed or telecopied to each director at that director's address or telecopy number as it is shown on the records of the corporation. If the notice is mailed, it shall be deposited in the United States mail at least four days before the time of the holding of the meeting. If the notice is sent by telecopier, it shall be sent at least 48 hours before the time of the holding of the meeting. The notice need not specify the purpose of the meeting.

### 3.7 MEETINGS BY TELEPHONE

Members of the Board may participate in a meeting through the use of conference telephone or similar communications equipment, so long as all directors participating in such meeting can hear one another. Participation in a meeting pursuant to this paragraph constitutes presence in person at such meeting.

### 3.8 QUORUM

A majority of the authorized number of directors, present in person, by telephone or by proxy, shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 3.10 of this Article.

### 3.9 WAIVER OF NOTICE

Notice of a meeting need not be given to any director who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. A waiver of notice need not specify the purpose of any regular or special meeting of the Board of Directors.

### 3.10 ADJOURNMENT

A majority of the directors present, in person or by telephone, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of any adjournment to another time and place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

### 3.11 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board consent in writing to such action. Such written consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors.

### 3.12 FEES AND COMPENSATION OF DIRECTORS

Directors may receive such compensation for their services and such reimbursement of expenses as may be fixed or determined by resolution of the Board of Directors. This Section 3.12 shall not be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee or otherwise and receiving compensation for those services.

### 3.13 COMMITTEES OF DIRECTORS

The Board of Directors may designate one or more committees to serve at the pleasure of the Board. Any such committee shall have authority to act in the manner and to the extent designated by the Board and may have all the authority of the Board, except with respect to:

(a) The approval of any action which, under the Code, also requires shareholders' approval.

(b) The filling of vacancies on the Board of Directors or in any committee.

(c) The fixing of compensation of the directors for serving on the Board or on any committee.

(d) The amendment or repeal of these Bylaws or the adoption of new Bylaws.

(e) The amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable.

(f) A distribution to the shareholders of the corporation, except at a rate, in a periodic amount or within a price range set forth in the Articles of Incorporation or determined by the Board of Directors.

(g) The appointment of any other committees of the Board of Directors or the members thereof.

(h) The approval of any matter which, under the Corporation's Articles of Incorporation, requires a Super-Majority Director Vote.

### 3.14 MEETINGS AND ACTION OF COMMITTEES

Meetings and actions of committees shall be governed by and held and taken in accordance with, the provisions of this Article III with such changes in the context of those provisions as are necessary to substitute the committee and its members for the Board of Directors and its members; provided, however, that the time of regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee and that special meetings of committees may also be called by resolution of the Board of Directors. The Board of Directors may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

## ARTICLE IV.

### OFFICERS

#### 4.1 OFFICERS

The officers of the corporation shall be a President, a Secretary, and a Chief Financial Officer-Treasurer. The corporation may also have, at the discretion of the Board of Directors, a Chairman of the Board, one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as the Board may choose to appoint. Any number of offices may be held by the same person. The officers of the corporation shall be chosen by the Board of Directors and serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment.

#### 4.2 REMOVAL AND RESIGNATION OF OFFICERS

Subject to the rights, if any, of an officer under any contract of employment, all officers serve at the pleasure of the Board of Directors and any officer may be removed, either with or without cause, by the Board of Directors at any regular or special meeting of the Board.

Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

#### 4.3 CHAIRMAN OF THE BOARD

The Chairman of the Board, if such an officer be elected, shall, if present, preside at meetings of the Board of Directors and exercise and perform such other powers and duties as may from time to time be assigned by the Board of Directors or as may be prescribed by these Bylaws. If there is no President, then the Chairman of the Board shall also be the chief executive officer of

the corporation and shall have the powers and duties prescribed in Section 4.4 of these Bylaws.

#### 4.4 PRESIDENT

Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there be such an officer, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and the officers of the corporation. The President shall preside at all meetings of the shareholders and, in the absence or nonexistence of a Chairman of the Board, at all meetings of the Board of Directors. The President shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

#### 4.5 CHIEF FINANCIAL OFFICER-TREASURER

The Chief Financial Officer-Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The Chief Financial Officer-Treasurer shall have such other powers and perform such other duties as may be prescribed by the Board of Directors, these Bylaws, the President or the Chairman of the Board.

#### 4.6 VICE PRESIDENTS

The Vice Presidents shall have such powers and perform such duties as from time to time may be prescribed for them by the Board of Directors, these Bylaws, the President or the Chairman of the Board.

#### 4.7 SECRETARY

The Secretary shall keep or cause to be kept, at the principal executive office of the corporation or such other place as the Board of Directors may direct, a book of minutes of all meetings and actions of the Board of Directors, and shareholders. The Secretary shall keep, or cause to be kept, at the principal executive office of the corporation, a share register, showing the names of all shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates evidencing such shares, and the number and date of cancellation of every certificate surrendered for cancellation. The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and of the Board of Directors required to be given by law or by these Bylaws. The Secretary shall have such other powers and perform such other duties as may be prescribed by the Board of



Directors, these Bylaws, the President or the Chairman of the Board.

## ARTICLE V

### INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

#### 5.1 POWER TO INDEMNIFY

This corporation shall have the power to indemnify its agents against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any threatened, pending or completed action or proceeding, whether civil, criminal, administrative, or investigative, as provided in Section 317 of the Code. The term "agent" as used in this Section 5.1 means any person who is or was a director, officer, employee or other agent of the corporation, or is or was serving at the request of this corporation as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of this corporation or of another enterprise at the request of this corporation.

#### 5.2 SUCCESSFUL DEFENSE BY AGENT

To the extent that an agent of this corporation has been successful on the merits in the defense of any proceeding referred to in Section 5.1 of this Article, or in defense of any claim, issue, or matter specified therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

#### 5.3 REQUIRED APPROVAL

Except as provided in Section 5.2 of this Article, any indemnification under this Article shall be made by this corporation only if authorized in the specific case on a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct, by:

(a) A majority vote of a quorum consisting of directors who are not parties to the proceeding;

(b) If such a quorum of directors is not obtainable, by independent legal counsel in a written opinion;

(c) Approval of the shareholders, as that term is defined in Section 153 of the Code, with the shares owned by the person to be indemnified not being entitled to vote on the matter; or

(d) The court in which the proceeding is or was pending, on application made by this corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by this corporation.

#### 5.4 ADVANCE OF EXPENSES

Expenses incurred in defending any proceeding may be advanced by this corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount of the advance if it shall be determined ultimately that the agent is not entitled to be indemnified as authorized in this Article.

#### 5.5 LIMITATIONS

No indemnification or advance shall be made under this Article, except as provided in Section 5.2 or Section 5.3(d), in any circumstance where it appears:

(a) That it would be inconsistent with a provision of the Articles of Incorporation, these Bylaws, a resolution of the shareholders, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

#### 5.6 OTHER INDEMNIFICATION

The indemnification authorized above in this Article shall not preclude any additional rights to indemnification for breach of duty to the corporation and its shareholders while acting in the capacity of a director or officer of the corporation to the extent such additional indemnification is authorized in the Articles of Incorporation pursuant to Section 204(a)(11) of the Code. Nothing contained in this Article shall affect any right to indemnification to which persons other than directors and officers of this corporation or any subsidiary hereof may be entitled by contract or otherwise.

#### 5.7 INSURANCE

Upon and in the event of a determination by the Board of Directors of this corporation to purchase such insurance, this corporation shall purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not this corporation would have the power to indemnify the agent against that liability under the provisions of this section.

## ARTICLE VI

### RECORDS AND REPORTS

#### 6.1 MAINTENANCE AND INSPECTION OF SHARE REGISTER

The corporation shall keep at its principal executive office a record of its shareholders listing the names and addresses of all shareholders and the number and class of shares held by each shareholder.

#### 6.2 MAINTENANCE AND INSPECTION OF BYLAWS

The corporation shall keep at its principal executive office or, if its principal executive office is not in the State of California, at its principal business office in California, the original or a copy of these Bylaws as amended, which shall be open to inspection by the shareholders at all reasonable times during office hours.

#### 6.3 MAINTENANCE AND INSPECTION OF OTHER CORPORATE RECORDS

The accounting books and records and the minutes of proceedings of the shareholders and the Board of Directors shall be kept at the principal executive office of the corporation. The minutes shall be kept in written form, and the accounting books and records shall be kept either in written form or in any other form capable of being converted into written form.

#### 6.4 INSPECTION BY DIRECTORS

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the corporation and each of its subsidiary corporations, domestic or foreign. Such inspection by a director may be made in person or by an agent or attorney and the right of inspection includes the right to copy and make extracts.

#### 6.5 ANNUAL REPORT TO SHAREHOLDERS; WAIVER

The annual report to shareholders referred to in Section 1501 of the Code is expressly dispensed with.

#### 6.6 FINANCIAL STATEMENTS

A copy of any annual or quarterly income statement, and any related balance sheet, shall be made available to any shareholder or any director of the corporation upon written request.

## ARTICLE VII

### GENERAL MATTERS

#### 7.1 RECORD DATE FOR PURPOSES OTHER THAN NOTICE AND VOTING

For purposes of determining the shareholders entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action (other than with respect to notice or voting at a shareholders meeting or action by shareholders by written consent without a meeting), the Board of Directors may fix, in advance, a record date, which shall not be more than 60 days prior to any such action. Only shareholders of record at the close of business on the record date are entitled to receive the dividend, distribution or allotment of rights, or to exercise the rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date, except as otherwise provided in the Articles of Incorporation or the Code.

#### 7.2 CHECKS; DRAFTS; EVIDENCES OF INDEBTEDNESS

From time to time, the Board of Directors shall determine by resolution which person or persons may sign or endorse all checks, drafts, other orders for payment of money, notes or other evidences of indebtedness that are issued in the name of or payable to the corporation, and only the persons so authorized shall sign or endorse those instruments.

#### 7.3 CORPORATE CONTRACTS AND INSTRUMENTS: HOW EXECUTED

The Board of Directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

#### 7.4 CERTIFICATES FOR SHARES

A certificate or certificates for shares of the corporation shall be issued to each shareholder when any of such shares are fully paid. All certificates shall be signed in the name of the corporation by the Chairman of the Board or the President or a Vice President and by the Chief Financial Officer-Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary; certifying the number of shares and the class or series of shares owned by the shareholder. Any or all of the signatures on the certificate may be by facsimile. All share certificates shall be kept for safekeeping by the Secretary of the corporation.

In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if that person were an officer, transfer agent or registrar at the date of issue.

#### 7.5 LOST CERTIFICATES

Except as provided in this Section 7.5, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the corporation and cancelled at the same time. The Board of Directors may, in case any share certificate or certificate for any other security is lost, stolen or destroyed (as evidenced by a written affidavit or affirmation of such fact), authorize the issuance of replacement certificates on such terms and conditions as the Board may require; the Board may require indemnification of the corporation secured by a bond or other adequate security sufficient to protect the corporation against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft or destruction of the certificate or the issuance of the replacement certificate.

#### 7.6 CONSTRUCTION; DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the Code shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

#### 7.7 REPRESENTATION OF SHARES OF OTHER CORPORATIONS

The Chairman of the Board, the President, any Vice President, the Chief Financial Officer, the Secretary or Assistant Secretary of this corporation, or any other person authorized by the Board of Directors or the President or a Vice President, is authorized to vote, represent, and exercise on behalf of this corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this corporation. The authority herein granted may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

## ARTICLE VIII

### AMENDMENTS

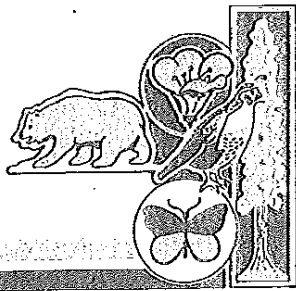
#### 8.1 POWER OF SHAREHOLDERS

New bylaws may be adopted or these bylaws may be amended or repealed by the affirmative vote of a majority of the outstanding shares entitled to vote, or by the written assent of shareholders entitled to vote such shares, except as otherwise provided by law or by the Articles of Incorporation.

#### 8.2 POWER OF DIRECTORS

Subject to the right of shareholders as provided in Section 8.1 of this Article to adopt, amend or repeal these bylaws, a new bylaw provision, other than a bylaw or amendment thereof changing the authorized number of directors, may be adopted, amended or repealed by the Board of Directors.





State  
of  
California

OFFICE OF THE SECRETARY OF STATE

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute  
this certificate and affix the Great  
Seal of the State of California this

APR 15 1986



*March Fong Eu*

Secretary of State



1190903

ARTICLES OF INCORPORATION  
OF

ENDORSED  
FILED  
in the office of the Secretary of State  
of the State of California

EMBARCADERO INSURANCE HOLDINGS, INC.

APR 15 1986

MARCH FONG EU, Secretary of State

I.

The name of this corporation is EMBARCADERO INSURANCE HOLDINGS, INC.

II.

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III.

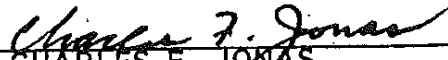
The name and address in the State of California of this corporation's initial agent for service of process is:

John L. Sullivan, Jr.  
289 Steuart Street  
San Francisco, California 94105

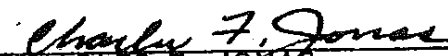
IV.

This corporation is authorized to issue only one class of shares of stock, and the total number of shares which this corporation is authorized to issue is one hundred thousand (100,000).

DATED: April 15, 1986

  
CHARLES F. JONAS

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.

  
CHARLES F. JONAS

# State of California

SECRETARY OF STATE

CORPORATION DIVISION



13 pages

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the annexed transcript was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute  
this certificate and affix the Great  
Seal of the State of California this

JUL 9 1 1938



*Bill Jones*

Secretary of State

977855

FILED

In the office of the Secretary of State  
of the State of California

MAR 17 1980

MARCH FORG EU, Secretary of State

By *Kathleen R. [Signature]*  
Deputy

ARTICLES OF INCORPORATION OF  
THE GREAT WESTERN INSURANCE CO.,  
A CALIFORNIA CORPORATION

I. The name of the corporation is THE GREAT WESTERN INSURANCE CO.

II. The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III. The business of the corporation is to be an insurer and, subject to the provisions of the California Insurance Code, may have the power to transact the following classes of insurance:

- |                |                   |                                  |
|----------------|-------------------|----------------------------------|
| a. Life        | i. Workmen's      | n. Sprinkler                     |
| b. Fire        | Compensation      | o. Team and                      |
| c. Marine      | j. Common Carrier | Vehicle                          |
| d. Title       | Liability         | p. Automobile                    |
| e. Surety      | k. Boiler and     | q. Mortgage                      |
| f. Disability  | Machinery         | r. Aircraft                      |
| g. Plate Glass | l. Burglary       | s. Insolvency                    |
| h. Liability   | m. Credit         | t. Legal Insurance               |
|                |                   | u. Other Miscellaneous Insurance |

IV. The name and address in this state of the corporation's initial agent for service of process in accordance with Corporations Code Section 1502(b) is ALBERT D. JAMES, who may be served at 2840 Scenic View Rd., Alpine, CA 92001.

V. The corporation is authorized to issue only one class of shares and the total number of shares which the corporation is authorized to issue is 50,000.

VI. The names and addresses of the persons appointed to act as the

initial directors are:

Albert D. James	2840 Scenic View Rd., Alpine, CA 92001
Norma J. James	2840 Scenic View Rd., Alpine, CA 92001
Michael E. James	1015 Khish Lane, Alpine, CA 92001

IN WITNESS WHEREOF, the undersigned, who are the incorporators and the above-named initial directors of this corporation, have executed these Articles of Incorporation on January 21, 1980.

ALBERT D. JAMES

NORMA J. JAMES

MICHAEL E. JAMES

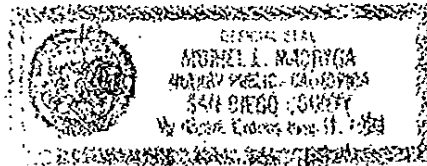
## ACKNOWLEDGMENT

STATE OF CALIFORNIA)  
COUNTY OF SAN DIEGO) ss.

On January 22, 1980, before me, a Notary Public in and for said State, personally appeared ALBERT D. JAMES, NORMA J. JAMES, and MICHAEL E. JAMES, known to me to be the persons whose names are subscribed to the foregoing Articles of Incorporation, and acknowledged to me that they executed the same.

WITNESS my hand and official seal.

Notary Public




STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
San Francisco

I, WESLEY J. KINDER, Insurance Commissioner of the State of California, do hereby certify that on the date specified herein, the name THE GREAT WESTERN INSURANCE CO. has been approved for use in California for a period of 180 days from the date herein and during the pendency in good faith of an application for certificate of authority.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year specified below.

WESLEY J. KINDER  
Insurance Commissioner

By   
JOHN J. FABER  
Deputy  
January 11, 1980

A foreign or alien corporation must attach this Certificate to its statement and designation to obtain a Certificate of Qualification from the California Secretary of State.

977855

FILED  
In the office of the Secretary of State  
of the State of California

NOV 12 1982

A256899

KEITH FORD EV, Secretary of State

Deputy

CERTIFICATE OF AMENDMENT  
OF  
ARTICLES OF INCORPORATION  
OF  
THE GREAT WESTERN INSURANCE CO.,  
A CALIFORNIA CORPORATION

ALBERT D. JAMES and NORMA J. JAMES certify that:


1. They are the President and Secretary respectively of  
THE GREAT WESTERN INSURANCE CO., a California corporation.

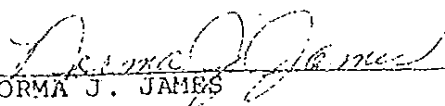
2. Article VI of the Articles of Incorporation of said  
corporation shall be amended to read in full as follows:

"This corporation shall have a variable number of  
directors, to be not less than five (5) nor more than nine  
(9), with the exact numbers of directors to be fixed, within  
the limits specified, by approval of the Board of Directors  
or shareholders in the manner set forth in the bylaws."

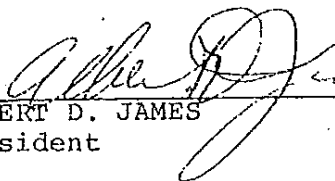

3. The amendment has been approved by the Board of  
Directors.

4. The amendment has been approved in accordance with  
Section 902 of the California Corporations Code. The corpora-  
tion has only one class of shares. Each outstanding share is  
entitled to one vote. The corporation has twenty thousand  
(20,000) shares outstanding; hence, the total number of shares  
entitled to vote with respect to the amendment was twenty  
thousand (20,000). The number of shares approving the amend-  
ment was twenty thousand (20,000).

  
ALBERT D. JAMES  
President

  
NORMA J. JAMES  
Secretary

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct of both parties' knowledge and that this declaration was executed on July 23, 1982, at La Mesa, California.

  
ALBERT D. JAMES  
President  
NORMA J. JAMES  
Secretary

D136569 977855

FILED

In the Office of the Secretary of State  
of the State of California

APR 4 1983

MARION FONG EU, Secretary of State

By Mary Ann Mayhugh  
Deputy

CERTIFICATE OF ELECTION TO  
WIND UP AND DISSOLVE  
THE GREAT WESTERN INSURANCE CO.  
a California corporation

ALBERT D. JAMES and NORMA J. JAMES certify that:

1. They are shareholders holding shares representing fifty percent (50%) of the voting power of The Great Western Insurance Co.;
2. The corporation has elected to wind up and dissolve;
3. Election was made by the vote of 10,000 shares of the corporation and representing at least fifty percent (50%) of the voting power of the corporation.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this Certificate are true and correct of our knowledge.

DATED:

3/27/83

Albert D. James  
ALBERT D. JAMES

DATED:

3-27-83

Norma J. James  
NORMA J. JAMES



A278917

977855

FILED

In the office of the Secretary of State  
of the State of California

FEB 17 1984

<sup>OF</sup>  
CERTIFICATE OF REVOCATION AND ELECTION  
TO WIND UP AND DISSOLVE  
THE GREAT WESTERN INSURANCE CO.,  
A CALIFORNIA CORPORATION

MARION FONG (U), Secretary of State

By: Kathleen P. Gentry  
Deputy

JOHN C. MABEE and BETTY L. MABEE certify that:

1. They are shareholders authorized to execute this Certificate by shareholders of said corporation holding shares representing fifty percent (50%) or more of the voting power of said corporation.
2. On April 4, 1983 a Certificate of Election to Wind Up and Dissolve The Great Western Insurance Co., a California corporation, was filed with the California Secretary of State.
3. Said corporation has elected to revoke its Election to Wind Up and Dissolve and accordingly has revoked said Election to Wind Up and Dissolve.
4. No assets of the corporation have been distributed pursuant to said Election.
5. The number of shares voting for such revocation was 20,000 and the total number of outstanding shares entitled to vote on the revocation was 20,000.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this Certificate are true and correct of our own knowledge.

DATED: 12-22John C. Mabee  
JOHN C. MABEEDATED: 12-22Betty L. Mabee  
BETTY L. MABEE

NAME CHANGED TO: MAJESTIC INSURANCE COMPANY

977855

A285953

CERTIFICATE OF AMENDMENT

OF

ARTICLES OF INCORPORATION

OF

THE GREAT WESTERN INSURANCE CO.

FILED  
In the office of the Secretary of State  
of the State of California

JUL 31 1984

WU CH FONG EM, Secretary of State  
Deputy

KARL KOCH and LARRY MABEE certify that:

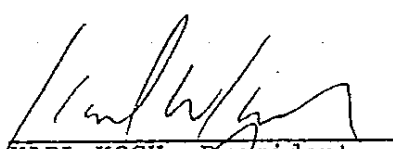
1. They are the President and the Secretary, respectively, of THE GREAT WESTERN INSURANCE CO.

2. Article I of the Articles of said corporation shall be amended to read as follows:

"I: That the name of the corporation is Majestic Insurance Company.

3. The amendment has been approved by the unanimous written consent of the Board of Directors.

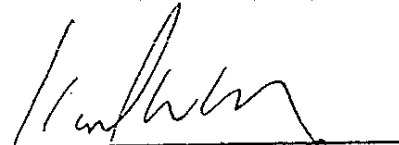
4. The amendment has been approved by the unanimous written consent all of the outstanding shareholders.

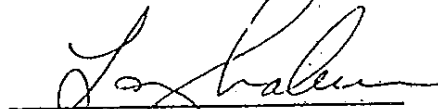
  
KARL KOCH, President

  
LARRY MABEE, Secretary

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct of both their own knowledge

and that this declaration was executed July 24, 1984, as  
San Diego, California.

  
KARL KOCH

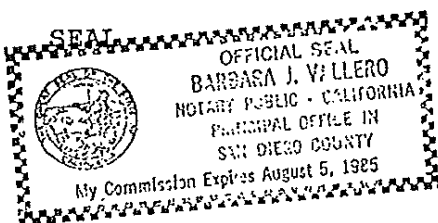
  
LARRY MABEE

STATE OF CALIFORNIA )  
COUNTY OF SAN DIEGO ) ss.

On this 24th day of July, 1984, before me, a  
Notary Public in and for said County and State, personally  
appeared KARL KOCH and LARRY MABEE, known to me to the  
persons whose names are, subscribed the foregoing  
CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION, and  
acknowledged to me that they executed the same.

WITNESS my hand and official seal.

  
NOTARY PUBLIC



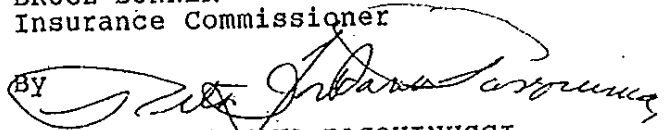
STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
San Francisco

I, BRUCE BUNNER, Insurance Commissioner of the State of California, do hereby certify that on the date specified herein, the name MAJESTIC INSURANCE COMPANY has been approved for use in California as a name change for THE GREAT WESTERN INSURANCE CO. for a period of 90 days from the date herein.

IN WITNESS WHEREOF, I have hereunto  
set my hand and affixed my official seal the  
day and year specified below.

BRUCE BUNNER  
Insurance Commissioner

BY



RITA FONTANA PASQUINUCCI  
Deputy  
June 1, 1984

A California corporation must attach this Certificate to its Articles of Incorporation (Amendment) filed with the California Secretary of State.

**CERTIFICATE OF AMENDMENT OF  
ARTICLES OF INCORPORATION OF  
MAJESTIC INSURANCE COMPANY**

977855

480

**A423941**

**FILED**

In the office of the Secretary of State  
of the State of California

**OCT 08 1992**

JOHN L. SULLIVAN and VERONICA L. MITCHELL certify that:

1. They are the President and Secretary-Controller respectively of MAJESTIC INSURANCE COMPANY, a California corporation.

*Veronica L. Mitchell*  
VERONICA L. MITCHELL, Secretary-Controller

2. Article V. of the Articles of Incorporation of this corporation shall be amended to read as set forth below:

"V. This corporation is authorized to issue only one class of shares of stock. The number of shares which this company is authorized to issue is FIFTY THOUSAND (50,000) shares, of which 40,000 shares are now issued and outstanding. The par value of each share is SEVENTY-FIVE DOLLARS and NO CENTS (\$75.00). The aggregate par value is THREE MILLION DOLLARS (\$3,000,000). Upon amendment of this Article to read as hereinabove set forth, the par value of each outstanding share of capital stock is reconstituted and reclassified as one share of capital stock of a par value of \$75.00 per share."

3. The foregoing Amendment of Articles of Incorporation has been duly approved by the Board of Directors.

4. The foregoing Amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902 of the Corporations Code. The total number of outstanding shares of the company is 40,000. The number of shares voting in favor of the Amendment was 40,000 and exceeded the vote required.

Dated: September 29, 1992

*John L. Sullivan*  
JOHN L. SULLIVAN, President

*Veronica L. Mitchell*  
VERONICA L. MITCHELL, Secretary-Controller

Each of the undersigned declares under penalty of perjury under the laws of the State of California that the matters set forth in the foregoing Amended Articles of Incorporation are true of his own knowledge, and that this declaration was executed at San Francisco, California on September 29, 1992.

*John L. Sullivan*  
JOHN L. SULLIVAN, President

*Veronica L. Mitchell*  
VERONICA L. MITCHELL, Secretary-Controller

#977855

A467990

JO

FILED

In the office of the Secretary of State  
of the State of California

NOV - 2 1995

*Bill Jones*  
BILL JONES, Secretary of State

RESTATED ARTICLES OF INCORPORATION  
OF  
MAJESTIC INSURANCE COMPANY

John L. Sullivan and Veronica L. Mitchell certify that:

1. They are the President and Secretary, respectively, of Majestic Insurance Company, a California corporation.
2. The Articles of Incorporation of Majestic Insurance Company are hereby amended and restated to read as follows in full:

ARTICLE I

The name of this corporation is MAJESTIC INSURANCE COMPANY.

ARTICLE II

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the GENERAL CORPORATION LAW of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

ARTICLE III

The business of this corporation is to be an insurer subject to the California Insurance Code; provided, however, that this corporation shall not transact life, title, mortgage or mortgage guaranty insurance as defined in said Insurance Code.

ARTICLE IV

This corporation shall have a variable number of directors, to be not less than five (5) nor more than nine (9), with the exact number of directors to be fixed, within the limits specified, by approval of the Board of Directors or shareholders in the manner set forth in the Bylaws of this corporation.

## ARTICLE V

This corporation is authorized to issue only one class of shares of stock. The total number of shares which this corporation is authorized to issue is Fifty Thousand (50,000) shares, which shall have a par value of Seventy Five Dollars (\$75.00) per share and an aggregate par value of Three Million Seven Hundred Fifty Thousand Dollars (\$3,750,000).

## ARTICLE VI

A. The liability of the directors of this corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

B. This corporation is authorized to provide indemnification of agents (as defined in Section 317 of the Corporations Code) to the fullest extent permissible under California law.

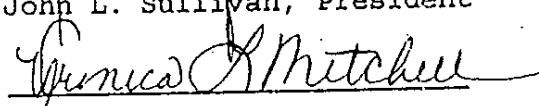
3. The foregoing amendment and restatement of the Articles of Incorporation have been duly approved by the board of directors.

4. The foregoing amendment and restatement of the Articles of Incorporation have been duly approved by the required shareholder vote in accordance with Section 902 of the Corporations Code. The total number of outstanding shares of the corporation is 40,000. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

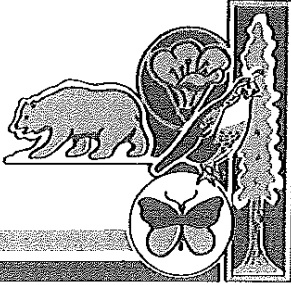
We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: October 10, 1995

  
John L. Sullivan, President

  
Veronica L. Mitchell, Secretary





State  
of  
California  
SECRETARY OF STATE

CORPORATION DIVISION

MAJESTIC INSURANCE COMPANY

I, *BILL JONES*, Secretary of State of the State of California,  
hereby certify:

That the annexed transcript has been compared with  
the corporate record on file in this office, of which it  
purports to be a copy, and that same is full, true and  
correct.

IN WITNESS WHEREOF, I execute  
this certificate and affix the Great  
Seal of the State of California this

JAN 29 1996



*Bill Jones*

Secretary of State



A467990

ENDORSED  
FILED

In the office of the Secretary of State  
of the State of California

NOV - 2 1995

RESTATED ARTICLES OF INCORPORATION  
OF

MAJESTIC INSURANCE COMPANY

BILL JONES, Secretary of State

John L. Sullivan and Veronica L. Mitchell certify that:

1. They are the President and Secretary, respectively, of Majestic Insurance Company, a California corporation.

2. The Articles of Incorporation of Majestic Insurance Company are hereby amended and restated to read as follows in full:

ARTICLE I

The name of this corporation is MAJESTIC INSURANCE COMPANY.

ARTICLE II

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the GENERAL CORPORATION LAW of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

ARTICLE III

The business of this corporation is to be an insurer subject to the California Insurance Code; provided, however, that this corporation shall not transact life, title, mortgage or mortgage guaranty insurance as defined in said Insurance Code.

ARTICLE IV

This corporation shall have a variable number of directors, to be not less than five (5) nor more than nine (9), with the exact number of directors to be fixed, within the limits specified, by approval of the Board of Directors or shareholders in the manner set forth in the Bylaws of this corporation.

## ARTICLE V

This corporation is authorized to issue only one class of shares of stock. The total number of shares which this corporation is authorized to issue is Fifty Thousand (50,000) shares, which shall have a par value of Seventy Five Dollars (\$75.00) per share and an aggregate par value of Three Million Seven Hundred Fifty Thousand Dollars (\$3,750,000).

## ARTICLE VI

A. The liability of the directors of this corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

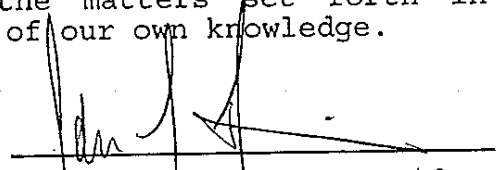
B. This corporation is authorized to provide indemnification of agents (as defined in Section 317 of the Corporations Code) to the fullest extent permissible under California law.

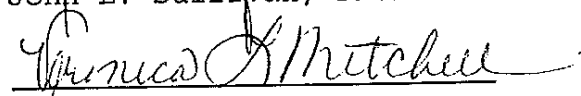
3. The foregoing amendment and restatement of the Articles of Incorporation have been duly approved by the board of directors.

4. The foregoing amendment and restatement of the Articles of Incorporation have been duly approved by the required shareholder vote in accordance with Section 902 of the Corporations Code. The total number of outstanding shares of the corporation is 40,000. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: October 10, 1995

  
John L. Sullivan, President

  
Veronica L. Mitchell, Secretary

#977855

A467990

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FILED

In the office of the Secretary of State  
of the State of California

NOV - 2 1995

*Bill Jones*  
BILL JONES, Secretary of State

RESTATED ARTICLES OF INCORPORATION  
OF  
MAJESTIC INSURANCE COMPANY

John L. Sullivan and Veronica L. Mitchell certify that:

1. They are the President and Secretary, respectively, of Majestic Insurance Company, a California corporation.
2. The Articles of Incorporation of Majestic Insurance Company are hereby amended and restated to read as follows in full:

ARTICLE I

The name of this corporation is MAJESTIC INSURANCE COMPANY.

ARTICLE II

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the GENERAL CORPORATION LAW of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

ARTICLE III

The business of this corporation is to be an insurer subject to the California Insurance Code; provided, however, that this corporation shall not transact life, title, mortgage or mortgage guaranty insurance as defined in said Insurance Code.

ARTICLE IV

This corporation shall have a variable number of directors, to be not less than five (5) nor more than nine (9), with the exact number of directors to be fixed, within the limits specified, by approval of the Board of Directors or shareholders in the manner set forth in the Bylaws of this corporation.

## ARTICLE V

This corporation is authorized to issue only one class of shares of stock. The total number of shares which this corporation is authorized to issue is Fifty Thousand (50,000) shares, which shall have a par value of Seventy Five Dollars (\$75.00) per share and an aggregate par value of Three Million Seven Hundred Fifty Thousand Dollars (\$3,750,000).

## ARTICLE VI

A. The liability of the directors of this corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

B. This corporation is authorized to provide indemnification of agents (as defined in Section 317 of the Corporations Code) to the fullest extent permissible under California law.

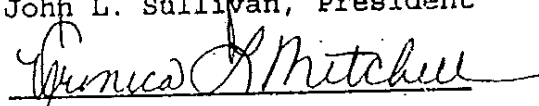
3. The foregoing amendment and restatement of the Articles of Incorporation have been duly approved by the board of directors.

4. The foregoing amendment and restatement of the Articles of Incorporation have been duly approved by the required shareholder vote in accordance with Section 902 of the Corporations Code. The total number of outstanding shares of the corporation is 40,000. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: October 10, 1995

  
John L. Sullivan, President

  
Veronica L. Mitchell, Secretary



CERTIFICATE OF AMENDMENT OF  
ARTICLES OF INCORPORATION OF  
MAJESTIC INSURANCE COMPANY

977855

YSP

A423941

FILED

In the office of the Secretary of State  
of the State of California

OCT 08 1992

JOHN L. SULLIVAN and VERONICA L. MITCHELL certify that:

1. They are the President and Secretary-Controller respectively of MAJESTIC INSURANCE COMPANY, a California corporation.

Veronica L. Mitchell  
VERONICA L. MITCHELL, Secretary-Controller

2. Article V. of the Articles of Incorporation of this corporation shall be amended to read as set forth below:

"V. This corporation is authorized to issue only one class of shares of stock. The number of shares which this company is authorized to issue is FIFTY THOUSAND (50,000) shares, of which 40,000 shares are now issued and outstanding. The par value of each share is SEVENTY-FIVE DOLLARS and NO CENTS (\$75.00). The aggregate par value is THREE MILLION DOLLARS (\$3,000,000). Upon amendment of this Article to read as hereinabove set forth, the par value of each outstanding share of capital stock is reconstituted and reclassified as one share of capital stock of a par value of \$75.00 per share."

3. The foregoing Amendment of Articles of Incorporation has been duly approved by the Board of Directors.

4. The foregoing Amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902 of the Corporations Code. The total number of outstanding shares of the company is 40,000. The number of shares voting in favor of the Amendment was 40,000 and exceeded the vote required.

Dated: September 29, 1992

  
JOHN L. SULLIVAN, President

  
VERONICA L. MITCHELL, Secretary-Controller

Each of the undersigned declares under penalty of perjury under the laws of the State of California that the matters set forth in the foregoing Amended Articles of Incorporation are true of his own knowledge, and that this declaration was executed at San Francisco, California on September 29, 1992.

  
JOHN L. SULLIVAN, President

  
VERONICA L. MITCHELL, Secretary-Controller

# State of California

SECRETARY OF STATE

CORPORATION DIVISION

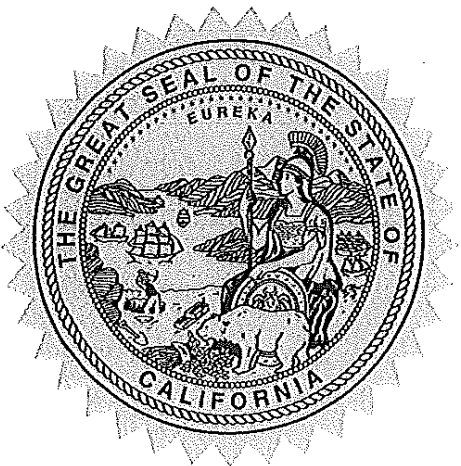


I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the annexed transcript was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute  
this certificate and affix the Great  
Seal of the State of California this

JUL 9 1963



*Bill Jones*

Secretary of State

977855

FILED

In the office of the Secretary of State  
of the State of California

MAR 17 1980

MARCH FONG EU, Secretary of State

By *Kathleen R. Hastings*  
Deputy

ARTICLES OF INCORPORATION OF  
THE GREAT WESTERN INSURANCE CO.,  
A CALIFORNIA CORPORATION

I. The name of the corporation is THE GREAT WESTERN INSURANCE CO.

II. The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III. The business of the corporation is to be an insurer and, subject to the provisions of the California Insurance Code, may have the power to transact the following classes of insurance:

- |                |                   |                                       |
|----------------|-------------------|---------------------------------------|
| a. Life        | i. Workmen's      | n. Sprinkler                          |
| b. Fire        | Compensation      | o. Team and                           |
| c. Marine      | j. Common Carrier | Vehicle                               |
| d. Title       | Liability         | p. Automobile                         |
| e. Surety      | k. Boiler and     | q. Mortgage                           |
| f. Disability  | Machinery         | r. Aircraft                           |
| g. Plate Glass | l. Burglary       | s. Insolvency                         |
| h. Liability   | m. Credit         | t. Legal Insurance                    |
|                |                   | u. Other Miscella-<br>neous Insurance |

IV. The name and address in this state of the corporation's initial agent for service of process in accordance with Corporations Code Section 1502(b) is ALBERT D. JAMES, who may be served at 2840 Scenic View Rd., Alpine, CA 92001.

V. The corporation is authorized to issue only one class of shares and the total number of shares which the corporation is authorized to issue is 50,000.

VI. The names and addresses of the persons appointed to act as the

initial directors are:

Albert D. James	2840 Scenic View Rd., Alpine, CA 92001
Norma J. James	2840 Scenic View Rd., Alpine, CA 92001
Michael E. James	1015 Khish Lane, Alpine, CA 92001

IN WITNESS WHEREOF, the undersigned, who are the incorporators and the above-named initial directors of this corporation, have executed these Articles of Incorporation on January 21, 1980.

ALBERT D. JAMES

NORMA J. JAMES

~~MICHAEL E. JAMES~~

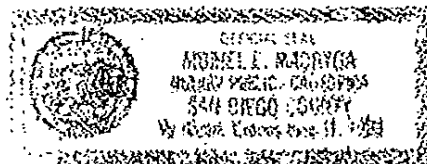
## ACKNOWLEDGMENT

STATE OF CALIFORNIA) ss.  
COUNTY OF SAN DIEGO)

On January 22, 1980, before me, a Notary Public in and for said State, personally appeared ALBERT D. JAMES, NORMA J. JAMES, and MICHAEL E. JAMES, known to me to be the persons whose names are subscribed to the foregoing Articles of Incorporation, and acknowledged to me that they executed the same.

WITNESS my hand and official seal.

Notary Public





STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
San Francisco

I, WESLEY J. KINDER, Insurance Commissioner of the State of California, do hereby certify that on the date specified herein, the name THE GREAT WESTERN INSURANCE CO. has been approved for use in California for a period of 180 days from the date herein and during the pendency in good faith of an application for certificate of authority.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year specified below.

WESLEY J. KINDER  
Insurance Commissioner

By

*John J. Faber*

JOHN J. FABER  
Deputy

January 11, 1980

A foreign or alien corporation must attach this Certificate to its statement and designation to obtain a Certificate of Qualification from the California Secretary of State.

977855

FILED  
In the office of the Secretary of State  
of the State of California

NOV 12 1982

A256899

ROBERT FORBES, Secretary of State

Deputy

CERTIFICATE OF AMENDMENT  
OF  
ARTICLES OF INCORPORATION  
OF  
THE GREAT WESTERN INSURANCE CO.,  
A CALIFORNIA CORPORATION

ALBERT D. JAMES and NORMA J. JAMES certify that:


1. They are the President and Secretary respectively of  
THE GREAT WESTERN INSURANCE CO., a California corporation.

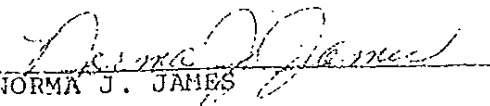
2. Article VI of the Articles of Incorporation of said  
corporation shall be amended to read in full as follows:

"This corporation shall have a variable number of  
directors, to be not less than five (5) nor more than nine  
(9), with the exact numbers of directors to be fixed, within  
the limits specified, by approval of the Board of Directors  
or shareholders in the manner set forth in the bylaws."

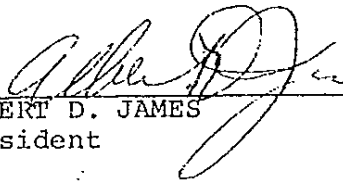

3. The amendment has been approved by the Board of  
Directors.

4. The amendment has been approved in accordance with  
Section 902 of the California Corporations Code. The corpora-  
tion has only one class of shares. Each outstanding share is  
entitled to one vote. The corporation has twenty thousand  
(20,000) shares outstanding; hence, the total number of shares  
entitled to vote with respect to the amendment was twenty  
thousand (20,000). The number of shares approving the amend-  
ment was twenty thousand (20,000).

  
ALBERT D. JAMES  
President

  
NORMA J. JAMES  
Secretary

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct of both parties' knowledge and that this declaration was executed on July 23, 1982, at La Mesa, California.

  
\_\_\_\_\_  
ALBERT D. JAMES  
President  
\_\_\_\_\_  
NORMA J. JAMES  
Secretary

D136509 977855

FILED

In the Office of the Secretary of State  
of the State of California

APR 4 1983

WANCH FONG EU, Secretary of State

By Mary Ann Mayhugh  
Deputy

CERTIFICATE OF ELECTION TO  
WIND UP AND DISSOLVE  
THE GREAT WESTERN INSURANCE CO.  
a California corporation

ALBERT D. JAMES and NORMA J. JAMES certify that:

1. They are shareholders holding shares representing fifty percent (50%) of the voting power of The Great Western Insurance Co.;
2. The corporation has elected to wind up and dissolve;
3. Election was made by the vote of 10,000 shares of the corporation and representing at least fifty percent (50%) of the voting power of the corporation.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this Certificate are true and correct of our knowledge.

DATED:

3/27/83

Albert D. James  
ALBERT D. JAMES

DATED:

3-27-83

Norma J. James  
NORMA J. JAMES

A278917

977855

FILED

In the office of the Secretary of State  
of the State of California

FEB 17 1984

<sup>OF</sup>  
CERTIFICATE OF REVOCATION AND ELECTION  
TO WIND UP AND DISSOLVE  
THE GREAT WESTERN INSURANCE CO.,  
A CALIFORNIA CORPORATION

MARION FUNG CHU, Secretary of State

By: *Kathleen P. Gitting*

Deputy

JOHN C. MABEE and BETTY L. MABEE certify that:

1. They are shareholders authorized to execute this Certificate by shareholders of said corporation holding shares representing fifty percent (50%) or more of the voting power of said corporation.
2. On April 4, 1983 a Certificate of Election to Wind Up and Dissolve The Great Western Insurance Co., a California corporation, was filed with the California Secretary of State.
3. Said corporation has elected to revoke its Election to Wind Up and Dissolve and accordingly has revoked said Election to Wind Up and Dissolve.
4. No assets of the corporation have been distributed pursuant to said Election.
5. The number of shares voting for such revocation was 20,000 and the total number of outstanding shares entitled to vote on the revocation was 20,000.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this Certificate are true and correct of our own knowledge.

DATED: 12-22

*John C. Mabee*  
JOHN C. MABEE

DATED: 12-22

*Betty L. Mabee*  
BETTY L. MABEE

NAME CHANGED TO: MAJESTIC INSURANCE COMPANY

977855

A285953

CERTIFICATE OF AMENDMENT

OF

ARTICLES OF INCORPORATION

OF

THE GREAT WESTERN INSURANCE CO.

FILED  
In the office of the Secretary of State  
of the State of California

JUL 31 1984

WU CH FONG EM, Secretary of State  
Deputy

KARL KOCH and LARRY MABEE certify that:

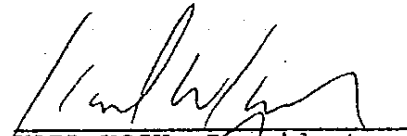
1. They are the President and the Secretary, respectively, of THE GREAT WESTERN INSURANCE CO.


2. Article I of the Articles of said corporation shall be amended to read as follows:

"I: That the name of the corporation is Majestic Insurance Company.

3. The amendment has been approved by the unanimous written consent of the Board of Directors.

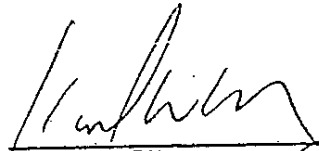
4. The amendment has been approved by the unanimous written consent all of the outstanding shareholders.

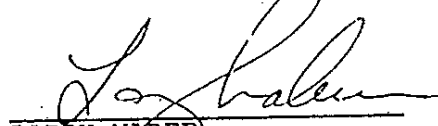
  
KARL KOCH, President

  
LARRY MABEE, Secretary

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct of both their own knowledge

and that this declaration was executed July 24, 1984, as  
San Diego, California.

  
KARL KOCH

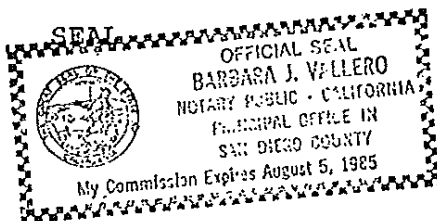
  
LARRY MABEE

STATE OF CALIFORNIA    )  
                              ) ss.  
COUNTY OF SAN DIEGO    )

On this 24th day of July, 1984, before me, a  
Notary Public in and for said County and State, personally  
appeared KARL KOCH and LARRY MABEE, known to me to the  
persons whose names are, subscribed the foregoing  
CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION, and  
acknowledged to me that they executed the same.

WITNESS my hand and official seal.

  
NOTARY PUBLIC



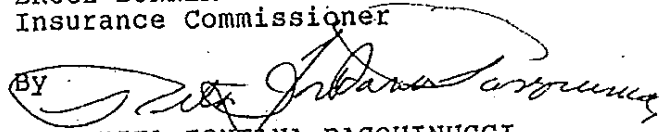
STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
San Francisco

I, BRUCE BUNNER, Insurance Commissioner of the State of California, do hereby certify that on the date specified herein, the name MAJESTIC INSURANCE COMPANY has been approved for use in California as a name change for THE GREAT WESTERN INSURANCE CO. for a period of 90 days from the date herein.

IN WITNESS WHEREOF, I have hereunto  
set my hand and affixed my official seal the  
day and year specified below.

BRUCE BUNNER  
Insurance Commissioner

BY



RITA FONTANA PASQUINUCCI  
Deputy  
June 1, 1984

A California corporation must attach this Certificate to its Articles of Incorporation (Amendment) filed with the California Secretary of State.



**Schedule 4.11**

*Insurance Commissioner of the State of California v. Majestic Insurance Company*, Case No. CPF-11-511261 (Cal. Super. Ct. San Francisco)

## Schedule 4.18

### MAJESTIC INSURANCE COMPANY

Holdings  
As of 12/31/2012

Custid/Custodian	Custodial State	Security Description/Quantity	Coupon Rate & Original Cost by Custodian	Maturity Date	Book Value by Custodian	Rating	Market Value Total by Custodian	Quantity	Original Cost	Book Value	Market Value	Unrealized Gain/Loss	Total Due/Accr.	Book Yield
MAJESTIC INS CO - UNION BANK 4124 912828S07 TOTAL MAJESTIC INS CO - UNION BANK 4124	Arizona	UNITED STATES TREASURY NOTE	0.250 125,000.00	01/11/14	124,817.73	AA+	125,078.13	125,000.00 260.40	124,817.73 130.77	124,817.73 0.24	125,078.13	260.40	130.77	0.24
MAJESTIC INS CO - US BANK 8330 912828RN2 CASH/CASH6 TOTAL MAJESTIC INS CO - US BANK 8330	Oregon	UNITED STATES TREASURY NOTE CASH	0.250 0.000 114,400.00	10/31/13	114,302.47	AA+ AAA	114,477.34	110,900.00 4,400.00 174.87	109,902.47 4,400.00 184.60	109,902.47 4,400.00 0.22	110,077.34	174.87 0.00	184.60 0.00	0.21 0.00
MAJESTIC INS CO - ALASKA 31398AT44 TOTAL MAJESTIC INS CO - ALASKA	Alaska	FANNIE MAE	1.500 100,000.00	06/26/13	100,486.82	AA+	100,648.00	100,000.00 161.18	102,023.00 770.83	100,486.82 0.50	100,618.00	161.18	770.83	0.50
MAJESTIC INS CO - ALBUQUERQUE 912828RN2 TOTAL MAJESTIC INS CO - ALBUQUERQUE	New Mexico	UNITED STATES TREASURY NOTE	0.250 125,000.00	10/31/13	124,889.17	AA+	125,087.89	125,000.00 198.72	124,889.17 209.77	124,889.17 0.23	125,087.89	198.72	209.77	0.23
MAJESTIC INS CO - BONY 912828RN2 TOTAL MAJESTIC INS CO - BONY	Florida	UNITED STATES TREASURY NOTE	0.250 150,000.00	10/31/13	149,867.01	AA+	150,105.47	150,000.00 238.46	149,867.01 64.23	149,867.01 0.23	150,105.47	238.46	64.23	0.23
MAJESTIC INS CO - CITIBANK 3133762C8 31398AT44 438516AY2 649902ZL0 912828RN2 91440KY7 TOTAL MAJESTIC INS CO - CITIBANK	California	FEDERAL HOME LOAN BANK FANNIE MAE HONEYWELL INTERNATIONAL NEW YORK ST DORM AUTH ST PERSO UNITED STATES TREASURY NOTE UNIV OF MASSACHUSETTS MA BLDG	0.375 1.500 3.875 4.992 0.250 3.800 2,436,000.00	11/27/13 06/26/13 02/15/14 03/15/22 10/31/13 11/01/21	2,428,355.98	AA+ AA+ A AA AA+ AA	2,595,411.42	580,000.00 190,000.00 705,000.00 100,000.00 50,000.00 511,000.00	580,992.80 193,843.70 735,315.00 410,872.01 49,955.67 482,705.91	580,758.43 190,924.95 731,853.44 410,872.01 49,955.67 482,705.91	580,980.40 191,231.20 731,853.44 475,532.01 50,035.16 565,779.21	221.97 306.25 18,714.33 64,660.00 79.49 83,071.30	205.42 39.58 10,320.42 5,879.87 21.41 3,236.33	0.21 0.50 2.82 4.65 0.21 3.89
MAJESTIC INS CO - SUNTRUST 912828RN2 TOTAL MAJESTIC INS CO - SUNTRUST	Virginia	UNITED STATES TREASURY NOTE	0.250 210,000.00	10/31/13	209,813.81	AA+	210,147.66	210,000.00 333.85	209,813.81 89.92	209,813.81 0.23	210,147.66	333.85	89.92	0.23
MAJESTIC INS CO - WELLS FARGO CASH/CASH6 TOTAL MAJESTIC INS CO - WELLS FARGO	Idaho	CASH	0.001 257,692.50		257,692.50	AAA	257,692.50	257,692.50 0.00	257,692.50 0.00	257,692.50 0.00	257,692.50	0.00	0.00	0.00
MAJESTIC INS CO - SSB JF3A 472719AQ6 784924J00 912828RN2 TOTAL MAJESTIC INS CO - SSB JF3A	Nevada	JEFFERSON CNTY CO & JEFFERSON SSGA US GOVERNMENT MFI FUND UNITED STATES TREASURY NOTE	3.750 0.000 0.250 355,625.00	12/01/15 04/30/14	355,566.41	AA AAA AA+	378,164.65	300,000.00 5,625.00 30,000.00 22,508.25	300,000.00 5,625.00 49,941.41 958.91	299,599.99 5,625.00 49,941.41 3.20	322,511.99	22,512.00 0.00 86.25	937.50 0.00 21.41	3.75 0.00 0.27
GRAND TOTAL			7,055,153.28		3,537,060.78		3,865,791.89		4,056,813.06	3,873,717.50	3,892,627.19	3,865,791.89	4,056,813.06	