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FILED

JUL 22 2024

Department of Insurance
State of Idaho

Before the Director of the Department of Insurance

State of Idaho

In the Matter of:

Pawp, Inc., a Delaware corporation;
Pawp Insurance Solutions, LLC, a
California limited liability company
holding Idaho Non-Resident Insurance
Producer License No. 20108055; **Pawp
Insurance Services, Inc.**, a Delaware
corporation; and **Concert Specialty
Insurance Company**, a Montana
corporation,

Respondents.

Docket No. 18-4393-24

**Cease and Desist Order and
Notice**

To: **Pawp, Inc.**, a Delaware corporation;
Pawp Insurance Solutions, LLC, a California limited liability
company;
Pawp Insurance Services, Inc., a Delaware corporation; and
Concert Specialty Insurance Company, a Montana corporation;

Pursuant to the authority granted to the Director of the Idaho Department of
Insurance ("Department") in the Idaho Insurance Code, section 41-101, *et seq.*, Idaho

Code, in particular section 41-213(1)(a), Idaho Code, in addition to the Administrative Procedures Act, Idaho Code § 67-5201, *et seq.*, the Director of the Department issues this **Cease and Desist Order** without prior notice but with the opportunity for hearing based upon the following:

Idaho Law

Idaho law defines “insurance” as “a contract whereby one undertakes to indemnify another or pay or allow a specified or ascertainable amount or benefit upon determinable risk contingencies.” Idaho Code § 41-102. No person, firm, association or corporation may transact insurance without first having obtained a license from the Director of the Department. Idaho Code § 41-117A. “Transacting insurance” includes solicitation and inducement, preliminary negotiations, effectuation of a contract of insurance, transaction of matters subsequent to effectuation of a contract of insurance and arising out of it, and mailing or otherwise delivering any written solicitation to any person in this state by an insurer or any person acting on behalf of the insurer for fee or compensation. Idaho Code § 41-112.

Idaho law defines an “adjuster” as a person who “on behalf of the insurer, for compensation as an independent contractor or as the employee of such an independent contractor, or for fee or commission, investigates and negotiates settlement of claims arising under insurance contracts.” Idaho Code § 41-1102(1). No person shall be, act as, or advertise or hold himself out to be an adjuster unless he is licensed as an adjuster in Idaho. Idaho Code § 41-1103. The licensed agent of an authorized insurer who, at the insurer’s request, from time to time adjusts or assists

in adjustment of losses arising under policies issued by such insurer, is not an adjuster. Idaho Code § 41-1102(1)(c). However, this exception does not apply to agents who adjust on behalf of insurers that do not hold a certificate of authority in Idaho, because those insurers are not “authorized insurers.” Idaho Code § 41-110(1).

No basic insurance policy shall be delivered in Idaho unless the form has been filed with the Director. Idaho Code § 41-1812(1).

No surplus lines insurance policy shall be delivered in Idaho unless the class of coverage has been declared eligible for export pursuant to Idaho Code § 41-1216(1) or the broker has executed an affidavit in a form prescribed by the Director setting forth facts from which it can be determined whether the insurance is eligible for export pursuant to Idaho Code § 41-1215.

No insurer, whether an authorized insurer or an unauthorized insurer, shall make available through any rating plan or form, property, casualty or surety insurance to any firm, corporation, or association of individuals, any preferred rate or premium based upon any fictitious grouping of such firm, corporation, or individuals. A fictitious group is one in which members of such group do not have a common insurable interest as to the subject of the insurance and the risk or risks insured or to be insured. Idaho Code § 41-1317(1).

Idaho Code § 41-213(1)(a) authorizes the Director to issue an order requiring a person to cease and desist from engaging in any act or practice constituting a violation of the Idaho Insurance Code.

Idaho Code § 67-5247 provides that an agency may act through an emergency proceeding in a situation involving an immediate danger to the public health, safety, or welfare requiring immediate agency action.

Respondents

1. Pawp, Inc., is a Delaware corporation. It is not licensed or registered with the Idaho Department of Insurance in any capacity.

2. Pawp Insurance Solutions, LLC, is a California limited liability company holding Idaho Non-Resident Insurance Producer License No. 20108055, which license is due to expire October 31, 2025. It does not hold an adjuster's license.

3. Pawp Insurance Services, Inc., is a Delaware corporation. It is not licensed or registered with the Idaho Department of Insurance in any capacity.

4. Concert Specialty Insurance Company is a Montana corporation that is an eligible surplus lines insurer in Idaho. It holds a certificate of authority in Montana, but not in Idaho.

Findings of Fact

5. On or about January 17, 2024, the Department received copies of promotional materials for the Pawp Emergency Fund. These materials are distributed through Pawp, Inc.'s corporate web site, pawp.com.

6. The promotional materials make the following representations:

a. People who sign up for a membership with Pawp, Inc., may join the Pawp Emergency Fund, which "reimburses qualifying members up to \$3,000 for one approved [pet care] emergency per year."

b. Applications for Emergency Fund reimbursement are “evaluated by [Pawp’s] Medical Review team on a case-to-case basis to determine whether [they qualify] for reimbursement.”

c. If the Medical Review team approves reimbursement, Pawp, Inc., pays the member up to \$3,000 via electronic transfer or mailed check.

7. The Pawp Emergency Fund documentation does not mention a premium. However, Pawp, Inc.’s web site provides that membership in Pawp—which includes membership in the Pawp Emergency Fund and other services—is available for \$24 per year.

8. The Pawp Terms of Service state that Pawp, Inc.’s “services do not include the providing of pet insurance.”

9. Pawp, Inc., owns two subsidiaries that are in the business of insurance: Pawp Insurance Solutions, LLC, and Pawp Insurance Services, Inc.

10. Pawp Insurance Solutions, LLC, is appointed as an excess and surplus lines broker for Concert Specialty Insurance Company. The appointment agreement contains the following information.

a. The agreement covers “pet insurance.”

b. The agreement applies “Countrywide except Montana.”

c. The maximum policy limit is \$3,000, the same as the maximum limit of the Pawp Emergency Fund.

d. The policies are reinsured with Pawp Insurance Services, Inc.

e. The agreement also contains a Claims Management Agreement that grants Pawp Insurance Solutions, LLC, authority including “the processing, investigating, adjusting, compromising, litigating, supervising, and payment of Claims....”

f. The maximum settlement limit under this Agreement is \$3,000, the same as the maximum limit of the Pawp Emergency Fund.

g. Concert Specialty Insurance Company pays Pawp Insurance Solutions, LLC, 2.5% of earned premium inclusive of all loss adjustment expenses on policies issued under the Agreement “in connection with the *adjusting* and settling of all claims relating to the Pawp Program....”

11. The reinsurance agreement between Concert Specialty Insurance Company and Pawp Insurance Services, Inc. cedes 90% of Concert Specialty Insurance Company’s net liability under pet care insurance policies to Pawp Insurance Services, Inc. The maximum annual policy limit on these policies is \$3,000, the same as the maximum limit of the Pawp Emergency Fund.

12. As of February 22, 2024, 102 Idaho residents had enrolled in the Pawp Emergency Fund.

13. These members were not issued individual insurance policies for their pets. Instead, these members were named as additional insureds under a “master policy” for pet emergency health insurance issued to Pawp, Inc.

14. The “master policy” contains the following terms:

- h. The policy agrees to “reimburse the Member for Allowable Charges for Medically Necessary Treatments performed on the Member’s Pet....”
- i. “Members” are defined as “those Pet owners who have subscribed to the PAWP Emergency Health and Tele Triage health program. Each Member shall be designated an Additional Insured under this Policy.”
- j. While Pawp, Inc., is the named insured under the policy, the policy only purports to reimburse “members.” It does not purport to reimburse the named insured for anything at all.

15. The “master policy” has not been filed in Idaho.

16. Pet insurance is not approved for export in Idaho.

17. No party obtained a broker’s affidavit to enable a surplus lines policy to be sold to any of these members. Instead, Pawp Insurance Solutions, Inc., obtained the master policy as a surplus lines policy in Maine, and obtained declinations for that policy from Maine producers. However, the master policy states that it was “solicited and issued in the State of Vermont.”

18. Between May 22, 2021, and March 21, 2024, Pawp Insurance Solutions, LLC, received and managed 41 claims by Idaho residents for reimbursement under the Pawp Emergency Fund.

19. Of these claims, Pawp Insurance Solutions, LLC approved 27 claims and rejected eleven.

20. Through the Pawp Emergency Fund program, respondents undertake to indemnify consumers by compensating them for losses incurred when their pets suffer medical emergencies.

21. Through the Pawp Emergency Fund program, respondents contract to pay an ascertainable amount to consumers of up to \$3,000 per year.

22. Through the Pawp Emergency Fund program, respondents establish determinable risk contingencies for making payments to consumers.

23. Pawp Insurance Solutions, LLC, investigates and negotiates the settlement of claims on behalf of Concert Specialty Insurance Company under the Pawp Emergency Fund program.

24. Pawp Insurance Solutions, LLC, receives compensation from Concert Specialty Insurance Company as an independent contractor in connection with its settlement actions concerning the Pawp Emergency Fund program.

Conclusions of Law

Based on the facts as set forth above, the Director concludes as a matter of law that:

- a. Because it is a contract in which respondents indemnify the consumer and allow an ascertainable benefit upon determinable risk contingencies, the Pawp Emergency Fund constitutes a policy of insurance under Idaho law;
- b. Because Pawp, Inc., is acting as a pass-through entity for its members and for Concert Specialty Insurance Company in the course

of administering the Pawp Emergency Fund, it is engaged in the business of transacting insurance in the state of Idaho, as defined in Idaho Code § 41-112;

- c. Because Pawp Insurance Solutions, LLC, is acting on behalf of the insurer Concert Specialty Insurance Company for compensation as an independent contractor to investigate and negotiate settlement of claims under insurance contracts, it is engaged in the business of adjusting in the state of Idaho, as defined in Idaho Code § 41-1102;
- d. Because Concert Specialty Insurance Company is knowingly accepting insurance business from Pawp, Inc., an unlicensed insurer that does not comply with the Idaho surplus lines law, Concert Specialty Insurance Company is aiding an unlicensed insurer in violation of Idaho Code § 41-1201;
- e. Because Pawp Insurance Services, Inc., is knowingly reinsuring policies that originated with Pawp, Inc., an unlicensed insurer that does not comply with the Idaho surplus lines law, Pawp Insurance Services, Inc. is aiding an unlicensed insurer in violation of Idaho Code § 41-1201;
- f. Because the Pawp “master policy” has not been filed in Idaho, but purports to insure Idaho residents against Idaho risks, the Pawp “master policy” violates Idaho Code § 41-1812(1);

- g. Because the Pawp “master policy” does not govern a class of insurance that is eligible for export and was not accompanied by a broker’s affidavit, it is not exempt from filing as a surplus lines policy;
- h. Because the Pawp “master policy” covers a group in which members do not have a common insurable interest as to the subject of the insurance and the risks to be insured, and because Pawp, Inc. has no insurable interest in the pets covered by the policy, the policy covers a fictitious group in violation of Idaho Code § 41-1317(1);
- i. Immediate action is needed to prevent present and future damage and further abuse.

Based on the foregoing findings of fact and conclusions of law, the Director enters the following order:

Order to Cease and Desist

Now, therefore, acting pursuant to the public interest and Idaho Code § 41-213(1)(a), it is hereby *ordered* that:

- a. Pawp, Inc., and its managing members, members, officers, employees, agents and successors, immediately *cease and desist* from transacting insurance in the state of Idaho without first being licensed and/or registered, as defined and as required under title 41, Idaho Code;
- b. Pawp Insurance Solutions, LLC, and its managing members, members, officers, employees, agents and successors, immediately *cease and desist* from adjusting

claims in the state of Idaho without first being licensed and/or registered, as defined and as required under title 41, Idaho Code;

- c. Pawp Insurance Solutions, LLC, and its managing members, members, officers, employees, agents and successors, immediately *cease and desist* from aiding Pawp, Inc. and Concert Specialty Insurance Company in their violations of Idaho law;
- d. Concert Specialty Insurance Company and its managing members, members, officers, employees, agents and successors, immediately *cease and desist* from aiding Pawp, Inc. and Pawp Insurance Solutions, LLC in their violations of Idaho law; and
- e. Pawp Insurance Services, Inc. and its managing members, members, officers, employees, agents and successors, immediately *cease and desist* from aiding Pawp, Inc. and Pawp Insurance Solutions, LLC in their violations of Idaho law.

Notice

Respondents are hereby notified that this Cease and Desist Order is a final order of the Director, subject to the Respondents' right to timely file a motion for reconsideration or a request for hearing. Pursuant to Idaho Code §§ 41-232 and 67-5246, the Respondents may file a motion for reconsideration of this Cease and Desist Order or a request for hearing within fourteen (14) days of the service of this Order.

Any hearing and subsequent proceedings in this matter will be conducted in accordance with Chapter 2, Title 41, of the Code and the Idaho Administrative Procedure Act, Idaho Code § 67-5201, *et seq.*

If the Respondents timely file a motion for reconsideration, the Department will dispose of such motion within twenty-one (21) days of its receipt, or the motion will be considered denied by operation of law, pursuant to Idaho Code § 67-5246(4).

If the Respondents timely file a request for hearing, the Respondents will be notified of the date, time and place of the hearing, as well as the name of the presiding officer. At the hearing, the Respondents will be entitled to enter an appearance, introduce evidence, examine and cross-examine witnesses, make arguments, and generally participate in the conduct of the proceedings. The Respondents may also be represented by legal counsel at their own expense.

Any motion for reconsideration or request for hearing must be timely made in writing, addressed to:

Dean L. Cameron, Director
Idaho Department of Insurance
700 W. State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043

With a copy sent to:

Michael Witry
Deputy Attorney General
Idaho Department of Insurance
P.O. Box 83720
Boise, Idaho 83720-0043

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this Order may appeal from such order to the district court by filing a petition in the district court of the county in which:

- a. a hearing was held;
- b. the final agency action was taken;

- c. the party seeking review of the order resides, or
- d. the real property or personal property that was the subject of the agency action is located.

An appeal must be filed within twenty-eight (28) days: (a) of the issuance of this Order, (b) of the issuance of an order denying a motion for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. Idaho Code § 67-5273(2). The filing of an appeal to the district court does not itself stay the effectiveness of enforcement of the order being appealed.

It is so ordered.

Dated and Effective this 22 *day of July, 2024.*

State of Idaho
Department of Insurance



Dean L. Cameron
Director

Certificate of Service

I hereby certify that I have on this 22nd day of July, 2024, caused a true and correct copy of the foregoing Cease and Desist Order and Notice to be served upon the following by the designated means:

Pawp, Inc.
10 Grand Street, 17th Floor
Brooklyn, NY 11249

- ☐ first class mail
- ☒ certified mail
- ☐ hand delivery
- ☐ via facsimile
- ☐ via email

Pawp Insurance Solutions, LLC
8956 Fletcher Valley Drive
Santee, CA 92071

- ☐ first class mail
- ☒ certified mail
- ☐ hand delivery
- ☐ via facsimile
- ☐ via email

Pawp Insurance Services, Inc.
10 Grand Street, 17th Floor
Brooklyn, NY 11249


- ☐ first class mail
- ☒ certified mail
- ☐ hand delivery
- ☐ via facsimile
- ☐ via email

Concert Specialty Insurance Company
1701 Golf Road, Suite 1-110
Rolling Meadows, IL 60008

- ☐ first class mail
- ☒ certified mail
- ☐ hand delivery
- ☐ via facsimile
- ☐ via email

Michael Witry
Deputy Attorney General
Idaho Department of Insurance
700 W. State Street, 3rd Floor
P.O. Box 83720
Boise, ID 83720-0043

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Paralegal

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michael.witry@doi.idaho.gov

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Department of Insurance
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Before the Director of the Department of Insurance
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In the Matter of:

Pawp, Inc., a Delaware corporation;
Pawp Insurance Solutions, LLC, a
California limited liability company
holding Idaho Non-Resident Insurance
Producer License No. 20108055; **Pawp
Insurance Services, Inc.**, a Delaware
corporation; and **Concert Specialty
Insurance Company**, a Montana
corporation,

Respondents.

Docket No. 18-4393-24

Affidavit of Stephanie Clayton

Stephanie Clayton, having first been duly sworn, deposes and states the following, of which she has firsthand knowledge and is competent to testify:

1. I am a Market Conduct Examiner for the Idaho Department of Insurance.
2. My job responsibilities include analyzing and investigating the state of the insurance market in Idaho, overseeing the activities of companies that

transact insurance and adjust claims, and determining whether a company's activities include transacting insurance or adjusting claims. I am authorized to refer companies that are not in compliance with Idaho law for disciplinary action.

3. On or about January 17, 2024, I received copies of promotional materials for the Pawp Emergency Fund. These materials are distributed through Pawp, Inc.'s corporate web site, pawp.com. These materials are attached to this affidavit as Exhibit 1.
4. Exhibit 1 makes the following representations:
 - a. People who sign up for a membership with Pawp, Inc., may join the Pawp Emergency Fund, which "reimburses qualifying members up to \$3,000 for one approved [pet care] emergency per year."
 - b. Applications for Emergency Fund reimbursement are "evaluated by [Pawp's] Medical Review team on a case-to-case basis to determine whether [they qualify] for reimbursement."
 - c. If the Medical Review team approves reimbursement, Pawp, Inc., pays the member up to \$3,000 via electronic transfer or mailed check.
5. The Pawp Emergency Fund documentation does not mention a premium. However, Pawp, Inc.'s web site provides that membership in Pawp—which includes membership in the Pawp Emergency Fund and other services—is available for \$24 per year.

6. Because Pawp, Inc., is not licensed with the Department in any capacity, I initiated an investigation and received additional documentation from the company.
7. The Pawp Terms of Service are attached to this affidavit as Exhibit 2. These terms state that Pawp, Inc.'s "services do not include the providing of pet insurance." *Id.*, § 3.
8. Pawp, Inc., owns two subsidiaries that are in the business of insurance: Pawp Insurance Solutions, LLC, and Pawp Insurance Services, Inc. Exhibit 3.
9. Pawp Insurance Solutions, LLC, is a licensed insurance producer and surplus lines broker in Idaho, holding Idaho Non-Resident Producer License and Idaho Non-Resident Surplus Lines Broker License Nos. 20108055. It is not licensed as an adjuster.
10. Pawp Insurance Services, Inc., is not licensed with the Department in any capacity.
11. Pawp Insurance Solutions, LLC, is appointed as an excess and surplus lines broker for Concert Specialty Insurance Company.
12. Concert Specialty Insurance Company is an eligible surplus lines insurer in Idaho. It does not hold a certificate of authority in Idaho.
13. The appointment agreement is attached as Exhibit 4. This exhibit contains the following information.
 - a. The agreement covers "pet insurance." *Id.* at 20.

- b. The agreement applies “Countrywide except Montana.” *Id.* at 20.
- c. The maximum policy limit is \$3,000, the same as the maximum limit of the Pawp Emergency Fund. *Id.* at 20.
- d. The policies are reinsured with Pawp Insurance Services, Inc. *Id.* at 20.
- e. The agreement also contains a Claims Management Agreement that grants Pawp Insurance Solutions, LLC, authority including “the processing, investigating, adjusting, compromising, litigating, supervising, and payment of Claims....” *Id.* at 22.
- f. The maximum settlement limit under this Agreement is \$3,000, the same as the maximum limit of the Pawp Emergency Fund. *Id.* at 23.
- g. Concert Specialty Insurance Company pays Pawp Insurance Solutions, LLC, 2.5% of earned premium inclusive of all loss adjustment expenses on policies issued under the Agreement “in connection with the *adjusting* and settling of all claims relating to the Pawp Program....” *Id.* at 37.

14. The reinsurance agreement between Concert Specialty Insurance Company and Pawp Insurance Services, Inc., is attached as Exhibit 5. This agreement cedes 90% of Concert Specialty Insurance Company’s net liability under pet care insurance policies to Pawp Insurance Services, Inc. *Id.* at § 1.01. The maximum annual policy limit on these policies is \$3,000, the same as the maximum limit of the Pawp Emergency Fund. *Id.* at § 1.02.

15. As of February 22, 2024, 102 Idaho residents had enrolled in the Pawp Emergency Fund. A list of Idaho residents enrolled in the Pawp Emergency Fund is attached as Exhibit 6.
16. These members were not issued individual insurance policies for their pets. Instead, these members were named as additional insureds under a “master policy” for pet emergency health insurance issued to Pawp, Inc. A copy of the certificate of coverage is attached as Exhibit 7.
17. A copy of the “master policy” is attached as Exhibit 8. This policy contains the following terms:
- a. The policy agrees to “reimburse the Member for Allowable Charges for Medically Necessary Treatments performed on the Member’s Pet....” *Id.* at 1.
 - b. “Members” are defined as “those Pet owners who have subscribed to the PAWP Emergency Health and Tele Triage health program. Each Member shall be designated an Additional Insured under this Policy.” *Id.* at 4.
 - c. While Pawp, Inc., is the named insured under the policy, the policy only purports to reimburse “members.” It does not purport to reimburse the named insured for anything at all.
18. Because the master policy purports to cover pets that are not related to each other in any way other than membership in Pawp, and because the master policy purports to cover animals in which Pawp, Inc., has no insurable

- interest, the policy covers members of a group who do not have a common insurable interest as to the subject of the insurance and the risks to be insured.
19. This policy is not a proper Idaho insurance policy because it was not filed with the Department.
20. This policy is not a proper surplus lines policy because pet insurance is not approved for export in Idaho, and because no party obtained a broker's affidavit to enable a surplus lines policy to be sold to any of these members.
21. Instead, Pawp Insurance Solutions, Inc., obtained the master policy as a surplus lines policy in Maine, and obtained declinations for that policy from Maine producers. Exhibit 9. However, the master policy states that it was "solicited and issued in the State of Vermont." Exhibit 8, at 5.
22. Between May 22, 2021, and March 21, 2024, Pawp Insurance Solutions, LLC, received and managed 41 claims by Idaho residents for reimbursement under the Pawp Emergency Fund. A list of these claims is attached as Exhibit 10.
23. Of these claims, Pawp Insurance Solutions, LLC approved 27 claims and rejected eleven. *Id.*
24. Based upon my experience and expertise as a market conduct examiner, I believe that the Pawp Emergency Fund is a contract whereby the respondents undertake to indemnify consumers and pay an ascertainable

amount upon determinable risk contingencies, and therefore constitutes insurance under Idaho law.

25. Based upon my experience and expertise as a market conduct examiner, I believe that Pawp Insurance Solutions, LLC, acts on behalf of the insurer Concert Specialty Insurance Company for compensation as an independent contractor to investigate and negotiate settlement of claims under insurance contracts, and therefore they are considered an adjuster under Idaho law.

26. Based upon my experience and expertise as a market conduct examiner, I believe that Pawp Insurance Solutions, LLC's actions adjusting claims for Concert Specialty Insurance Company require Pawp Insurance Solutions, LLC, to be licensed as an adjuster. Idaho Code § 41-1102(2)(c)'s licensing exception for agents that from time to time adjust claims for an authorized insurer does not apply because Concert Specialty Insurance Company does not hold a certificate of authority in Idaho, and is therefore not an authorized insurer. Idaho Code § 41-110(1).

27. Based on my experience and expertise as a market conduct examiner, I believe that the Pawp master policy insures a fictitious group in violation of Idaho Code § 41-1317(1).

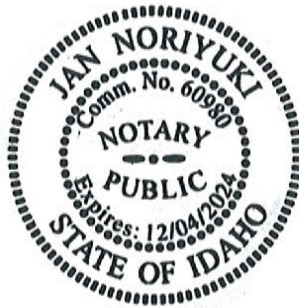
Dated this 22 day of July 2024.

Stephanie Clayton

Stephanie Clayton
Market Conduct Examiner
Idaho Department of Insurance

State of Idaho)
 : ss.
County of Ada)

Subscribed and sworn to before me the undersigned Notary Public of Idaho
this 22nd day of July 2024.



Jan Noriyuki
Notary Public for Idaho
My Commission Expires 12-4-2024

Certificate of Service

I hereby certify that I have on this 22nd day of July, 2024, caused a true and correct copy of the foregoing Affidavit of Stephanie Clayton to be served upon the following by the designated means:

Pawp, Inc.
10 Grand Street, 17th Floor
Brooklyn, NY 11249

- ☐ first class mail
- ☒ certified mail
- ☐ hand delivery
- ☐ via facsimile
- ☐ via email

Pawp Insurance Solutions, LLC
8956 Fletcher Valley Drive
Santee, CA 92071

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- ☒ certified mail
- ☐ hand delivery
- ☐ via facsimile
- ☐ via email

Pawp Insurance Services, Inc.
10 Grand Street, 17th Floor
Brooklyn, NY 11249

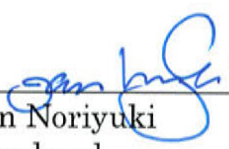
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- ☐ hand delivery
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Concert Specialty Insurance Company
1701 Golf Road, Suite 1-110
Rolling Meadows, IL 60008

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- ☐ via email

Michael Witry
Deputy Attorney General
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Boise, ID 83720-0043

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- ☐ via email



Jan Noriyuki
Paralegal

The Pawp Emergency Fund

Rules & Regulations

This document explains everything members need to know about the Pawp Emergency Fund, including detailed information about what's covered, what's not covered, and how to access the fund in case of an unexpected, life-threatening emergency.

Table of Contents

1. What's Covered
2. What's Not Covered
3. Accessing The Emergency Fund
4. Additional Terms & Conditions
5. Policy Documents

CONTACT US

Email us at emergency@pawp.com

What's Covered

Coverage Details

The Pawp Emergency Fund is a financial safety net that reimburses qualifying members up to \$3,000 for one approved emergency per year. Pawp defines an emergency as an unexpected, life-threatening medical situation that requires immediate in-person attention.

Whether or not members qualify for reimbursement will be based on their Emergency Fund Application. This application is available under the Protect tab in the Pawp app; it will prompt members to provide visit details, medical paperwork, and billing invoices. As every medical issue is unique, each application and its relevant context will be evaluated by our Medical Review team on a case-to-case basis to determine whether it qualifies for reimbursement.

Some example emergencies include, but are not limited to:

- Toxic Ingestions
- Severe unexpected trauma
- GDV Bloat (gastric dilation volvulus)

The examples above are not an exhaustive list and every emergency must be deemed as such by Pawp's Veterinary Professional team via live video call. Please refer to the Pawp [Terms of Service](#) for complete details.

The examples above are not exhaustive. Please refer to the Pawp [Terms of Service](#) for more details. Our veterinary professionals can help members determine how severe their pet's situation may be via real-time video triage. Members will receive individualized care plans for their pet's issue after the virtual visit, which may include advice to seek in-person care for a possible emergency.

In nearly every instance, Pawp members are required to contact a Pawp veterinary professional by video call immediately if they believe the pet is experiencing an emergency. The pet must be visible within the video in order for a Pawp veterinary professional to appropriately triage the pet's condition and provide specific recommendations.

In certain extreme medical situations, members may seek care prior to speaking with a Pawp veterinary professional. They will still be required to submit an Emergency Fund Application and must clarify what prevented them from completing a Pawp visit prior to receiving care. Each Emergency Fund Application is reviewed on a case-by-case basis. Pawp, at our sole discretion, retains the right to determine the criteria that warrants the waiving of the live face-to-face video call requirement.

Pre-existing Conditions

The Pawp Emergency Fund has no restrictions on pre-existing conditions, meaning that any cat or dog listed on an account with the Emergency Fund membership add-on is covered in the event of an unexpected, life-threatening emergency, no matter their medical history. The fund protects a pet in the event of an emergency, even if that emergency relates to their pre-existing condition, so long as it qualifies as both unexpected and life-threatening.

That means the fund cannot be used to cover a planned surgery or scheduled appointment related to the pre-existing condition. While some of these issues may qualify as life-threatening, they do not qualify as unexpected.

What's Not Covered

Coverage Exclusions

Please find a sample of exclusions from the Emergency Fund coverage below. A complete list of detailed exclusions can be found in the policy.

- Emergencies that occur prior to the conclusion of the 14-day waiting period.
- Emergencies where the member has failed to take the pet to a veterinary provider within 8 hours of a Pawp veterinary professional instructing them to seek emergency in-person care.
- Preventative care, including, but not limited to:
 - Preventative treatment, including annual tests or diagnostic procedures
 - Vaccinations
 - Parasite prevention
 - Spaying or neutering
 - Grooming and dematting
- Any scheduled appointments for routine checkups or anticipated procedures, or any scheduled surgery or procedure.
- Emergencies that have not been deemed as such by a Pawp veterinary professional and approved by Pawp's Risk Services.
- Cremation costs exceeding \$250 or memorabilia of any kind.
- Boarding or daycare.
- Treatment for illness related to the teeth and/or gums or routine dental care.
- Cost of treatments for follow-up care after an emergency, including scheduled appointments for additional procedures related to the emergency.
- Treatment for injury or illness caused by the aggressive actions of another animal where there is deliberate endangerment of the member's pet, including but not limited to, organized fighting.
- Treatment for injury or illness caused by persistent neglect of the animal.
- Treatments for any illness for which a vaccine is available for the member's pet to prevent such illness and for which vaccination is both recommended by a Veterinarian and rejected by the member.
- Costs for any treatment for:
 - Prosthetic limbs and devices
 - Organ transplants
 - Genetic/chromosome testing
 - Vaccinations
 - Deworming
 - Routine checkups
 - X-rays or ultrasounds unrelated to an emergency
 - Prescription medications unrelated to an emergency
 - Non-emergency surgeries
 - Follow-up appointments after an emergency

- Emergencies arising from or in any way related to pet breeding or pregnancy issues, including but not limited to nursing, neonates, and weaning
- Costs for any treatment arising from or in any way related to:
 - avian, swine, or any other type of influenza or any mutant variation
 - intentional slaughter by, or under, the order of any government or public or local authority
 - epidemics or pandemics as declared by the U.S. Department of Agriculture

Accessing The Emergency Fund

If members with the Emergency Fund add-on are experiencing a possible emergency, they are strongly encouraged to get immediate triage and real-time instructions from a Pawp veterinary professional before seeking in-person care. After in-person care is received and the pet's paperwork is finalized, members can submit a reimbursement application through the Pawp app. If the request is approved, they will receive up to \$3,000 in reimbursement for their emergency vet bill.

Here's how to access the Pawp Emergency Fund:

1. **Determine if it's an emergency.** If a member believes their pet is having an emergency, they should initiate an emergency video visit with a Pawp veterinary professional for immediate medical advice and real-time triage. They will provide personalized recommendations that may include seeking out in-person emergency care.
2. **Get care at the closest vet clinic.** If a Pawp veterinary professional has indicated that a member's pet is experiencing a possible emergency, the member will need to admit their pet for care at any veterinary clinic in the US within 8 hours. In certain rare and extreme medical circumstances, members may be able to seek immediate in-person emergency care prior to contacting Pawp. Each application and its relevant context will be reviewed on a case-to-case basis by our medical review team.
3. **Request full and complete paperwork.** After a member's pet has received care and they've provided payment to the clinic, they should request copies of the finalized invoice as well as their pet's complete medical records.
4. **Submit a request for reimbursement.** When the member has received all relevant paperwork, they should complete the Emergency Fund Application, which is available under the Protect tab in the Pawp app. This application needs to be submitted within 14 days of the pet's discharge. If members visit more than one clinic, they'll need to include documentation for each one.
5. **Get up to \$3,000 back.** Pawp's Medical Review team will review the submitted application within 5 to 7 business days and, if it is approved, will

initiate payment via an ACH electronic transfer or a mailed check.

Additional Terms & Conditions

Please see the terms and conditions of the Emergency Fund below:

- There is a 14-day mandatory waiting period upon signing up for the emergency protection add-on before the Emergency Fund becomes available to use. Any emergency that occurs within that 14-day waiting period cannot be covered. If a member cancels and reactivates the protection add-on, there will be another mandatory 14-day waiting period after reactivating. Please note, members do have immediate access to our team of veterinary professionals via chat and video during the waiting period. This period cannot be modified or adjusted in any way.
- The Emergency Fund is only available to a member if account payments (monthly and annually) are made continuously and without interruption. If the payment method we have on file for a member fails, they will lose access to the Emergency Fund. If a member cancels their Emergency Fund add-on, they will lose access to the fund at the end of their payment term. Payment method can be updated [here](#).
- In nearly all instances, Pawp members are required to contact a Pawp veterinary professional by video immediately if they believe their pet is experiencing an emergency. The pet needs to be visible within the video. In very rare and extreme circumstances, a member may seek in-person emergency care before speaking with a Pawp vet professional. Ultimately, it is within Pawp's full discretion to determine whether a member's possible emergency warrants waiving the face-to-face video call requirement.
- The Emergency Fund only pays for initial emergency care. Once a pet is discharged from one veterinary hospital, all additional veterinary services provided are considered follow-up care and are not eligible for reimbursement. Administrative fees, maintenance and/or set up fees are not eligible for reimbursement. Please note: Members may be asked to upload all invoices from treating clinics for Pawp to get a more complete picture of the pet's in-person emergency care. -After a Pawp veterinary professional identifies a possible emergency situation via video, members have up to 8 hours to take their pet to any veterinary clinic in the US. If members fail to seek care within this 8-hour period, their fund application will not be approved.
- Members may be required to provide proof of pet ownership in the form of a pet license or registration.
- The Emergency Fund is non-transferable to other parties and their pets.
- The Emergency Fund is restricted to one reimbursement per year of any amount up to \$3,000. If the approved reimbursement payout is less than \$3,000, the remaining amount will not roll over.
- The Emergency Fund only covers cats and dogs, no other animals.

- Members will not qualify for the Emergency Fund if a Pawp veterinary professional has previously recommended an in-person visit and they failed to comply. Waiting to take a pet in for medical care can result in an unnecessary emergency for a pet and Pawp does not support medical negligence. No other form of medical negligence will be accepted, including discharging a pet from a hospital against medical advice.
- Members can take their pet to any veterinary clinic located within the United States.
- The Emergency Fund may be used to cover additional costs associated with euthanasia, such as cremation, up to a maximum of \$250 (subject to the overall maximum of \$3,000). It does not cover the cost of any form of memorabilia.
- The Emergency Fund cannot be used for emergencies arising from or in any way related to pet breeding or pregnancy issues, including but not limited to nursing, neonates, and weaning.
- Pawp requires completed profiles for every pet in a household with their name, age, weight, breed, and a clear photo in order to qualify for the Emergency Fund. If this information is missing, members will not be able to qualify for the Emergency Fund.
- Pawp reimburses members for any immediate, unexpected, and life-threatening emergency vet service required. This reimbursement is limited to one invoice for continuous care of up to \$3,000 provided by the licensed veterinarian during the treatment of the emergency.
- To request reimbursement, Pawp requires members to complete the Emergency Fund Application, which is available under the Protect tab in the Pawp app. As a part of that application, members will need copies of the final invoice and complete medical records, along with the treating clinic information. Incorrect or missing information will cause delays in processing the application.
- A Pawp member can cancel their membership at any time. The member will lose access to the Emergency Fund at the end of their payment cycle.
- If a member uses the fund and cancels during the payment cycle following the emergency, they will need to wait at least 120 days (or until their one-year signup anniversary date, whichever comes first) before they can qualify for protection again. Pawp reserves the right to cancel a membership if: the member fails to provide the monthly or annual membership fee; the membership was obtained through fraud, misrepresentation, or concealment; the member has been found by a licensed veterinary professional to have grossly mistreated and/or abused the pet.
- Members who threaten or verbally abuse Pawp's professional staff will be considered for immediate termination of their membership.
- In the event of any differences, Pawp's official [Terms of Service](#) would take precedence over the rules listed in this document.

Accessing Policy Documents

For members residing outside of New York, the Pawp Emergency Fund Policy can be accessed in the [member dashboard](#).

For New York based members, the Pawp Emergency Fund Policy can be accessed in the [member dashboard](#).

Our complete terms & conditions [can be found here](#).

Terms of Service

Last Updated: February 16, 2024

Welcome to Pawp! Please read these Terms of Service (the “**Terms**”) and our [Privacy Policy](#) (“**Privacy Policy**”) carefully because they are a legal agreement between you and Pawp, Inc., a Delaware corporation (“**Pawp**”, “**we**”, “**us**” or “**our**”) and govern your use of our pet wellness content and related services accessible via our website located at [pawp.com](#) (the “**Site**”) or via iOS and/or Android applications. To make these Terms easier to read, the Site and our services are collectively called the “**Services**.”

1. Agreement to Terms. By using our Services, you agree to be bound by these Terms. If you don’t agree to be bound by these Terms, do not use the Services.

IMPORTANT NOTICE REGARDING ARBITRATION: WHEN YOU AGREE TO THESE TERMS, YOU ARE AGREEING (WITH LIMITED EXCEPTION) TO RESOLVE ANY DISPUTE BETWEEN YOU AND PAWP THROUGH BINDING, INDIVIDUAL ARBITRATION RATHER THAN IN COURT. PLEASE REVIEW CAREFULLY SECTION 17 “DISPUTE RESOLUTION” BELOW FOR DETAILS REGARDING ARBITRATION (INCLUDING THE PROCEDURE TO OPT OUT OF ARBITRATION).

2. Privacy Policy. Please refer to our Privacy Policy for information on how we collect, use and disclose information from our users. You acknowledge and agree that your use of the Services is subject to our Privacy Policy.

3. Services. We provide digital health and telehealth services for pets, including by connecting you with veterinary professionals for consultation services. Such services do not include the providing of pet insurance.

4. Changes to Terms or Services. We may update the Terms at any time, in our sole discretion. If we do so, we’ll let you know either by posting the updated Terms on the Site or through other communications. It’s important that you review the Terms whenever you use the Services. If you continue to use the Services after we

have posted updated Terms, you are agreeing to be bound by the updated Terms. If you don't agree to be bound by the updated Terms, then you may not use the Services anymore. Because our Services are evolving over time, we may change or discontinue all or any part of the Services at any time and without notice, at our sole discretion.

5. Who May Use the Services?

(a) Eligibility. You may use the Services only if you are (i) 18 years or older and capable of forming a legal binding contract with Pawp, and (ii) not barred from using the Services under applicable law. We reserve the right to restrict access to members who were previously found in violation of these Terms of Service.

(b) Registration and Your Information. If you want to use certain features of the Services you'll have to create an account ("**Account**"). You can do this via the Site, via iOS and/or Android applications, or through your account with certain third-party social networking services such as Meta ("Facebook"); (each, an "**SNS Account**"). If you choose the SNS Account option we'll create your Account by extracting from your SNS Account certain personal information such as your name and email address and other personal information that your privacy settings on the SNS Account permit us to access. For New York members, we require a physical address (no P.O. Box).

(c) Accuracy of Account Information. It's important that you provide us with accurate, complete and up-to-date information for your Account and you agree to update such information to keep it accurate, complete and up-to-date. If you don't, we might have to suspend or terminate your Account. You agree that you won't disclose your account password to anyone and you'll notify us immediately of any unauthorized use of your account. You're responsible for all activities that occur under your Account, whether or not you know about them.

6. Feedback. We welcome feedback, comments, and suggestions for improvements to the Services ("**Feedback**"). You can submit Feedback by emailing us at support@pawp.com. You grant to us a non-exclusive, transferable, worldwide, perpetual, irrevocable, fully-paid, royalty-free license, with the right to sublicense, under any and all intellectual property rights that you own or control to use, copy, modify, create derivative works based upon and otherwise exploit the Feedback for any purpose.

(a) Please review our member [Code of Conduct](#). The Code of Conduct document sets out the standards of behavior you can expect from the Pawp team, and in turn, the standards of behavior we can expect from our members. We ask that you

lead with kindness and respect when reaching out to us, and know that our team will always strive to do the same.

7. Payment. We require payment of a fee for use of the Services (or certain portions thereof) and you agree to pay such fees.

(a) General. When you purchase a subscription to the Services (such purchase, a “**Transaction**”) you expressly authorize us (or our third-party payment processor) to charge you for such Transaction. We may ask you to supply additional information relevant to your Transaction, including your credit card number, the expiration date of your credit card and your email and postal addresses for billing and notification (such information, “**Payment Information**”). Again for New York members, we need the physical address, not a P.O. box address. You represent and warrant that you have the legal right to use all payment method(s) represented by any such Payment Information. When you initiate a Transaction, you authorize us to provide your Payment Information to third parties so we can complete your Transaction and to charge your payment method for the type of Transaction you have selected (plus any applicable taxes and other charges). You may need to provide additional information to verify your identity before completing your Transaction (such information is included within the definition of Payment Information).

(b) Free Trial. Your subscription may begin with a free trial for the 24/7 telehealth service. The length of your free trial will be set out during online checkout. We reserve the right, in our absolute discretion, to determine your eligibility for a free trial, including creating multiple free trial accounts, and to withdraw or to modify your free trial at any time without prior notice and without liability. As a free trial user, you acknowledge and agree that your use and access to the Services is subject to these Terms of Service. You agree to provide your Payment Information during online checkout before beginning your free trial. We will not process your Payment Information for payment of your fee during your free trial. On the last day of your free trial, we will automatically convert your free trial into a paid Subscription and process your Payment Information for the monthly or annual Subscription Fee in accordance with Section 7. From that date on, the automatic renewal provisions set forth in Section 7(b), 7(c) and 7(d) will also apply. By providing your Payment Information in conjunction with registration for a free trial, you agree to these charges and billing practices. If you do not wish to be charged, you must cancel before the end of your free trial. Upon cancellation of your free trial, your access to the Services will terminate immediately.

(c) Activation. Upon becoming a paid member you have the choice of electing the telehealth service only, or you can also elect to subscribe to financial protection provided by the Emergency Fund add-on as more fully described below. The

telehealth service will be billed at an annual charge at the current in-force rates. You can elect to add the Emergency Fund add-on upon becoming a paid member or at a later date. The Emergency Fund add-on will be billed as an additional charge to be paid monthly at the current in-force rates. This payment and all other such payments are non-refundable.

(d) Subscription. You will be charged the monthly or annual subscription fee, plus any applicable taxes and other charges (“**Subscription Fee**”) on the date you purchase the Subscription and every recurring period thereafter. BY PURCHASING A SUBSCRIPTION, YOU AUTHORIZE US TO INITIATE RECURRING NON-REFUNDABLE PAYMENTS AS SET FORTH BELOW. For your monthly Subscriptions, we (or our third-party payment processor) will automatically charge you each month on the day of the month of the commencement of your Subscriptions, using the Payment Information you have provided until you cancel your Subscriptions. For your yearly Subscription, we (or our third-party payment processor) will automatically charge you on the anniversary date of the commencement of the Subscription and every year thereafter, using the Payment Information you have provided until you cancel your Subscription. In the event your Subscriptions begin on a day not contained in a later month or year, your payment method will be charged on such other day as we deem appropriate. By agreeing to these Terms and electing to purchase any Subscription, you acknowledge that your Subscriptions have recurring payment features and you accept responsibility for all recurring payment obligations prior to the cancellation of your Subscriptions.

(e) Canceling your Subscription. You can cancel a Subscription by visiting your “**Account**” on the Services. You will be responsible for all Subscription Fees incurred for the then-current Subscription period. Alternatively, you can also cancel a Subscription by sending an email to support@pawp.com. IN NO EVENT WILL YOU RECEIVE A REFUND OF ANY PORTION OF THE SUBSCRIPTION FEE PAID FOR THE THEN CURRENT SUBSCRIPTION PERIOD AT THE TIME OF CANCELLATION. If you cancel, your right to use the Services will continue until the end of your then current Subscription period and will then terminate without further charges with the exception of being eligible to receive the \$3,000 Emergency Fund. By canceling your Subscription, you agree to waive your right to receive any funds in the event of an emergency.

8. Emergency Fund. If your Subscription includes access to Pawp's \$3,000 Emergency Fund (the "Emergency Fund"), you will be subject to our **Pawp Emergency Fund Rules & Regulations** (which are incorporated by reference herein and which supplement these Terms).

By subscribing to the Emergency Fund, you acknowledge and agree that:

(a) There is a 14-day mandatory waiting period upon signing up for the Emergency Fund add-on before the Emergency Fund becomes available to use. Any emergency that occurs within that 14-day waiting period cannot be covered. If you cancel and reactivate the Emergency Fund add-on, there will be another mandatory 14-day waiting period after reactivating. Please note, you do have immediate access to our team of veterinary professionals via chat and video during the waiting period. This period cannot be modified or adjusted in any way.

(b) The Emergency Fund is only available to you if all account payments (monthly and annually) are made continuously and without interruption. If the payment method we have on file for you fails, you will lose access to the Emergency Fund. If you cancel your Emergency Fund add-on, you will lose access to the fund at the end of your payment term. You can update your payment method [here](#).

(c) In nearly all instances, you are required to contact a Pawp veterinary professional by video immediately if you believe your pet is experiencing an emergency. The pet needs to be visible within the video. You can talk to a team member [here](#). A live face-to-face video call is the preferred method to determine if it is a possible emergency or not. In very rare and extreme circumstances, you may seek in-person emergency care before speaking with a Pawp vet professional. Ultimately, it is within Pawp's full discretion to determine whether your possible emergency warrants waiving the face-to-face video call requirement. Utilizing the video chat assists in assessing the situation and provides you, the member, a greater degree of knowledge of what is occurring with your pet.

(d) The Emergency Fund only pays for the initial emergency care. Once a pet is discharged from one veterinary hospital, all additional veterinary services provided are considered follow up care and are not eligible for reimbursement. Administrative fees, maintenance and/or set up fees are not eligible for reimbursement. *Please note: You may be asked to upload all invoices from treating clinics for Pawp to get a more complete picture of the pet's in-person emergency care.*

(e) After a Pawp veterinary professional identifies a possible emergency situation via video, members have up to 8 hours to take your pet to any licensed veterinary clinic located within the forty-eight contiguous United States, Hawaii, Alaska and the District of Columbia. If you fail to seek care within this 8-hour period, your fund application will not be approved.

(f) Upon approval of an emergency application with reimbursement authorized, you have fourteen (14) calendar days to collect the funds from the date of issue. Failure to collect the funds will result in forfeiture of reimbursement. Once forfeited, a reimbursement cannot be reissued unless otherwise required by applicable laws.

You can request us to review extenuating circumstances and make adjustments if warranted. Pawp, at our sole discretion, retains the right to determine the criteria that warrants the reissue of a previously forfeited reimbursement.

(g) You may be required to provide proof of ownership of your pet in the form of a pet license or registration.

(h) Your Emergency Fund is non-transferable to other parties and their pets.

(i) The Emergency Fund is restricted to one reimbursement per policy year of any amount up to \$3,000. If the approved reimbursement payout is less than \$3,000, the remaining amount will not roll over.

(j) The Emergency Fund only covers cats and dogs, no other animals.

(k) You will not qualify for the Emergency Fund if a Pawp veterinary professional has previously recommended an in-person visit and you failed to comply. Waiting to take a pet in for medical care can result in an unnecessary emergency for a pet and Pawp does not support medical negligence. No other form of medical negligence will be accepted, including discharging your pet from a hospital against medical advice.

(l) You can take your pet to any licensed veterinary clinic located within the forty-eight contiguous United States, Hawaii, Alaska and the District of Columbia.

(m) The Emergency Fund may be used to cover additional costs associated with euthanasia, such as cremation, up to a maximum of \$250 (subject to the overall maximum of \$3,000). It does not cover the cost of any form of memorabilia.

(n) The Emergency Fund cannot be used for emergencies arising from or in any way related to pet breeding or pregnancy issues, including but not limited to nursing, neonates, and weaning.

(o) We require completed profiles for every pet in a household with their name, age, weight, breed, and a clear photo in order to qualify for the Emergency Fund. If this information is missing, you will not be able to qualify for the Emergency Fund.

(p) We pay for any immediate, unexpected, life-threatening emergency veterinary service required. This reimbursement is limited to one (1) invoice for continuous care of up to \$3,000 provided by the licensed veterinarian during the treatment of the emergency.

(q) To apply for reimbursement, please complete our **Emergency Fund Application**, which can be found under the Protect tab in the Pawp app, within fourteen (14) calendar days of your pet's discharge from emergency care. As a part of that application, you will need copies of the final invoice and complete medical records, along with the treating clinic information. Incorrect or missing information

will cause delays in processing your application. We will reach out to you to update any incorrect or missing information and will provide you with a seven (7) calendar day period to update such information required. If we do not receive an update to the incorrect or missing information within the provided period, we will consider the submission final and we may reject it due to incorrect or missing information.

(r) You can cancel your Pawp membership at any time. You will lose access to the Emergency Fund at the end of your payment term. If you use the Emergency Fund and cancel during the payment cycle following the emergency, you will need to wait at least one hundred twenty (120) calendar days (or until your one-year signup anniversary date, whichever comes first) before you can qualify for the Emergency Fund again. We reserve the right to cancel a membership if: you fail to provide the monthly or annual membership fee; the membership was obtained through fraud, misrepresentation, or concealment; you have been found by a licensed veterinary professional to have grossly mistreated and/or abused the pet. Members who threaten or verbally abuse Pawp's professional staff will be considered for immediate termination of their membership. **Code of Conduct** violations may result in termination of your membership and account.

9. Content Ownership, Responsibility and Removal.

(a) Definitions. For purposes of these Terms: (i) **"Content"** means text, graphics, images, music, software, audio, video, works of authorship of any kind, and information or other materials that are posted, generated, provided, transmitted or otherwise made available through the Services; and (ii) **"User Content"** means any Content that you provide to us through the Services (for example, information about your pet).

(b) Our Content Ownership. Pawp does not claim any ownership rights in any User Content, and nothing in these Terms will be deemed to restrict any rights that you may have to use and exploit your User Content. Subject to the foregoing, Pawp and its licensors exclusively own all right, title and interest in and to the Services and Content, including all associated intellectual property rights. You acknowledge that the Services and Content are protected by copyright, trademark, and other laws of the United States and foreign countries. You agree not to remove, alter or obscure any copyright, trademark, service mark or other proprietary rights notices incorporated in or accompanying the Services or Content.

(c) Rights in User Content Granted by You. By submitting any User Content through the Services you hereby grant to Pawp a non-exclusive, irrevocable, perpetual, transferable, worldwide, royalty-free license, with the right to sublicense, to use, copy, modify, distribute, publicly display and publicly perform your User Content in connection with operating and providing the Services.

(d) Your Responsibility for User Content. You are solely responsible for all your User Content. You represent and warrant that you own all your User Content or you have all rights that are necessary to grant us the license rights in your User Content under these Terms. You also represent and warrant that neither your User Content, nor your use and provision of your User Content to be made available through the Services, nor any use of your User Content by Pawp on or through the Services will infringe, misappropriate or violate a third party's intellectual property rights, or rights of publicity or privacy, or result in the violation of any applicable law or regulation.

(e) Removal of User Content. You can remove your User Content by specifically deleting it. However, in certain instances, some of your User Content may not be completely removed and copies of your User Content may continue to exist on the Services. We are not responsible or liable for the removal or deletion of (or the failure to remove or delete) any of your User Content.

(f) Rights in Content Granted by Pawp. Subject to your compliance with these Terms, Pawp grants to you a limited, non-exclusive, non-transferable license, with no right to sublicense, to access and view the Content solely in connection with your permitted use of the Services and solely for your personal and non-commercial purposes.

10. General Prohibitions and Pawp's Enforcement Rights. You agree not to do any of the following:

(a) Post, upload, publish, submit or transmit any User Content that: (i) infringes, misappropriates or violates a third party's patent, copyright, trademark, trade secret, moral rights or other intellectual property rights, or rights of publicity or privacy; (ii) violates, or encourages any conduct that would violate, any applicable law or regulation or would give rise to civil liability; (iii) is fraudulent, false, misleading or deceptive; (iv) is defamatory, obscene, pornographic, vulgar or offensive; (v) promotes discrimination, bigotry, racism, hatred, harassment or harm against any individual or group; (vi) is violent or threatening or promotes violence or actions that are threatening to any person or entity; or (vii) promotes illegal or harmful activities or substances;

(b) Use, display, mirror or frame the Services or any individual element within the Services, Pawp's name, any Pawp trademark, logo or other proprietary information, or the layout and design of any page or form contained on a page, without Pawp's express written consent;

(c) Access, tamper with, or use non-public areas of the Services, Pawp's computer systems, or the technical delivery systems of Pawp's providers;

- (d)** Attempt to probe, scan, or test the vulnerability of any Pawp system or network or breach any security or authentication measures;
- (e)** Avoid, bypass, remove, deactivate, impair, descramble, or otherwise circumvent any technological measure implemented by Pawp or any of Pawp's providers or any other third party (including another user) to protect the Services or Content;
- (f)** Attempt to access or search the Services or Content or download Content from the Services through the use of any engine, software, tool, agent, device or mechanism (including spiders, robots, crawlers, data mining tools or the like) other than the software and/or search agents provided by Pawp or other generally available third-party web browsers;
- (g)** Send any unsolicited or unauthorized advertising, promotional materials, email, junk mail, spam, chain letters or other form of solicitation;
- (h)** Use any meta tags or other hidden text or metadata utilizing a Pawp trademark, logo URL or product name without Pawp's express written consent; (i) Use the Services, or any portion thereof, for any commercial purpose or for the benefit of any third party or in any manner not permitted by these Terms;
- (i)** Forge any TCP/IP packet header or any part of the header information in any email or newsgroup posting, or in any way use the Services to send altered, deceptive or false source-identifying information;
- (j)** Attempt to decipher, decompile, disassemble, or reverse engineer any of the software used to provide the Services;
- (k)** Interfere with, or attempt to interfere with, the access of any user, host or network, including, without limitation, sending a virus, overloading, flooding, spamming, or mail-bombing the Services;
- (l)** Collect or store any personally identifiable information from the Services from other users of the Services without their express permission;
- (m)** Impersonate or misrepresent your affiliation with any person or entity;
- (n)** Violate any applicable law or regulation; or
- (o)** Encourage or enable any other individual to do any of the foregoing.

Although we're not obligated to monitor access to or use of the Services or to review or edit any Content, we have the right to do so for the purpose of operating the Services, to ensure compliance with these Terms and to comply with applicable law or other legal requirements. We reserve the right, but are not obligated, to remove or disable access to any Content (including without limitation User Content), at any time and without notice, including, but not limited to, if we, at

our sole discretion, consider any Content to be objectionable or in violation of these Terms. We have the right to investigate violations of these Terms or conduct that affects the Services. We may also consult and cooperate with law enforcement authorities to prosecute users who violate the law.

11. Links to Third Party Websites or Resources. The Services may make available to you content provided by third parties, including links to third-party websites or resources (collectively, “**Third Party Content**”). We do not control, endorse or adopt any Third-Party Content and will have no responsibility for Third Party Content including, without limitation, material that may be misleading, incomplete, erroneous, offensive, indecent or otherwise objectionable. You acknowledge that we provide the Third Party Content to you only as a convenience and are not responsible for the content, products or services on or available from those websites or resources or links displayed on such websites. You further acknowledge sole responsibility for and assume all risk arising from, your use of any third-party websites or resources and all your interactions with such third-party websites or resources.

12. Termination. We may terminate your access to and use of the Services, at our sole discretion, at any time and without notice to you. You may cancel your Account at any time through the Services interface or by sending an email to us at support@pawp.com. Upon any termination, discontinuation or cancellation of the Services or your Account, the following Sections will survive: 7, 9(a), 9(b), 9(c), 9(d), 12, 13, 14, 15, 16, 17 and 18.

13. Warranty Disclaimers.

(a) THE SERVICES AND CONTENT ARE PROVIDED “AS IS,” WITHOUT WARRANTY OF ANY KIND. WITHOUT LIMITING THE FOREGOING, WE EXPLICITLY DISCLAIM ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, QUIET ENJOYMENT AND NON-INFRINGEMENT, AND ANY WARRANTIES ARISING OUT OF COURSE OF DEALING OR USAGE OF TRADE. We make no warranty that the Services will meet your requirements or be available on an uninterrupted, secure, or error-free basis. We make no warranty regarding the quality, accuracy, timeliness, truthfulness, completeness or reliability of any Content. The Content may contain information relating to various medical conditions that may affect your pet; this information is provided for informational purposes only and does not constitute medical advice.

(b) Any advice provided by a veterinary professional is for your decision support purposes only (i.e., to assist you in making your veterinary medical decision). The Services are not a substitute for an in-person evaluation of your pet by a veterinary doctor. Communications with veterinary professionals through the Services are

inherently limited and do not include safeguards and procedures typical of in-person evaluations and visits. No client-professional relationship shall be formed between you and us as a result of you using the Services. Communications with any professionals through the Services are not confidential and shall not be the subject of any associated privileges. The laws, regulations, other governing authorities, standards, practices and procedures that apply to your particular question or situation may differ depending on your location and information typically discovered through in-person evaluation. Veterinary professionals available through the Services may be licensed, certified, educated, employed by or have experience in only particular jurisdictions or within particular fields.

(c) IF YOU BELIEVE YOUR PET IS EXPERIENCING A MEDICAL EMERGENCY, SEEK APPROPRIATE EMERGENCY VETERINARY MEDICAL CARE IMMEDIATELY. You acknowledge sole responsibility for and assume all risk arising from your use of the Services.

14. Indemnity. You will indemnify and hold harmless Pawp and its officers, directors, employees and agents, from and against any claims, disputes, demands, liabilities, damages, losses, and costs and expenses, including, without limitation, reasonable legal and accounting fees arising out of or in any way connected with (i) your access to or use of the Services, (ii) your User Content, or (iii) your violation of these Terms.

15. Limitation of Liability.

(a) NEITHER PAWP NOR ANY OTHER PARTY INVOLVED IN CREATING, PRODUCING, OR DELIVERING THE SERVICES WILL BE LIABLE FOR ANY INCIDENTAL, SPECIAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOST REVENUES, LOST SAVINGS, LOST BUSINESS OPPORTUNITY, LOSS OF DATA OR GOODWILL, SERVICE INTERRUPTION, COMPUTER DAMAGE OR SYSTEM FAILURE OR THE COST OF SUBSTITUTE SERVICES OF ANY KIND ARISING OUT OF OR IN CONNECTION WITH THESE TERMS OR FROM THE USE OF OR INABILITY TO USE THE SERVICES OR CONTENT, WHETHER BASED ON WARRANTY, CONTRACT, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY OR ANY OTHER LEGAL THEORY, AND WHETHER OR NOT PAWP OR ANY OTHER PARTY HAS BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGE, EVEN IF A LIMITED REMEDY SET FORTH HEREIN IS FOUND TO HAVE FAILED OF ITS ESSENTIAL PURPOSE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OR LIMITATION OF LIABILITY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES, SO THE ABOVE LIMITATION MAY NOT APPLY TO YOU.

(b) IN NO EVENT WILL PAWP'S TOTAL LIABILITY ARISING OUT OF OR IN CONNECTION WITH THESE TERMS OR FROM THE USE OF OR INABILITY TO USE

THE SERVICES EXCEED THE AMOUNTS YOU HAVE PAID TO PAWP FOR USE OF THE SERVICES OR ONE HUNDRED DOLLARS (\$100), IF YOU HAVE NOT HAD ANY PAYMENT OBLIGATIONS TO PAWP, AS APPLICABLE.

(c) THE EXCLUSIONS AND LIMITATIONS OF DAMAGES SET FORTH ABOVE ARE FUNDAMENTAL ELEMENTS OF THE BASIS OF THE BARGAIN BETWEEN PAWP AND YOU.

16. Governing Law and Forum Choice. These Terms and any action related thereto will be governed by the Federal Arbitration Act, federal arbitration law, and the laws of the State of New York, without regard to its conflict of laws provisions. Except as otherwise expressly set forth in Section 17, “Dispute Resolution”, the exclusive jurisdiction for all Disputes (defined below) that you and Pawp are not required to arbitrate will be the state and federal courts located in the Northern District of New York (Albany Division), and you and Pawp each waive any objection to jurisdiction and venue in such courts.

17. Dispute Resolution.

(a) Mandatory Arbitration of Disputes. We each agree that any dispute, claim or controversy arising out of or relating to these Terms or the breach, termination, enforcement, interpretation or validity thereof or the use of the Services or Content (collectively, “**Disputes**”) will be resolved **solely by binding, individual arbitration and not in a class, representative or consolidated action or proceeding**. You and Pawp agree that the U.S. Federal Arbitration Act governs the interpretation and enforcement of these Terms, and that you and Pawp are each waiving the right to a trial by jury or to participate in a class action. This arbitration provision shall survive termination of these Terms.

(b) Exceptions. As limited exceptions to Section 17(a) above: (i) we both may seek to resolve a Dispute in small claims court if it qualifies; and (ii) we each retain the right to seek injunctive or other equitable relief from a court to prevent (or enjoin) the infringement or misappropriation of our intellectual property rights.

(c) Conducting Arbitration and Arbitration Rules. The arbitration will be conducted by the American Arbitration Association (“**AAA**”) under its Consumer Arbitration Rules (the “**AAA Rules**”) then in effect, except as modified by these Terms. The AAA Rules are available at www.adr.org or by calling 1-800-778-7879. A party who wishes to start arbitration must submit a written Demand for Arbitration to AAA and give notice to the other party as specified in the AAA Rules. The AAA provides a form Demand for Arbitration at www.adr.org. Any arbitration hearings will take place in the county (or parish) where you live, unless we both agree to a different location. The parties agree that the arbitrator shall have exclusive authority to

decide all issues relating to the interpretation, applicability, enforceability and scope of this arbitration agreement.

(d) Arbitration Costs. Payment of all filing, administration and arbitrator fees will be governed by the AAA Rules, and we won't seek to recover the administration and arbitrator fees we are responsible for paying, unless the arbitrator finds your Dispute frivolous. If we prevail in arbitration we'll pay all of our attorneys' fees and costs and won't seek to recover them from you. If you prevail in arbitration you will be entitled to an award of attorneys' fees and expenses to the extent provided under applicable law.

(e) Injunctive and Declaratory Relief. Except as provided in Section 17(b) above, the arbitrator shall determine all issues of liability on the merits of any claim asserted by either party and may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claim. To the extent that you or we prevail on a claim and seek public injunctive relief (that is, injunctive relief that has the primary purpose and effect of prohibiting unlawful acts that threaten future injury to the public), the entitlement to and extent of such relief must be litigated in a civil court of competent jurisdiction and not in arbitration. The parties agree that litigation of any issues of public injunctive relief shall be stayed pending the outcome of the merits of any individual claims in arbitration.

(f) Class Action Waiver. YOU AND PAWP AGREE THAT EACH MAY BRING CLAIMS AGAINST THE OTHER ONLY IN YOUR OR ITS INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. Further, if the parties' Dispute is resolved through arbitration, the arbitrator may not consolidate another person's claims with your claims, and may not otherwise preside over any form of a representative or class proceeding. If this specific provision is found to be unenforceable, then the entirety of this Dispute Resolution section shall be null and void.

(g) Severability. With the exception of any of the provisions in Section 17(f) of these Terms ("**Class Action Waiver**"), if an arbitrator or court of competent jurisdiction decides that any part of these Terms is invalid or unenforceable, the other parts of these Terms will still apply.

18. General Terms.

(a) Entire Agreement. These Terms constitute the entire and exclusive understanding and agreement between Pawp and you regarding the Services, and these Terms supersede and replace any and all prior oral or written understandings or agreements between Pawp and you regarding the Services. If any provision of these Terms is held invalid or unenforceable by an arbitrator or a court of

competent jurisdiction, that provision will be enforced to the maximum extent permissible and the other provisions of these Terms will remain in full force and effect. You may not assign or transfer these Terms, by operation of law or otherwise, without Pawp's prior written consent. Any attempt by you to assign or transfer these Terms, without such consent, will be null. Pawp may freely assign or transfer these Terms without restriction. Subject to the foregoing, these Terms will bind and inure to the benefit of the parties, their successors and permitted assigns.

(b) Notices. Any notices or other communications provided by Pawp under these Terms, including those regarding modifications to these Terms, will be given: (i) via email; or (ii) by posting to the Services. For notices made by e-mail, the date of receipt will be deemed the date on which such notice is transmitted.

(c) Waiver of Rights. Pawp's failure to enforce any right or provision of these Terms will not be considered a waiver of such right or provision. The waiver of any such right or provision will be effective only if in writing and signed by a duly authorized representative of Pawp. Except as expressly set forth in these Terms, the exercise by either party of any of its remedies under these Terms will be without prejudice to its other remedies under these Terms or otherwise.

19. Contact Information. If you have any questions about these Terms or the Services, please contact Pawp at support@pawp.com.

Ready to get started?

Give your pet the round-the-clock care they deserve for better outcomes and longer lives.

Pawp Home



Your digital pet clinic.

- Membership

 - Home
 - How It Works
- Resources

 - Help Center
 - The Blog
 - Vet Finder
- Company

 - Press
 - Partnerships
 - Careers





Corporate Org Chart

Pawp, Inc.

EIN

83-3018503

Pawp, Inc. is a veterinary care that offers 24/7 access to pet care and emergency protection to members

100% Owned

Hachiko Solutions, LLC

EIN

92-2844505

Fully owned subsidiary of Pawp, Inc. to staff and manage 24/7 veterinary operations

100% Owned

Pawp Insurance Solutions, LLC

EIN

87-2602684

Fully owned subsidiary of Pawp, Inc. licensed as a retail and wholesale broker which operates as the program manager

100% Owned

Pawp Insurance Services, Inc

EIN

86-1457663

Fully owned subsidiary of Pawp, Inc. — Domiciled Captive; Company insures Pawp, Inc. and its obligations arising from the emergency fund



PROGRAM ADMINISTRATION AGREEMENT

ENTERED INTO

BY AND BETWEEN

CONCERT SPECIALTY INSURANCE COMPANY

and

PAWP INSURANCE SOLUTIONS, LLC

Effective December 13, 2021

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Schedule of Business

Commission Schedule

Exhibit A - Claims Administration Agreement

GENERAL AGENCY AGREEMENT

This Program Administration Agreement (this "Agreement") is made and entered into on this 13th day of December 2021 (the "Effective Date") by and between **Concert Specialty Insurance Company**, a Montana corporation, the principal office of which is located at 21805 W. Field Parkway, Suite 320, Deer Park, IL 60010 ("Company"), and Pawp Insurance Solutions, LLC, a Delaware corporation, the principal office of which is located at 10 Grand Street, Brooklyn, NY 11249 (Agent).

THE COMPANY AND THE AGENT AGREE AS FOLLOWS:

ARTICLE ONE – APPOINTMENT

- 1.1. Company hereby appoints Agent as Company's agent for the Approved Business, and Agent accepts such appointment.
- 1.2. The Agent acknowledges and agrees that the Company's appointment of the Agent does not restrict in any manner the Company's right to appoint agents writing any lines of insurance the Company writes through any other agent, sub-agent or either direct to the Company or through other agents.

ARTICLE TWO – AUTHORITY AND DUTIES OF AGENT

- 2.1. The Agent has the authority and duty to act on behalf of the Company in all respects, insofar as necessary for the Agent to perform the function of an Agent for the Company. The Company may, from time-to-time, place written restrictions upon the Agent. The Agent's authority includes, but is not limited to, production, appointment, and supervision of agents for the Company, underwriting, and program accounting. The Agent shall have authority to adjust and settle claims on behalf of the Company pursuant to Exhibit A – Claims Administration Agreement. All acts of the Agent, insofar as the Company's business is concerned, are subject to the ultimate authority of the Company.
- 2.2. The Agent has the authority to accept, on forms and at premium rates approved by the Company, applications, binders, and/or Policies written by or through Agents, for classes or lines of insurance as described in the Schedule of Business which is attached hereto made a part of this Agreement.
- 2.3. The Agent acknowledges and agrees that the term(s) of any Policy shall not exceed twelve (12) months. "Policy" is defined as any policy, endorsement, binder, certificate, proposal for insurance, or any other document that binds the Company to insurance coverage.
- 2.4. The Agent and the Company have the authority to cancel or non-renew any policy of insurance, at its discretion, subject to the requirements imposed by law and in compliance with the applicable provisions contained in this Agreement and the Policies.
- 2.5. The Agent has the authority to receive and receipt for premiums and to retain commissions out of such collected premiums subject to the terms and conditions of this Agreement.
- 2.6. The Agent shall intake, evaluate, and adjust claims immediately upon receipt by the Agent pursuant to Exhibit A – Claims Administration Agreement.

2.7. The Agent may not authorize policy issuance on behalf of the Company to any broker, agent, Agent or any other entity without the prior written consent of the Company.

2.8. The Agent shall have the authority to appoint and terminate the appointment of agents.

2.9. Agent shall notify Company if it adds any new program, or program of another carrier that is accepting new policies. This section shall not apply to Programs already in place as of the Effective Date of this Agreement. Further, this clause shall only apply to any Program that is to be written in a state where Company is currently allowing Agent to actively write new business policies with Company in its Pawp Insurance Program. Company shall have the option to terminate this Agreement upon sixty (60) days' notice if Agent cannot demonstrate to Company's satisfaction that the presence of the new program does not have an impact to Company's program.

2.10. Agent shall fully comply with the terms and restrictions contained in the Patriot Act and the Order signed by President Bush on September 24, 2001, as amended (the "Act"). Specifically, Agent is prohibited under the Act which is enforced by the Office of Foreign Assets Control ("OFAC") from conducting any financial transactions with any person, entity or organization designated by the United States government as a "Specially Designated National" or "Blocked Person" as defined in the Act. The list of Specially Designated Nationals and Blocked Persons (including individuals, entities, and organizations) can be found at www.treas.gov/ofac. Agent shall be responsible for implementing processes and sanction checks which prevent dealing with persons, entities, or organizations documented as Specially Designated Nationals or Blocked Persons.

2.11. Agent shall handle the duties and obligations of the Company under any federal reporting requirements including but not limited to the Medicare, Medicaid and SCHIP Extension Act of 2007 as related to insurance business produced pursuant to this Agreement. The parties recognize that such duties and obligations may be amended from time to time as agreed to in writing between the Parties.

2.12. If Agent is handling business in a state that has Special Investigations Unit ("SIU) procedures that must be adhered to, Agent shall ensure compliance with such statutes and regulations on behalf of Company. Agent is responsible for reviewing such rules, laws and regulations to ensure Company is compliant specific to business outlined in Schedule A.

2.13. Additional Restrictions. Agent shall not:

- (a) interact or communicate with any Department of Insurance on behalf of Company, unless prior written approval is provided;
- (b) bind reinsurance or retrocessions on behalf of Company;
- (c) commit the Company to participate in insurance or reinsurance syndicate, pool, or risk retention group;
- (d) appoint any sub-producer without assuring that the sub-producer is lawfully licensed to transact the type of insurance for which such sub-producer is appointed;
- (e) collect no payment from a reinsurer or commit Company to any claim settlement with a reinsurer;
- (f) permit a sub-producer to serve on its board of directors, or as a manager, managing member, or in a similar capacity;
- (g) jointly employ an individual who is employed with Company;
- (h) appoint a sub-managing general agent;
- (i) set loss reserves for the Company on any Policies; or,
- (j) offer to Policyholders installment plans without Company's prior written approval.

2.14. If Agent accepts premium financed by a licensed and authorized premium finance company, the Agent shall cause any unearned premium or commission refunds to be paid directly to said premium finance company and shall not pay or credit an Agent's account.

2.15. The Agent shall have the authority to appoint and terminate the appointment of agents.

2.16. Agent shall maintain a current disaster recovery and business continuity plan which shall include a site location equipped with memory storage capacity comparable to its current operating system, but in no event less than what is commercially reasonable. Such current disaster recovery and business continuity plan shall include provisions for prompt notification to Company of any interruption in service and the reasons for such interruption. Such plan will provide for resumption of Authorized Services under this Agreement. The Agent represents and warrants that it has provided Company with a copy of Agent's current disaster recovery and business continuity plan prior to execution of this Agreement.

ARTICLE THREE- COMPENSATION

3.1. The Agent's compensation shall be the commission allowed pursuant to the Commission Schedule and any amendments thereto which is attached hereto and made a part of this Agreement.

3.2. Should policy fees be charged on any policy covered by this Agreement, and such fees are deemed taxable for premium tax purposes, then such policy fees are to be added to the net written premium to determine the amount subject to taxes.

3.3. Agent shall not impose or collect any fee, including, but not limited to, any service or Policy issuance fee, without receiving Company's prior written consent, which consent, in all cases, will be subject to all statutes, laws, regulations, rules, orders, decrees, administrative directives, or other requirements of any applicable government or agency, department or authority of any applicable jurisdiction (collectively, "Applicable Law") and appropriate tax withholdings. The Agent will disclose all such fees to Company and comply with all Applicable Law governing disclosure, which shall be incorporated herein by reference.

3.4. In the event there is no sub-agent to receive the designated commission on a Policy, the Agent may retain the commission.

3.5. The commission may, from time to time, be amended upon mutual agreement of the Company and the Agent without otherwise affecting the terms and conditions of this Agreement.

ARTICLE FOUR – ACCOUNTING AND RECORDS

4.1. The Agent shall provide and maintain separately for Company all necessary books, records, policies, diaries and correspondence with policyholders to determine the amount of liability of the Company and the amount of premiums there from.

4.2. The Agent shall prepare separate, itemized, monthly statements for each Agent on the business placed by the Agent through the Agent, and furnish each Agent with an IRS Form 1099 each year when required.

4.3. All records shall be kept separately for Company in such manner and form as is generally recognized as acceptable in the insurance industry or as may be reasonably required by the Company. Such records shall be maintained by Company and Agent for the lesser of at least seven (7) years or until the completion of a financial examination by the by the Illinois Departments of Insurance and any other State

Department of Insurance that may have an interest in this Agreement. All records must be located in Company's or Agent's offices, or otherwise as permitted by State law.

4.4. All records applicable to the Company's business shall be maintained separately and in a manner usable by, and shall be opened for inspection, copying, and/or audit at all reasonable times by the Company, its reinsurers, insurance department personnel or other governmental authorities.

4.5. Upon request and pursuant to regulatory requirements, the Agent shall forward as reasonably required to the Company or the Company's Designated Accountant and/or Statistical Agent, exact, as written, copies of all applications, binders, policies, daily reports, monthly reporting forms and endorsements issued by or through licensed Agent(s), including all other evidence of insurance written, modified or terminated.

4.6. The Agent shall be solely responsible for and shall keep accurate records of all policies assigned to the Agent and shall account to the Company, upon the Company's reasonable request, for all outstanding and unused policy supplies. In the event canceled or terminated policies or binders are unavailable, the Agent shall forward, or cause to be forwarded, properly executed Lost Policy Receipts.

4.7. At renewal of any Policy issued by the Agent, the Agent shall be responsible to the insured for the renewal or non-renewal of the Policy and shall timely communicate any renewal quote or notice of non-renewal to the insured to preclude the extension of coverage beyond the expiration date of the current in-force policy.

4.8. The Company may conduct or cause to be conducted audits or examinations of the Agent at Company's sole discretion upon ten (10) business days notice to Agent. These examinations, a minimum of two (2) and not to exceed four (4) per year, may take place remotely or at the Agent's business offices or premises where necessary records are maintained. The examination must adequately provide the applicable State Commissioner of Insurance, at a minimum, with information on claims procedures, timeliness of claims payments, timeliness of premium reporting and collection, compliance with underwriting guidelines, and reconciliation of policy inventory. The examination must be made available to the State Commissioner of Insurance for review and must remain on file with Company for at least three (3) years.

4.9. Agent agrees to timely comply with the privacy policy and procedures of the Company, and any amendments thereto, and to ensure compliance with all applicable state and federal laws and regulations relating to the confidentiality and/or privacy of any information obtained under this Agreement relating to insureds, claimants, or others. Agent agrees to require the same obligations from all agents or other third parties with which it may contract to perform all or any part of its functions under this Agreement.

ARTICLE FIVE - AGENT'S REPORTS AND REMITTANCES

5.1 The Agent shall submit a report to the Company, within ten (10) days after the close of business each calendar month, summarizing the business transacted under this Agreement during the prior month. As used in this Agreement, the term "net collected premium" is defined as the total of all currently collected premiums (including down payments) on policies written by the Agent between the Company and the Agent less return premium and cancellations. Such report shall include the following items:

- a. The agreed bordereaux template provided to agent by company.

5.2. The Agent shall remit the balance of the account (net written premium minus commissions) directly to the Company within thirty (30) days after the close of the calendar month for which the account is

rendered regardless of whether Agent has collected such premium. Agent shall be responsible for the collection and payment to the Company of all premium written, and shall incur the cost of all uncollected premium so the Company does not incur any expense or negative adjustments related thereto.

5.3. In addition to the return of premium, the Agent shall refund commissions on policy cancellations, reductions in premiums or any other return premiums at the same rate at which such commissions were originally retained.

5.4. The Company reserves the right to collect delinquent premiums directly from sub-producers or Policyholders and Agent waives the right to any Agent's Commission from such premiums. Agent's Commission is also waived as to premiums on which Company incurs expense in collection from Agent.

5.5. Agent shall remit 100% of the Gross Written Premium billed (less any Agent Commission and agreed upon Agent miscellaneous expenses in accordance with this Agreement) to the Company, irrespective of any payment plans the Agent or any sub-producer may offer the Policyholders, it being the intent of the parties hereto that Agent shall bear the credit risk for any uncollected amounts of Gross Written Premium. For purposes of this Agreement, "Gross Written Premium" shall be defined as gross premiums under the Policies, less cancellations and return premium.

5.6. In the event a refund or discount is ordered by the Director of Insurance, the Agent shall refund or discount at the same rate at which such commissions were originally retained.

5.7. The Company may, at its sole option, reasonably alter the frequency and/or content of the Agent's report; provided, however, such report is made no less frequently than monthly.

5.8. The omission of any item(s) from a monthly statement shall not affect the responsibility of either party to account for and pay all amounts due the other party, nor shall it prejudice the rights of either party to collect all such amounts due from the other party.

5.9. The Agent shall annually furnish to the Company the following summary information in such form as to enable the Company to record such information in its annual statement:

- a. summaries, with data segregated by major classes, of net premium written, gross loss paid, net salvage, subrogation and adjusting expenses, including defense and cost containment expenses, paid during the year; and
- b. details of in-force and unearned premium running twelve (12) months or less from the policy inception date.

5.10. The Agent agrees to furnish the Company with any additional reports necessary to provide the Company's monthly, quarterly, and/or annual statements to regulatory authorities including, but not limited to any statistical reporting and any other information reports needed for underwriting or general oversight purposes.

5.11. The Agent shall annually furnish the Company current audited financial statements of the most recent fiscal year prepared in accordance with generally accepted accounting principles. These financial statements shall include, but not be limited to, Profit and Loss, Balance Sheet and Cash Flow Statements.

5.12. The Agent agrees to implement and maintain a compliance with the USA PATRIOT Act and all applicable federal law and regulation relating to the identification of customers and insureds, the handling of funds and related matters. Agent agrees to require the same obligations from all agents, adjusters, or

other third parties with which it may contract to perform all or any part of its functions under this Agreement.

ARTICLE SIX - EXPENSES

6.1. The Agent is responsible for and shall promptly pay all expenses attributable to the producing and servicing of business under this Agreement, except as specified in Article 6.2. This responsibility shall not be altered whether the expense is billed to the Agent or the Company. These expenses include but are not limited to:

- a. salaries and all other benefits of all employees of the Agent;
- b. transportation, lodging, and meals of employees of the Agent;
- c. postage and other delivery charges;
- d. advertising;
- e. printing of all policies, forms and endorsements;
- f. EDP hardware, software, and programming;
- g. countersignature fees or commissions;
- h. license and appointment fees for agents, brokers, and solicitors;
- i. provision of office space, equipment and other facilities necessary for the operation of Agent;
- j. legal, actuarial, audit, and other expenses relating to any rate filing, regulation, or rules affecting the business of the Agent pursuant to this Agreement;
- k. any fines, fees, penalties, or other charges incurred by the Agent and/or the Company, including any fees or fines resulting from the findings of any financial examination or market conduct examination by a state department of insurance as a result of the actions, inactions, or negligence of the Agent in administering the business and Policies subject to this Agreement;

6.2. The Company is responsible for and shall promptly pay all expenses attributable to the actions of the Company as a result of business produced under this Agreement. This responsibility shall not be altered whether the expense is billed to the Company or the Agent. These expenses include but are not limited to:

- a. salaries and all other benefits of all employees of the Company;
- b. transportation, lodging, and meals of employees of the Company;
- c. State or Guaranty Fund Assessments;
- d. adjustment expenses, including defense and cost containment legal expenses, arising from claims on insurance written under this Agreement;
- e. cost of reinsurance; and
- f. legal and auditing expense incurred at the direction of the Company (other than as provided for in Article 4.8).

ARTICLE SEVEN - PREMIUM ESCROW ACCOUNTS

7.1. The Agent shall accept and hold in a fiduciary capacity all premiums collected and other funds relating to the business written under this Agreement. The privilege of retaining commissions shall not be construed as changing the fiduciary capacity.

7.2. The Agent assumes full responsibility for the net written premium on Policies issued by the Agent on behalf of the Company, after any deductions provided herein.

7.3. The Agent shall establish and maintain a separate Premium Escrow Account. Escrow Accounts shall be in a bank, which is a member of the Federal Reserve System and is mutually agreeable to the Agent

and the Company. All premiums collected by the Agent on business produced under this Agreement shall be deposited promptly into said account.

7.4. The Agent shall not commingle any premium or escrow funds with its personal accounts or other agency funds or funds held by the Agent in any other capacity.

7.5. The Agent and an officer of the Company shall maintain signature authority on said Premium Escrow Account.

7.6. The Agent shall act as trustee for the Company on the Premium Escrow Account. The Agent shall have no authority to draw on any other account of the Company.

7.7. Interest income and the cost of maintaining Escrow Accounts shall belong to the Agent.

7.8. Escrow Accounts may consist of:

- a. checking, savings, or money market accounts;

7.9. The Agent may use any and all premium and other funds collected by the Agent for and on behalf of the Company under this Agreement solely for the payment of:

- a. premium balances due less deduction allowed in accordance with this Agreement;
- b. the return of unearned premiums arising due to cancellation or endorsement;
- c. the Agent's and Agent(s) commission;
- d. losses and loss adjustment expenses not to exceed the amount set forth in the Commission Schedule; or
- e. such other items as mutually agreed upon in writing by the Agent and the Company.

7.10. The Company shall not be liable for any loss which occurs by reason of the default or failure of the bank in which an account is carried and such loss shall not affect the Agent's obligations under this Agreement.

7.11. The Agent shall not be required to return, as commission or return commission, monies greater than the total commission paid or otherwise payable to it.

ARTICLE EIGHT - CONTROL OF EXPIRATIONS

8.1. The Agent's records and the use and control of expirations of the business produced by the Agents appointed by the Agent or by the Company at the Agent's request shall remain the property of the Agent and be left in the Agent's undisputed possession to the extent allowed by applicable law and contracts, provided the Agent is not in default and accounts for and pays over all premium and other sums for which the Agent may be liable to the Company.

8.2. Ownership of the records, use and control of expirations and the goodwill relating thereto shall be vested in the Agent; provided, however, in the event the Agent is in default hereunder, and does not cure such default as required by Article 15.3 and does not account for and pay all premiums or other sums for which it may be liable to the company within a reasonable time following the due date, such records, use and control of expirations and the good will relating thereto shall become the property of Company.

8.3. The Agent assigns to the Company as security for, but not in payment of, the obligations of the Agent under this Agreement all sums due or to become due to the Agent from any insured(s) for whom the

Agent or Agent(s) provided a Policy on behalf of the Company. In the event of default, the Company shall have full authority to demand and collect such sums and the Agent or Agent(s) shall not be entitled to any commissions and/or policy fees on any premium so collected by the Company. The Company may also assign any rights it acquires to its Reinsurer.

8.4. The Agent pledges and/or grants to the Company, so as to further secure payment of any and all sums due the Company under this Agreement, any and all of the Agent's records of expirations of Policies, including but not limited to, the ownership and exclusive use of said expirations. In the event of default, the Company shall have the rights of the holder of a security interest granted by law, including but not limited to the rights of foreclosure to effectuate such security interest, and the Agent hereby agrees to peaceably surrender possession of such records to the Company upon demand.

ARTICLE NINE - INDEPENDENT CONTRACTOR RELATIONSHIP

9.1. Nothing contained in this Agreement shall be construed to create the relationship of employer and employee, or joint venture or partnership, between the Company and the Agent, or between the Company and any employees, representatives or Agents of the Agent.

ARTICLE TEN - ADVERTISING

10.1. Any advertising is the responsibility of, and shall be in the name of the Agent. The Agent is prohibited from using the Company's name or logo without prior written consent of the Company.

10.2. In the event an advertisement containing the Company's name or logo is used by the Agent or Agent(s) without the prior written consent of Company, the Agent shall send a copy of the advertisement to the Company and maintain a copy and full details concerning where, when, and how it was used, and comply with all legal requirements regarding content, review and approval of advertising and maintenance of records. Any potential fines, expenses or other amounts incurred by Company as a result of Agent's noncompliance, Agent shall be responsible for any such amounts due third parties.

ARTICLE ELEVEN - AGENTS AND AGENT LICENSING

11.1. The Agent shall maintain current license(s) or certificate(s) of authority as required by law for the conduct of business pursuant to this Agreement.

11.2. The original source of all business produced under this Agreement shall be duly licensed and appointed general or limited lines property and casualty or county mutual agents in the State(s) where the Agent is authorized to write business pursuant to this Agreement and the State(s) where the subject insurance business is written.

11.3. The Agent shall assure that all Agents maintain appropriate license(s), certificate(s) of authority and appointments as required by law for conduct of business under this Agreement. The Agent shall bear sole responsibility and all costs, including appointment costs, costs, to oversee the proper licensing of any Agents(s). Should any fines be levied against the Company as the result of the Agent accepting business from an unlicensed Agent, the Agent shall hold the Company harmless and reimburse the Company for any and all expenses so incurred including, but not limited to, legal fees, fines and travel expenses.

11.4. The Agent shall maintain in force an Agency Agreement, in a form satisfactory to the Company, with all Agents. Any and all agreements with Agent(s) shall be made directly between the Agent and such Agent(s), however, the Company shall have the right to require cancellation of any Agent's or sub producer's contract upon thirty (30) days written notice. The Agent shall not permit its unaffiliated Agents

or subproducers to serve on its board of directors, nor shall the Agent employ an individual who is also employed by the Company. Such agreement shall provide that the Agent shall have no claim or cause of action against the Company and said Agent(s) shall look solely to the Agent for any and all expenses, costs, causes of action and damages, including, but not limited to, extra contractual obligations, arising in any manner from actions or inactions by the Agent(s) or the Agent.

11.5. Any termination by the Agent of an Agent shall comply with any applicable contract, the Insurance laws of the State(s) where the business is written, and any other applicable laws or regulations.

11.6. Agent will immediately notify the Company of any action or threatened action by any insurance or financial regulation against Agent or any Agent.

ARTICLE TWELVE - AGENCY SALE OR TRANSFER

12.1. In the event a controlling interest (10% or more of outstanding shares or other type of ownership interests) of the Agent is to be sold or transferred (to a party not affiliated with current ownership) or the Agent is to merge or be consolidated with another firm (not affiliated with current ownership), or the Agent is to sell all or a substantial portion of its assets, or Mark Atiyeh is no longer Chief Executive Officer of the Agent, the Agent shall give thirty (30) days advance written notice to the Company. The Company then may, at its election:

- a. consent to the assignment of this Agreement to the successor;
- b. enter into a new Program Administration Agreement with the successor; or
- c. terminate this Agreement pursuant to Article 15.

The Company shall notify the Agent of its decision within thirty (30) days of the receipt of the notice.

12.2. The Agent shall also give notice to the Company if there is a change in any principal officer and/or director of the Agent within 30 days.

ARTICLE THIRTEEN - HOLD HARMLESS

13.1. The Agent shall indemnify and hold the Company harmless from any and all claims, demands, causes of action, damages, judgments and expenses (including, but not limited to, attorney's fees and costs of court) which may be made against the Company and which arise, either directly or indirectly, out of any action or inaction of the Agent or the Agent's employees or representatives including but not limited to any such acts of negligence by the Agent or the Agent's employees or representatives in connection with any rights or obligations of the Agent incurred in connection with this Agreement or with asserting rights hereunder including, but not limited to, any negligence, action or inaction of the Agent concerning the termination of Agent(s) pursuant to the Insurance laws of the State(s) where the business is written and any other applicable laws or regulations.

13.2. The Company shall indemnify and hold the Agent harmless from any and all claims, demands, causes of action, damages, judgments and expenses (including, but not limited to, attorney's fees and costs of court) which may be made against the Agent and which arise, either directly or indirectly, out of any action or inaction of the Company including, but not limited to, any such acts of negligence by the Company in connection with any rights or obligations of the Company incurred in connection with this Agreement or with asserting rights hereunder.

13.3. The Reinsurer, if the Company enters into any reinsurance agreement(s) during the term of this Agreement and any renewals hereof, is hereby named as a third party beneficiary to all promises, duties

and obligations of indemnification made by the Agent to the Company to the extent of all damages, fines, penalties and/or loss incurred by the Reinsurer as a direct result of indemnifying and holding the Company harmless for the negligence, actions and/or inactions of the Agent. To the extent of any indemnification by the Reinsurer, the Company shall assign its rights of recourse against the Agent to the Reinsurer, provided always that any benefit or right of recourse extended to the Reinsurer shall be subordinate to that of the Company.

ARTICLE FOURTEEN - ARBITRATION

14.1. Unless both parties mutually agree to waive arbitration with respect to a particular dispute, the parties to this Agreement hereby agree that binding arbitration shall be the sole remedy for any and all dispute(s) arising between them with reference to any transactions, terms, or conditions under this Agreement including its formation and validity. Arbitration proceedings brought hereunder shall be referred for final determination to the majority decision of a Panel of three disinterested arbitrators. Notice of demand for arbitration shall be made in writing and shall be served via certified or registered mail, return receipt requested, on the Respondent to the Arbitration at the Respondent's current address. The notice requesting arbitration shall identify the Agreement(s) involved in the dispute, the issues to be resolved in the view of the Petitioner, and the arbitrator selected by the Petitioner. The term "days" as used herein shall mean calendar days.

14.2. The Respondent shall appoint an arbitrator within 30 days of receiving a request by the Petitioner in writing and served via certified or registered mail, return receipt requested, to do so. At the same time as the appointment, the Respondent shall identify in writing any issues which in its view must be resolved in the arbitration proceeding and which were not identified by the Petitioner. If the Respondent fails to appoint its arbitrator within 30 days of being requested to do so, in writing, by the Petitioner, the Petitioner shall have the right to appoint the second arbitrator. Within 30 days after their appointment, the two arbitrators so chosen shall select a third arbitrator to act as umpire. If the two arbitrators do not agree as to the selection of a third arbitrator within 60 days after their appointment, the third arbitrator shall be selected from a list of six individuals (three named by each arbitrator) by a judge of the federal district court or state court in Cook County, Illinois determined in accordance with the terms of Article 14.7.

14.3. Each arbitrator shall be a disinterested, active, or retired official or officer of an insurance or reinsurance company, not under the control or management of either party to this Agreement, and shall have experience in the class and type of business subject to this dispute.

14.4. Within 30 days after notice of appointment of all arbitrators, the Petitioner and the Respondent shall each submit a statement of position to the Panel.

14.5. Within 60 days after notice of appointment of all arbitrators, each party shall provide the other with its relevant books, records, and/or other papers not protected from disclosure by either the work-product or attorney client privilege. Other than the exchange of relevant documents, both parties shall refrain from engaging in any type of discovery including, but not limited to, depositions and interrogatories.

14.6. Within 30 days following the exchange of documents, the Petitioner and the Respondent shall submit hearing briefs to the Panel.

14.7. Unless some other location is mutually agreeable to the parties, arbitration proceedings shall take place within Cook County, Illinois. Arbitration shall commence as soon as practicable but in no event longer than 120 days after selection of the third arbitrator with notice thereof to the parties. The specific time and site of arbitration shall be promptly agreed to by the parties, or if no Consent is reached, then determined by the Panel.

14.8. The Panel shall be relieved from applying the strict rules of evidence and/or procedure and shall make its decision based on the custom and practice of the insurance and reinsurance business with a view toward effecting this Agreement in a reasonable manner. Should either party fail to appear at the arbitration and/or fail to furnish the Panel with any subpoenaed papers or information, the Panel is empowered to proceed ex parte. The Panel shall make its award within 60 days following the close of the hearing. The majority decision of the Panel shall be final and binding upon the parties and shall be reduced to a written award, which may include factual findings, and shall be signed by any two of the three arbitrators, dated and delivered overnight to the parties. The Panel may award pre-judgment and post-judgment interest, but in no case shall the authority of the Panel extend to awarding punitive or exemplary damages. Judgment may be entered upon the award by any court having jurisdiction.

14.9. Each party shall bear the expense of its own arbitrator, but shall equally share with the other the expense of the third arbitrator. In the event that the two arbitrators are chosen by one party, as above provided, the expense of the two arbitrators, the third arbitrator and the arbitration shall be equally divided between the Petitioner and the Respondent. Unless mutually agreed otherwise, a court reporter transcript shall be taken of the hearing with costs to be divided equally between the parties. The Panel shall allocate the remaining costs of arbitration.

14.10. The Arbitration proceeding brought hereunder, any or all provisions contained herein, and arbitration awards entered pursuant to this Article are specifically governed by, subject to and enforceable under the Federal Arbitration Act (Title 9, United States Code, Sections 1-14).

14.11. Each party agrees that time is of the essence with respect to all terms and conditions referenced in this Article. All deadlines contained in this Article may be extended by mutual consent of the parties, and if the Panel has been selected, the Panel's Consent must also be obtained.

14.12. Each party agrees that any arbitration award entered pursuant to and governed by this Article shall not have any precedential or collateral estoppel effect on future arbitrations, proceedings, or controversies, if any, between the parties. Any claim of res judicata or claim preclusion shall itself be subject to arbitration.

14.13. This Article shall survive the termination of this Agreement.

ARTICLE FIFTEEN- TERMINATION

15.1. This Agreement may be terminated at the end of the term by either party issuing a written notice at least one hundred eighty (180) days prior to such date ("Elective Termination Notice"). Any draft authority of the Agent shall terminate upon the date of said notice of termination except as provided in Article 15.9 or provided otherwise in writing by the Company.

15.2. Upon Company's delivery of the Elective Termination Notice, Agent shall be permitted to solicit and receive Applications and accept, rate, quote, bind, decline, countersign, write, or endorse Policies during the Termination Period, but shall restrict premium for new Policies for each month during the Termination Period to an amount (the "Premium Limit") not to exceed 85% of the average monthly amount of written premium for new Policies for the twelve (12) month period (or, if the Agreement has been in effect for fewer than twelve (12) months, such shorter period that the Agreement has been in effect) immediately preceding the Termination Period (the "Reference Period"), unless agreed by Company in writing to a period longer or shorter than the Reference Period. The Premium Limit for any partial month during the Termination Period shall be prorated for such partial month on a per diem basis.

15.3. The Company shall have the unilateral option to terminate this Agreement immediately if it deems reinsurance necessary to continue writing the business pursuant to this Agreement, or if it loses reinsurance support and it is unable to secure replacement reinsurance acceptable to Company.

15.4. The Company shall have the right to solicit and place new business, or renewal, or any modification of existing business shall be suspended as provided in Article 15.7 in the event of default by the Agent.

The term “default” means any material breach or material failure to comply with the terms and conditions of this Agreement and includes, but is not limited to, the following:

- a. failure to remit balances due as required by this Agreement;
- b. failure to maintain Agent’s license(s) or certificate(s) as required by any public authority;
- c. failure to comply with any and all provisions of the Insurance Code in the State in which the business is written;
- d. failure to perform or observe any of its duties or obligations under this Agreement and such failure is not cured to Company’s satisfaction within ten (10) days after Company’s delivery of written notice of such failure to Agent (the “Cure Period”);
- e. failure to perform or observe any of its duties or obligations under this Agreement and such failure is not, in the reasonable judgment of Company, susceptible to cure or remedy within the Cure Period;
- f. any indictment or conviction for a felony or other crime involving fraud, dishonesty or moral turpitude of Agent, Key Personnel, any director, executive officer, owner of an equity or voting interest in Agent, or any officer, underwriter or staff who is authorized to act for Company on behalf of Agent pursuant to this Agreement;
- g. if there is a guarantor of the obligations of Agent under this Agreement, either (i) such guarantor is insolvent, dissolved or placed in bankruptcy, conservatorship, receivership or trusteeship, or (ii) such guarantor (or, if such guarantor is a natural individual, upon his death his estate) no longer owns (either directly or indirectly through tiers of ownership) a majority of all of the then outstanding equity and voting interests in Agent;
- h. cancellation or expiration of any insurance coverage required of Agent by this Agreement; or
- i. misappropriation (or intentional failure to remit) any funds or property due to Company from Agent;
- j. departure or death of any Key Personnel or a change in the responsibilities of any Key Personnel such that they are no longer servicing the Approved Business in the manner contemplated by this Agreement; or,
- k. any changes in Agent’s directors, executive officers, officers, underwriters, or staff who are authorized to act for Company on behalf of Agent pursuant to this Agreement that are not Key Personnel, which such changes result or, in the reasonable judgment of Company, will result in the failure of Agent to perform its obligations hereunder in a timely and professional manner or otherwise meet the standards of Agent’s past performance under this Agreement.

Both the Company and the Agent shall have fifteen (15) days to cure a default.

15.5. The Company may terminate this Agreement immediately in the event of fraud or breach of this Agreement by the Agent or if consent is not provided in accordance with Article 12.

15.6. This Agreement shall terminate automatically upon the effective date of any cancellation or expiration of either the errors and omissions or fidelity coverage required of the Agent by Article 18.7.

15.7. In the event that the Company reasonably determines that the Agent is in default during the pendency of any dispute regarding any event of default, the Company may, at its sole discretion, suspend the authority of the Agent. Such suspension shall be effective immediately.

15.8. In the event of cancellation of this Agreement due to fraud or breach of conditions, any indebtedness of the Agent to the Company and all premiums in the possession of the Agent, or for the collection of which the Agent is responsible, shall, notwithstanding any provisions to the contrary, become immediately due the Company. Company reserves the right to assume responsibility for premium billing and in such event Agent shall cooperate with and assist Company in good faith in transitioning premium billing to Company. Agent further acknowledges that, at the sole discretion of Company, the Agent's Commission paid to Agent by Company may be reduced to reflect Company's assumption for premium billing.

15.9. The failure of the Company or Agent to declare promptly a default or breach of any of the terms and conditions of this Agreement shall not be construed as a waiver of any of said terms and conditions, nor estop either party from thereafter demanding a full and complete compliance herewith.

15.10. Notwithstanding the termination of this Agreement, the provisions of this Agreement shall continue to apply to all unfinished business to the end that all obligations and liabilities incurred by each party as a result of this Agreement shall be fully performed and discharged. In the event this Agreement is terminated, all fees and premium taxes previously collected will be considered fully earned.

15.11. Agent guarantees that the Ceding Fee (as such term is defined in the Reinsurance Contract) received by "Company" with respect to each fiscal quarter is the greater of 5.25% of the Net Premiums (as such term is defined in the Reinsurance Contract), subject to a minimum of \$200,000 plus related premium expenses annually. The minimum Ceding Fee will not be affected by or reduced due to the amount of any Ceding Fee for any other quarter. The full minimum Ceding Fee will not be pro-rated (e.g. this Agreement commences or terminates during a quarter. For purposes of determining the Ceding Fee, a Policy's entire premium will be applied to the quarter in which the Policy is written. Company's entitlement to the Ceding Fee is not dependent upon the performance of Agent's underwriting experience, loss experience, whether premium is collected or not, or any other event foreseen or unforeseen by the Parties at the inception of this Reinsurance Contract. Agent's obligations under this Section will expire at the end of the fourth fiscal quarter following the effective date of any termination of this Agreement (unless this Agreement is terminated by Company pursuant to Article 15 hereof, in which case, Agent's obligations under this Section will expire at the end of the fiscal quarter during which the termination effective date occurs).

Notwithstanding Section 15.1 hereof, no termination of this Agreement made by Agent pursuant to Section 15.1 shall be effective until either (i) "Company" has received Ceding Fees of at least \$200,000 plus any additional premium related expenses (the "Minimum Return") or, if Company has not received the Minimum Return, (ii) Agent pays to Company the difference between the Minimum Return minus Ceding Fees actually received by Company.

ARTICLE SIXTEEN- REINSURANCE

16.1. The Agent may not bind reinsurance or retrocessions on behalf of the Company, may not commit the Company to participate in insurance or reinsurance syndicates and may not collect a premium from a reinsurer or commit the Company to a claims settlement with a reinsurer without the prior written approval of the Company. If the Company gives such prior approval, the Agent must promptly forward a report to the Company.

16.2. The Agent is prohibited from ceding reinsurance on behalf of the Company.

16.3. All business coming within the scope of this Agreement may be reinsured by the Company at the Company's discretion. In such case, because of the nature of the Reinsurance Agreement, the Reinsurer shall have the right to act on all such matters coming within the scope of this Agreement as though the Reinsurer were the Company, but by doing so or not doing so, shall not invalidate the right of the Company to act hereunder.

16.4. In the event the Company elects to reinsure the business coming within the scope of this Agreement, any violation of the terms and/or conditions of the Reinsurance Agreement resulting in any diminution of the Reinsurer's liability to the Company shall be the sole responsibility of the Agent and the Agent shall indemnify and hold the Company harmless from any such liability.

ARTICLE SEVENTEEN- MISCELLANEOUS

17.1. Any obligations and undertakings of each of the parties to this Agreement shall be performable in Deer Park, Illinois. The Agent agrees to pay to the Company all sums of money which may become payable to Company under this Agreement.

17.2. The Agent shall not reply or communicate with any Department of Insurance on Company's behalf without prior written consent of Company.

17.3. Complaints by Insureds - All complaints by insureds are to be handled by the Agent as follows:

- a. the Agent is to notify the Company immediately of any complaints received and forward a copy of the complaint to the Company;
- b. the Company will promptly notify the Agent of any complaints it receives on the business written pursuant to this Agreement;
- c. the Agent is to promptly research the circumstances of each complaint and provide the Company with a written reasonable explanation of the Agent's position and intention; and
- d. the Agent is to maintain complete records of each complaint and all supporting documentation.

17.4. As regards non-Department of Insurance complaints, the Agent is to maintain a log and complete records of each complaint and all supporting documentation in a form approved by the Company.

17.5. The Agent is prohibited from offsetting balances due under this Agreement with any offset due under any other contract.

17.6. As regards the subject matter of this Agreement, this Agreement supersedes all previous Program Administration Agreements, if any, whether written and oral, between the Company and the Agent.

17.7. Agent shall maintain, and require its sub-producers to maintain, in force at all times the following insurance coverage:

- a. general liability insurance (minimum limit of \$1,000,000 per occurrence/\$2,000,000 aggregate);
- b. errors and omissions insurance/professional liability insurance (minimum limit of \$2,000,000 for Agent and minimum limit of \$1,000,000 for a sub-producer, with a deductible or self-insured retention not to exceed \$25,000); and
- c. crime insurance (including both money and securities coverage and employee dishonesty coverage) (minimum limit of \$1,000,000 per occurrence).

All such insurance coverage shall be provided by an insurance company or companies with an AM Best rating of at least "A" (or otherwise approved in writing by Company) pursuant to policies in such amounts, with such limits on self-insurance and deductibles, and otherwise in form and substance acceptable to Company in its reasonable discretion. Without limiting the generality of the foregoing, such policies shall name Company as an additional insured. All sub-producers shall annually provide to Agent a copy of a certificate of insurance showing compliance with the errors and omissions liability coverage required by this Agreement. Agent shall promptly provide copies of any insurance policies required to be maintained by Agent and any sub-producers hereunder to Company upon request.

17.8. No amendments to or modifications of this Agreement shall be valid unless made in writing specifying the effective date and executed by the Company and the Agent in the form of an Amendment to this Agreement.

17.9. The Agent shall not directly or indirectly assign its rights and obligations under this Agreement in whole or in part to any non-affiliated party without the prior written approval of the Company.

17.10. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and plural and any term stated in either the masculine, the feminine or the neuter gender shall include the masculine, the feminine, and the neuter gender. All captions and section headings are intended to be for purposes of reference only and do not affect the substance of the articles to which they refer.

17.11. Each party hereto agrees to perform any further acts and execute and deliver any further documents, which may be reasonably necessary to carry out the provisions of this Agreement.

17.12. In the event that any of the provisions, or portions thereof, of this Agreement are held to be illegal, invalid or unenforceable by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected by the illegal, invalid or unenforceable provisions or by its severance here from.

17.13. Any and all notices required or permitted to be given under this Agreement shall be in writing and will be deemed given when deposited in the United States Postal Service, Certified Mail, Return Receipt Requested, to the parties' address as provided below.

If to Company:

Concert Specialty Insurance Company
21805 W. Field Parkway, Suite 320
Deer Park, Illinois 60010
Attn: Chief Legal Officer

If to Agent:

Pawp Insurance Solutions, LLC
10 Grand Street, Brooklyn, NY 11249

Attn: Peter Foley

17.14. This Agreement supersedes all previous Agency Agreements, if any, whether written or oral, between the Company and the Agent.

17.15. This Agreement with attached Schedules and amendments thereto constitutes the entire Agreement between parties.

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SIGNATURE PAGE FOLLOWS


IN WITNESS WHEREOF, the parties hereto have caused two duplicate originals of this Agreement to be signed by their duly authorized officers.


COMPANY

AGENT:

**CONCERT SPECIALTY INSURANCE
COMPANY**

PAWP INSURANCE SOLUTIONS, LLC

By: 

By: 

Name: Joe Alberti

Name: Peter H. Foley

Title: CUO

Title: President

Date: January 5, 2022

Date: January 3, 2022

SCHEDULE OF BUSINESS

The Company and the Agent agree that the Agent has the authority to accept, on forms approved by the Company, any Policy, endorsement, binder, certificate, or proposal for insurance. The Agent's authority is limited by this Schedule of Business and may be modified by Company without prior written notice to Agent.

1. Annual Statement Line(s) of Insurance: Excess and Surplus lines

2. Class(es) of Business:

Pet Insurance

3. Territory: The following states, to be launched in the following order:

Countrywide except Montana

4. Maximum annual Gross Written Premium Volume: In any given Underwriting Year, the maximum direct written premium (the "Written Premium Cap") shall not exceed \$10,000,000 of business, in aggregate.

The Written Premium Cap can only be modified in writing by Company, in Company's sole discretion. It shall be the sole responsibility of Agent to monitor its compliance with the Written Premium Cap. If Agent remits Premium to Company in excess of the Written Premium Cap and Company accepts such premium, it shall not constitute a defense to a breach of this Agreement by Agent and Agent shall be responsible for damages incurred by Company as a result of Agent's failure to adhere to the Written Premium Cap.

5. Maximum Policy Terms: Policies subject to this Contract shall have a maximum term of 12 months.

6. Maximum Policy Limits:

Liability Limits:

Each Occurrence \$3,000

7. Approved Quota Share Reinsurer:

Pawp Insurance Services, Inc.

8. Ineligible classes and/or excluded risk:

All business excluded by reinsurance agreement(s).

COMMISSION SCHEDULE

- A. The Company shall allow the Agent a commission of 8% on the premium collected pursuant to the Agreement. The Agent shall be responsible for return commissions on return premiums at the same rate.
- B. COMPANY shall have the right to offset any amounts due to AGENT under this Agreement against any amounts due from AGENT under this Agreement or any other agreements which AGENT may have from time to time with COMPANY or any of COMPANY'S affiliates.
- C. This Section shall survive the termination of this Agreement.

EXHIBIT A

CLAIMS MANAGEMENT AGREEMENT

This CLAIMS ADMINISTRATION AGREEMENT ("Agreement") is entered as of December 13, 2021, by and between Concert Specialty Insurance Company, a corporation, the principal office of which is located at 21805 W. Field Parkway, Deer Park, IL 60010 (herein the "CLIENT"), and Pawp Insurance Solutions, LLC, the principal office of which is located at 10 Grand View Street, Brooklyn, NY 11249 (herein "Claims Administrator" or "CA").

Now, therefore, in consideration of the mutual promises herein contained, the parties agree as follows:

A TERM

Unless earlier terminated as provided in this Agreement, particularly Section H below, the term of this Agreement shall be for two (2) years, beginning at 12:01 am Central Time on December 13, 2021 (the "Effective Date") and ending on the day and date which is two (2) years thereafter (the "Initial Term"). This Agreement will automatically renew for successive one (1) year periods (each a "Renewal Term") unless a party provides ninety (90) days written notice to the other party of its intent not to renew beyond the end of the Initial Term or any successive Renewal Terms.

B SERVICES

- 1) The Company hereby retains the CA and grants it limited authority subject to the specific terms of this Agreement to manage and settle claims reported after the Effective Date on policies of insurance issued by the Company in connection with the Pawp Program (collectively, "Claims"). The CA shall be subject at all times to the ultimate control and authority of the Company for the functions delegated herein.
- 2) CA's authority shall include generally: the processing, investigating, adjusting, compromising, defending, litigating, supervising, and payment of Claims, and pursuing and collecting subrogation and salvage recoveries for Claims, according to generally accepted procedures normally followed in the insurance claims business.
- 3) The Company grants to CA authority to appoint and supervise professional adjusters, appraisers, and attorneys, special investigators, and other professional consultants and vendors, including claims adjusters and managed care personnel employed by CA or a subsidiary of CA (collectively, "Independent Contractors") to investigate, appraise, adjust, compromise, settle, defend, and litigate Claims and provide any other Claims-related services contemplated under this Agreement.
- 4) The Company grants to CA authority to direct and manage litigation activity, assigning defense only to legal counsel approved by and subject to the Company's control.
- 5) CA shall provide the Company with access to CA's claims administration system to enable the Company to perform treasury management activities on a daily basis, which management will include but not be limited to Positive Pay processing, Stop Pay processing and funding of the Claim Bank Account (defined in Section C,1).

C OBLIGATIONS OF THE PARTIES

CA shall diligently manage and pursue the prompt, fair, and just settlement or defense of all Claims in the Company's best interest as outlined herein:

- 1) Settlement Limits: CA shall have authority to settle Claims within the following limits:
 - a) \$3,000 per Occurrence.
 - b) Settlement of Claims in excess of the above limits shall be subject to prior approval by the Company in each instance.
- 2) Claim Reporting Requirements:
 - a) CA shall within five (5) business days notify the Company of all Claims where CA has created a loss reserve in excess of the limits listed under C.1),a) above. In addition, CA shall within five (5) business days notify the Company of any Claim involving death or serious injury and any Claim wherein CA's offer of settlement in the amount of the policy limits has been refused or an offer of settlement in the amount of the policy limits has been proposed to CA which CA has rejected. Additionally, CA shall notify Company within five (5) business days, and in no case later than thirty (30) days, by sending a copy of the claim file at its request or sooner as it becomes known that the claim:
 - (1) involves a coverage dispute
 - (2) involves a demand in excess of policy limits
 - (3) contains allegations of bad faith
 - (4) alleges violations of any deceptive trade practices act
 - (5) alleges violations of state insurance laws
 - (6) has the potential to exceed policy limits
 - (7) may exceed CA's claim settlement authority as set forth in C.1.
 - (8) is open for more than six (6) months
 - (9) is closed by payment of an amount set by company
 - b) CA shall within five (5) business days notify the Company of receipt of written notice from any party that legal action will or may be instituted against CA or the Company.
 - c) CA shall notify the Company within five (5) business days with respect to any loss or Claim resulting in legal action being instituted against CA or the Company involving any matter, including but not limited to declaratory relief, breach of contract, Claims for extra contractual obligations and/or in excess of policy limits. Extra contractual obligations as used herein shall mean those Claims, including Claims for punitive, exemplary or other similarly denominated damages, not covered under any provision of any policy covered hereunder on behalf of the Company which arise from the handling of any Claim on business covered by this Agreement, such Claim arising because of, but not limited to, the following: failure to settle within policy limits by reason of actual or alleged negligence, fraud or bad faith in rejecting an offer of settlement, in the preparation of the defense, in the trial of any action against an insured, or in the preparation of an appeal consequent

upon such action. Excess of policy limits as used in the Agreement shall mean any Claim for damages in excess of the policy limit as a result of alleged or actual negligence; fraud or bad faith in failing to settle and/or rejecting a settlement within the policy limit, in the preparation of the defense, in the trail of any action against an insured, or in the preparation or prosecution of an appeal consequent upon such action. Excess of policy limits is any amount for which the Company would have been contractually liable to pay had it not been for the limits of the insured policy. The management and settlement of all such Claims involving the Company shall be subject to the prior approval of the Company and be in conjunction with CA's errors and omissions insurance company where applicable. When so requested, CA shall afford the Company an opportunity to be associated with CA at the Company's expense in the defense of any Claim or suit involving either CA and/or the Company.

- d) CA shall advise the Company in writing of all Claims which, in the opinion of CA, involve issues as to the applicability of coverage or liability under the Company's insurance policies. The Company shall have the right, but not the duty or obligation, to render a final decision regarding denial of coverage hereunder.

3) Reports and Records:

- a) CA shall provide a loss run report to the Company not more than five (5) business days after the last day of each calendar month containing, at a minimum, the following information by line of business: paid losses and allocated loss adjustment expenses, outstanding loss and allocated loss adjustment expenses, salvage and subrogation recoveries, recovery expenses, date of loss, policy number and effective date of the policy. Such report shall include monthly and inception to date information. CA and the Company shall agree upon the format and data field content of all such reports and acknowledge such agreement in writing.
 - b) CA shall provide a detailed claims bordereau to the Company not more than ten (10) business days after the last day of each calendar month in a format and containing content as approved by the Company.
 - c) CA shall maintain all records and data set forth above, including all Claim files for a period of not less than seven (7) years from the expiration of the business in question, the minimum time limits required by law or regulation, or until the completion of a financial examination of CA or the Company by any regulatory agency having jurisdiction over CA or the Company, whichever is longer. Such files shall be maintained at CA's sole expense in a format or medium acceptable to regulatory authorities. Upon termination of this Agreement, or at Company's request at any time, Agent shall provide to Company copies of all claims files maintained by Agent. Such transmission shall be made timely upon Company's request and such transmission shall be electronically.
- 4) CA shall notify the Company within two (2) business days upon knowledge of, or receipt of any and all complaints filed by or with any governmental authority, including any State Department of Insurance against the Company or CA. CA shall prepare a response to all such complaints, in accordance with any and all regulatory requirements, and provide the

proposed response to Company. Company will submit all response to the appropriate State Department of Insurance. Company will provide the submitted response back to CA for their records. CA shall not interact or communicate in any manner with any State Department of Insurance without the prior written approval of Company. CA shall also comply with all relevant claims handling requirements, which compliance includes, but is not limited to, maintaining a log of complaints.

- 5) CA shall comply with all licensing and fair claims handling practices requirements and shall abide by all regulatory bulletins or notices in each state in which it adjusts Claims.
- 6) CA shall comply with all statutory and/or regulatory requirements relating to the Claims handling process including, but not limited to, completing required reports on behalf of the Company and properly implementing required procedures, including the reasonable investigation of insurance fraud.
- 7) CA shall comply with all educational and licensing requirements required by each state in which it adjusts Claims.
- 8) In the course of its duties, CA will:
 - a) Operate in accordance with all laws and regulations of each applicable state, including but not limited to each states Consumer Privacy Act, and all industry standard claims administration practices and provide the Company with written procedures. Any revisions and modifications to such procedures shall be forwarded to the Company immediately;
 - b) Advise Company or its designated representative when its Claim investigation identifies potential discrepancies between characteristics of the insured and policy underwriting criteria provided to CA;
 - c) Conduct an investigation of each reported Claim within the time frames proscribed by applicable insurance regulations and consumer protection laws and/or in accordance with the operations and procedure guidelines of CA;
 - d) Record each Claim promptly with a recommended reserve reflecting the appropriate statistical reserve for each exposure. The CA shall review each reserve on a regular basis and adjust it to reflect additional information that becomes available;
 - e) Conduct necessary inspections, appraisals, and total loss evaluations;
 - f) Perform reasonable and necessary administrative and clerical work in connection with reported Claims;
 - g) Prepare checks and vouchers, compromises, releases, agreements, and any other documents reasonably necessary to finalize Claims;
 - h) Perform a continuous review of outstanding Claim reserves and adjust reserves to reflect exposure and expected settlement. CA's reserves will be reviewed internally at least once a year with copies of changes in reserves provided to the

Company. Any changes to stat reserves must be prior approved in writing by Company;

- i) Record promptly each loss and all salvage and subrogation sums recovered net of collection expenses incurred for each Claim. All salvage and subrogation recoveries shall be processed through the Claim file and appropriate credit reflected for each Claim;
 - j) Diligently pursue and prosecute the Company's salvage and subrogation rights relating to Claims subject to this Agreement. CA shall use all reasonable efforts to collect and deposit all funds (net of collection expenses) into the Claim Bank Account (as defined below);
 - k) Exercise reasonable care at all times in the performance of its duties hereunder;
- 9) CA shall maintain the confidentiality of all data supplied to or developed by it relating to the Claims administered under this Agreement, and shall not disclose such data without the prior written consent of the Company in each instance, or as otherwise expressly permitted by the terms of this Agreement. Furthermore, CA shall not use the name, logo, service mark, or authorized signatures of the Company, or any of its affiliates, in any advertising or promotional material without the prior written consent of the Company in each instance.
 - 10) CA shall maintain a current listing of all independent contractors performing Claims-related services under this Agreement and shall provide the Company with this list upon request.
 - 11) CA shall incur, at its own expense, and promptly pay one hundred percent (100%) of all allocated and unallocated loss adjusting expenses relating to the adjusting and settling of all Claims, including, but not limited to, salaries and expenses of employees, legal fees, office costs, and other overhead expenses of CA.
 - 12) CA shall fully comply with the terms and restrictions contained in the Patriot Act, as amended (the "Act"). Specifically, CA is prohibited under the Act which is enforced by the Office of Foreign Assets Control (OFAC) from conducting any financial transaction with any person, entity or organization designated by the United States government as a "Specially Designated National" or "Blocked Person" as defined in the Act. The list of Specially Designated Nationals and Blocked Persons (including individuals, entities and organizations) can be found at www.treas.gov/ofac. CA shall be responsible for implementing processes and sanction checks which prevent dealing with persons, entities or organization documented as Specially Designated Nationals or Blocked Persons.
 - 13) If CA is handling business in a state that has Special Investigations Unit ("SIU") procedures that must be adhered to, CA shall ensure compliance with such statutes and regulations on behalf of Company. Specific to California, CA shall comply with Section 2698.33 of the California Insurance Code and the provisions of The Insurance Frauds Prevention Act ("IFPA"). Compliance with such statutes shall be reviewed by the Company through regular annual audit or other procedures. CA

shall ensure adequate personnel training is deployed by the CA and that an SIU training manual is maintained and updated as needed.

CA shall be permitted to contract with third parties for applicable SIU matters. If such sub-contracts are entered into, CA shall:

- a) provide a copy of the entire agreement between the CA and its subcontractor to the California Department of Insurance Fraud Division ("Fraud Division"), including all attachments, exhibits and amendments thereto, upon request by the Fraud Division;
- b) ensure its subcontractor is bound by same requirements as CA in accordance with Section 2698.33. Furthermore, CA shall ensure its subcontractor conforms to the requirements set forth in subdivisions (c)(1), (c)(2), (c)(3), and (c)(4);
- c) include an express provision that, in the event any subcontractor to the contracted entity contracts with any other entity or entities to perform SIU or integral anti-fraud personnel duties or functions on behalf of the Company, the agreement between the subcontractor and CA so contracted (hereinafter a "Sub-subcontractor") shall contain the following provisions:
 - (1) Sub-subcontractor to be bound by same requirements as CA's subcontractor pursuant to subdivision (c)(5)(B) of Section 2698.33.
 - (2) Sub-subcontractor to provide entire agreement to the Fraud Division upon request: An express provision identical in substance to the provision described in subdivision (c)(5)(A) of Section 2698.33, binding the subcontractor to provide, upon request by the Fraud Division, the documents specified in that subdivision (c)(5)(A) but with respect to the agreement between CA and its sub-subcontractor, and
 - (3) No further subcontracting: An express provision prohibiting the sub-subcontractor from permitting, or contracting with, any other entity to perform the SIU or integral anti-fraud personnel duties or functions which the sub-subcontractor has contracted with the CA to perform on behalf of the Company.

D CLAIM PAYMENTS

- 1) CA shall pay Claim losses and expenses only from an account owned by CA and designated as an exclusive Company account located at Silicon Valley Bank (the "Claim Bank Account"). CA shall maintain all funds in the Claim Bank Account in its fiduciary capacity as required by law. The funds disbursed through this account shall be funded by the Company. All interest accrued in the Claim Bank Account shall belong to the Company. The Claim Bank Account shall be initially funded in the amount of 5.75% of Gross Written

Premium. CA shall request funding of the Claims Bank Account by Company as needed in order to pay valid claims pursuant to this Agreement.

- 2) All Claim payments in excess of \$3,000 require the Company's prior approval in each instance.
- 3) CA shall promptly deposit any net monies collected through salvage and subrogation into the Claim Bank Account, and maintain a register, by Claim number, of all such collections and deposits and all costs associated with said collection (the "Claim Register", "Salvage Register" and the "Subrogation Register", respectively). CA and the Company shall agree upon the form and data field content of the Claim, Salvage and Subrogation Registers and acknowledge such agreement in writing.
- 4) All drafts which have not been cashed within 180 days from the date issued shall be voided, investigated and reissued if necessary. All such voided drafts must be recorded into the Claim Register. In addition, CA must account to the Company for the inventory of all drafts under its control on a monthly basis.

E COMPENSATION

- 1) The CA's compensation or reimbursement under this Agreement shall be as set forth in **Schedule 1** attached hereto and incorporated herein by this reference.

F PROPERTY OF THE COMPANY

- 1) All books and records relating to this Agreement and all Claims files, including, but not limited to, the Claims Register, Salvage Register, Subrogation Register and all electronic and computer data, shall be the joint property of the Company and CA. However, upon an order of liquidation of the Company, such files become the sole property of the Company or its estate.
- 2) All forms and Company supplies furnished to CA by the Company shall at all times remain the property of the Company. All such property and supplies shall be returned to an authorized representative of the Company promptly upon the Company's demand.

G INSPECTION OF RECORDS

- 1) CA shall maintain in good order, for the period required by law, complete records and accounts of all Claims, correspondence, and related documentation, either as hard copies, as image files on CD-ROM, or as archived data files on fixed and movable media. All records and accounts relating in any way to policies issued by the Company (including specifically all accounting and Claims records maintained by CA in respect of the policies) shall be open at all reasonable times for inspection and copying by authorized representatives of the Company, its reinsurers, and its regulators.
- 2) The Claims processing operations of the CA shall be reviewed by the Company at least twice a year and such review may be conducted onsite at the CA's place of operation. Nothing stated herein shall limit or amend Paragraph G.1) above.

- 3) Any expenses incurred by the Company for inspection of records conducted by or on behalf of a regulatory authority or by the Company or by the Company's designated representative shall be borne by the Company.

H TERMINATION

- 1) Termination Without Cause. Either party may terminate this Agreement for any reason or no reason upon one hundred twenty (120) days' prior written notice to the other party.
- 2) Immediate Termination. The Company may automatically and immediately terminate this Agreement upon the occurrence of any of the following events (whatever the reason therefore, and whether it shall be voluntary or involuntary, or by operation of law or otherwise):
 - a) CA is rendered bankrupt or becomes insolvent;
 - b) CA is adjudicated as bankrupt, or files, or becomes subject to a petition of any insolvency or bankruptcy law;
 - c) CA has a receiver, liquidator, or trustee of substantially all its assets appointed by a court of competent jurisdiction;
 - d) The commission of any of the following by CA as determined by the Company or any regulatory authority: fraud, gross or willful misconduct (which includes, but is not limited to, willful violation of material instructions or willful violation of any material covenant of this Agreement or of any statute, rule or regulation).
- 3) Termination Upon Election. This Agreement may be terminated at the election of the Company on two (2) business days written notice to the CA in the event of:
 - a) The sale of substantially all the assets of CA, or a merger involving CA in which CA is not the surviving entity;
 - b) Negligence or material breach of this Agreement by CA if such breach or negligence is not cured by CA within fifteen (15) days after the Company notifies CA in writing of such negligence or breach;
 - c) Any public authority canceling, suspending, revoking, terminating or declining to renew any of the licenses of CA necessary for CA to fulfill its duties under this Agreement.
- 4) Handling of Claims After Termination.
 - a) Run-off Basis. At the option of the Company, CA shall continue to process Claims for all losses occurring prior to the effective date of termination, and shall, at the Company's election forward, at the CA's expense, copies of all other closed and open Claim files to the Company along with the complete records and accounts of all Claims, correspondence, and related documentation, whether maintained as hard copies, as image files on CD-ROM, or as archived data files on fixed or movable media, as and until all Claim files are closed. Any open files already paid

for by Company shall be considered paid, and any new fees incurred by CA shall be based upon fees as outlined in Schedule 1 attached hereto. For avoidance of doubt, if fees payable to CA as outlined in Schedule 1 attached hereto are based upon a percentage of Premium, CA shall handle all claims on all policies in effective at the date of termination. For example, if a loss occurs after date of termination for a policy in force prior to the termination date, CA shall handle the loss and not be paid any additional fee beyond those included in Schedule 1.

- b) Cut-off Basis. Notwithstanding the paragraph above, in the event of termination of this Agreement by either party, the Company, at its sole discretion, shall have the option of having CA promptly forward to the Company, at the CA's expense, copies of all of the open and closed Claim files along with copies of all related records and accounts of all Claims, whether paid or pending, all related correspondence and documentation, whether maintained as hard copies, as image files on CD-ROM, or as archived data files on fixed or movable media, and, in such event, CA's settlement authority shall immediately cease along with its authority to withdraw funds from the Claim Bank Account. Compensation to CA shall cease on the date the Company elects this option. Notwithstanding the foregoing, CA shall be liable to and shall reimburse the Company for at least fifty percent (50%) of all amounts previously paid by the Company to CA in connection with all Claims open on the effective date of termination. CA shall be further liable and reimburse Company for all amounts previously paid in connection with all Claims open on the effective date of termination if the number of open claims is significantly more than 50% of the total number of claims files. A pro-rata calculation shall be made for such fee determination.
- 5) In the event the Company terminates this Agreement in accordance with Article H, Paragraph 2)d) or 3)b) of this Agreement, CA shall be liable to the Company for any additional costs and expenses incurred by the Company in connection with or related to the Company's handling and administration of the Claims. In order to be indemnified for additional costs and expenses, the negligence and/or misconduct and/or fraud and/or breach of the CA must be material. The question of materiality may be raised in arbitration under Article J. All other claims for any other loss or damage are otherwise expressly reserved and not waived by this provision.
- 6) Suspension of Claims Administrator's Authority. The Company may suspend the Claims Administrator's authority hereunder to administer and adjust Claims during the pendency of any dispute regarding termination of this Agreement.

I INSURANCE

- 1) CA will maintain, for as long as this Agreement remains in force, and for three (3) years after the expiration or termination of this Agreement, with insurers and on forms acceptable to Company:
 - a) A Professional Errors and Omissions policy in an amount of at least \$2,000,000 per claim;
 - b) Fidelity and Crime insurance (including both money and securities coverage and employee dishonesty coverage) in an amount of at least \$1,000,000 per claim;

- c) Starting in 2022, Cyber Liability policy, including first party data breach, in an amount of at least \$1,000,000 per claim; and,
 - d) Comprehensive General Liability policy in an amount of \$1,000,000 per claim.
- 2) CA will ensure that the Company is added as an “additional named insured” on each policy of insurance obtained by CA pursuant to this Paragraph I. The Company may require that CA provide the Company with certificates of insurance or other evidence that the insurance required by this paragraph is in force. No failure to request such proof will waive or reduce the obligation to add and maintain Company as an additional insured under CA’s policies. The Company shall be given ten (10) business days’ advance written notice of any change to or cancellation of such insurance. If the CA fails to maintain retroactive insurance or incurs a lapse in coverage, the CA shall purchase tail coverage for the types of coverage and in the amounts set forth herein.

J INDEMNIFICATION

- 1) Each party agrees to hold harmless, indemnify, and defend the other, including their respective parents, subsidiaries and affiliates and their respective directors, officers and employees, from and against any and all liabilities, losses, expenses, damages, fines, penalties and reasonable attorneys' fees caused by, arising out of or resulting from the failure of the indemnifying party or of any person acting under the authority of the indemnifying party to comply with (i) any provision or limitations set forth in this Agreement, or (ii) any applicable statute or regulation.
- 2) Either party who intends to claim the right of indemnification shall promptly notify the other party when it receives notice of the commencement of any action related to such claim or alleged liability, and such other party shall be entitled to participate in such action with counsel satisfactory to both parties.
- 3) In no event does the Company agree to indemnify, hold harmless or defend the CA for the actions or inactions of claims adjusters or third parties otherwise handling claims. The CA shall be fully responsible for the conduct and performance of these claims adjusters and third parties, and shall defend and indemnify and hold the Company harmless from and against any and all claims, liabilities, losses, claims, expenses, damages, fines, penalties, and reasonable attorneys' fees, whether meritorious or not, caused by, arising out of or resulting from any act, error or omission on the part of its adjusters or other third parties, including the failure to maintain appropriate licenses or certificates.
- 4) The foregoing indemnification provision shall survive the expiration or other termination of this Agreement.

K ARBITRATION

- 1) If any dispute shall arise between the Company and CA in respect to the interpretation of this Agreement, or any rights or responsibilities with respect to any matter arising from this Agreement, whether such dispute arises before or after termination of this Agreement, such dispute, upon written notice of any party to the other party, shall be submitted to arbitration. The notice shall state the particulars of all principal issues to be resolved, and the other

party may submit additional issues for resolution by giving notice to the party requesting arbitration within 10 business days of receipt of the notice of arbitration.

- 2) Each party shall select an arbitrator and an umpire shall be selected by such two arbitrators, all of whom shall be active or retired, disinterested executive officers of insurance or reinsurance entities. If either party should fail to choose an arbitrator within thirty (30) days following such written notice by the other party to do so, the requesting party may choose two arbitrators who shall in turn choose an umpire before entering upon arbitration. If the two arbitrators fail to agree upon the selection of an umpire within thirty (30) days following their appointments, each arbitrator shall name three (3) nominees, of whom the others shall decline two, and the decision shall be made by drawing lots.
- 3) The arbitrators and umpire shall interpret this Agreement as an honorable undertaking and not merely a legal obligation; they are relieved of all judicial formalities and may abstain from following the strict rules of law, and they shall make their award with a view to effecting the general purpose of the Agreement in a reasonable manner, rather than in accordance with a literal interpretation of the language.
- 4) Each party shall submit its case to the arbitrators and umpire within (30) days of the appointment of the umpire, and a majority decision, as between the two arbitrators and the umpire, when filed with the parties hereto, shall be final and binding upon the parties. The arbitrators shall render their decision within thirty (30) days of the close of the parties' case. Judgment upon the final decision of the arbitrators and umpire may be entered in any court of competent jurisdiction.
- 5) The arbitration award shall be an award of compensatory monetary damages, but not punitive or exemplary damages. The arbitrators and umpire shall have the authority to award attorney's fees and costs to the prevailing party. The award shall be made with due regard to the custom and usage of the insurance business and shall be in writing stating the factual and legal basis for the award.
- 6) Each party shall bear the expense of its own arbitrator and the expense of the umpire shall be borne equally between the parties of the arbitration, or as the written decision of the arbitration proceeding may direct.
- 7) Said arbitration shall take place in Deer Park, Illinois, unless some other place is mutually agreed upon by the parties to the arbitration.
- 8) Except as provided above, arbitration shall be based, insofar as applicable, upon the rules and procedures of the American Arbitration Association (AAA).

L COMPUTER DATA

- 1) Data. Upon the expiration or other termination of this Agreement or the refusal or inability of the CA to administer any run-off business produced under this Agreement, then the CA shall immediately provide the Company with a tape back-up of all data file, and provide the Company with all programs, including updated source and object code, used in the administration of business hereunder (the "Data"). The Company agrees that it shall utilize the Data solely for the purpose of administering and running-off the business produced hereunder.

2) Software.

- a) The CA shall hereby grant a limited license to the Company to use the CA's software (the "Software") in connection with the administration and run-off of the business produced hereunder. The CA shall deliver the Software, together with the source and object code for the Software, as well as all necessary manuals, immediately upon delivery of the Data to the Company as provided in the preceding paragraph.
 - b) If the CA's software is under a license agreement with an outside vendor, the CA shall ensure that any such license agreement or other agreement will provide for the Company to have the limited right to use the Software for run-off obligations for the business hereunder.
- 3) Limited License. The Company hereby acknowledges and agrees that such license is a limited right to use the Software and Data solely as herein provided and shall not be construed to convey title to the Data, the Software, or any part thereof, to the Company or as conferring on the Company any right to sell, lease, transfer or dispose all or any portion of the Data or the Software.
- 4) Back Up and Recovery. The CA shall have a systems back-up and recovery procedure, including periodic off-site storage of Data files. The CA agrees to monitor its current systems backup and recovery procedures for the duration of its obligations under this Agreement. If the CA elects to modify or change any systems back-up and/or recovery procedures, the CA will promptly notify the Company of such in writing.

M MISCELLANEOUS

- 1) Waiver and Estoppel. No waiver of any breach or violation of any clause, paragraph, term, or condition of this Agreement shall be deemed a waiver of any subsequent breach or violation of the same, nor shall the same be deemed waived unless such waiver is evidenced by a writing signed by the party being charged therewith.
- 2) Notice and Cure. Unless otherwise provided herein, whatever there is a default under this Agreement, either party shall be entitled to thirty (30) days written notice of default and have the right to cure such default within seven (7) days from notice of such default except for the reasons that permit immediate termination under the Termination of Agreement Article.
- 3) Assignment. Neither this Agreement nor any rights, duties or obligations under this Agreement may be assigned or delegated by CA without the prior written consent of the Company in each instance.
- 4) Headings. The headings preceding the articles and paragraphs of this Agreement are intended and inserted solely for the convenience of reference and shall not affect the meaning, construction or effect of this Agreement.
- 5) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, except those provisions governing conflict or choice of laws.

- 6) Honorable Undertaking. This Agreement shall be considered as an honorable undertaking made in good faith and shall be subject to a liberal construction for the purpose of giving effect to the good faith and honorable intentions of the CA and the Company. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any party.
- 7) Promptly. Unless the context and circumstances require action sooner, the term “promptly” in this Agreement shall be defined to mean “within five (5) business days.”
- 8) Notices. Wherever notice is required under this Agreement, it shall be in writing, and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by facsimile, or (d) by a commercial overnight courier that guarantees next delivery and provides a receipt, and such notices shall be addressed as follows:

If to the Company at:

Concert Specialty Insurance Company
21805 W. Field Parkway, Suite 320
Deer Park, IL 60010
Attn: Chief Legal Officer

If to the CA at:

Pawp Insurance Solutions, LLC
10 Grand Street, Brooklyn, NY 11249

Attn: Peter Foley

or to such other address as either party may from time to time specify in writing to the other party. Any notice shall be effective only upon delivery, which for any notice given by facsimile shall mean when the facsimile has been received by the party to whom it is sent as evidenced by a confirmation slip.

- 9) Independent Contractor. This Agreement is not a contract of employment and nothing contained in this Agreement shall be construed to create the relationship of joint venture, partnership, or employer and employee between the Company and the CA, it being understood and agreed that the CA is an independent contractor of the Company with all rights, duties and powers as such.
- 10) Negotiated Agreement. This Agreement has been negotiated by the parties and the fact that the initial and final draft shall have been prepared by the Company or by the CA shall not be used in any form in the construction or interpretation of this Agreement of any of its provisions.
- 11) Severability. If any term or provision of this Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provision or part thereof shall be stricken from this Agreement, and such provision shall not affect the legality, enforceability, or validity of the remainder of this Agreement and this Agreement shall otherwise continue on and be given full force and effect. If any provision or part thereof of this Agreement is stricken in accordance with this section, then the stricken provision shall be replaced, to the extent possible, with a legal, enforceable, and valid provision that is similar in tenor to the stricken provision as is legally possible.

- 12) Entire Agreement. This Agreement and all other agreements, exhibits, and schedules referred to in this Agreement constitute(s) the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior and contemporaneous understandings or agreement of the parties.
- a) This Agreement may be amended, supplemented, altered or modified only in a writing signed by both parties.
 - b) Manuals, rules, regulations, guidelines, instructions and directions issued in writing by the Company from time to time as provided in this Agreement, shall bind the parties as though a part of this Agreement.
- 13) Third Party Beneficiary. Nothing in this Agreement, except as expressly stated herein, is intended to create any benefit for any third party.
- 14) Further Assurances. The parties shall execute and deliver such other documents or instruments as may be required by law or regulation to implement the provisions and intent of this Agreement.
- 15) Counterparts. This Agreement may be executed in multiple counterparts each of which shall be deemed an original but all of which, when taken together, shall be deemed one and the same document.
- 16) Definition of "Allocated Loss Adjustment Expense". For the purposes of this Agreement, Allocated Loss Adjustment Expense(s) ("Allocated Loss Adjustment Expense(s)") shall mean any fee or expense, including reasonable attorney fees, which is chargeable or attributable to the investigation, coverage analysis, adjustment, negotiation, settlement, defense or general handling of any Claim(s) or action(s) related thereto, or to the protection and/or perfection of the Customer's right of subrogation, contribution or indemnification with respect to such Claim(s), all as reasonably determined by Company.

REMAINDER OF PAGE INTENTIONALL LEFT BLANK

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the Effective Date.

COMPANY

**CONCERT SPECIALTY INSURANCE
COMPANY**

ATTEST:

Raymond J. Rocchio, Jr.

By: Joseph A. [Signature]

Title: CUO

Dated: January 5, 2022

CLAIMS ADMINISTRATOR

PAWP INSURANCE SOLUTIONS, LLC

ATTEST:

[Signature]

By: Peter H. [Signature]

Title: President

Dated: January 3, 2022

SCHEDULE 1
TO CLAIMS MANAGEMENT AGREEMENT
COMPENSATION SCHEDULE

Concert Specialty Insurance Company (the “Company”) and Pawp Insurance Solutions, LLC (the “CA”) hereby agree that:

This Schedule 1 is subject to and is part of the Claims Management Agreement dated December 13, 2021 by and between the Company and the CA.

The Company agrees to pay the CA as sole and total compensation for services rendered under this Agreement 2.5% of Earned Premium inclusive of all loss adjustment expenses on insurance policies issued by Company in connection with the adjusting and settling of all claims relating to the Pawp Program where CA is authorized by Company, whether known or unknown. This shall be the total compensation for all allocated and unallocated loss adjustment expenses associated with the management, adjustment, and resolution of claims under this Agreement.

Payment of compensation will be made on a monthly basis, based on the above agreed percentage of Earned Premium. The Company will provide a report to the CA at the end of each month to reflect the written/earned premium for that month. Compensation will be based on this written/earned premium report produced by the Company.

Within thirty (30) days after the Company provides the accounting, it will pay to the CA the above-described fee.



QUOTA SHARE REINSURANCE AGREEMENT

BY AND AMONG

CONCERT INSURANCE COMPANY

organized under the laws of the State of Illinois and

CONCERT SPECIALTY INSURANCE COMPANY

organized under the laws of the State of Montana
(hereinafter referred to collectively as the "COMPANY")

AND

**THE SUBSCRIBING REINSURER(S) WHOSE RESPECTIVE
INTERESTS AND LIABILITIES CONTRACT(S)
ARE ATTACHED TO AND FORM PART OF THIS AGREEMENT**
(hereinafter referred to as the "REINSURER")

For business produced and underwritten by:

Pawp Insurance Services, Inc.
(hereinafter referred to as the "Agent")

EFFECTIVE DATE: December 13, 2021

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QUOTA SHARE REINSURANCE AGREEMENT

WITNESSETH:

THAT, in consideration of the mutual covenants hereinafter contained and upon the terms and conditions herein below set forth, the parties hereto agree as follows:

ARTICLE I BUSINESS REINSURED

1.01 Effective as of the effective date of this Agreement, the Company obligates itself to cede to the Reinsurer, and the Reinsurer obligates itself to accept, 90.0% of the Company's Net Liability under all policies, certificates, contracts, binders, agreements or other proposals or evidences of insurance, new and renewal policies, binders, and contracts of insurance or reinsurance (hereinafter called "Policies") issued or renewed at or after the effective time and date hereof and classified by the Company as Pet Care insurance issued by or through the Agent. All reinsurance for which the Reinsurer shall be liable, by virtue of this Agreement, shall be subject, in all respects, to the same rates, terms, conditions, interpretations, waivers, the exact proportion of premiums paid to the Company without any deduction for brokerage, and to the same modifications, alterations and cancellations, as the respective insurance of the Company to which such reinsurance relates, the true intent of this Agreement being that the Reinsurer shall, in every case to which this Agreement applies and in the proportion specified herein, follow the fortunes of the Company.

1.02 Subject to Section 13.05 hereof, the maximum annual Policy limit is \$3,000.

It is understood and agreed that the liability of the Reinsurer shall not exceed \$3,000 as respects loss or losses arising out of any one loss occurrence or emergency annually per member.

1.03 The Company has appointed the Agent as its Agent for the purpose of producing and handling the business which is the subject of this Agreement. The Company granted authority to the Agent to solicit, accept and receive applications for such classes of coverage as are specified in this Agreement; to secure reasonable underwriting information through reporting agencies or other

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appropriate sources relating to each risk insured; to issue, renew and countersign Policies, certificates, endorsements and binders which the Company may, from time to time, authorize to be issued, delivered, renewed and countersigned; and to collect and receive the premiums thereon and therefore. The Company has further authorized the Agent to perform all acts and duties under Policies issued by the Company as would otherwise be performed by the Company, including, but not limited to, properly sending and/or receiving reports and notices and remitting and/or receiving monies due from or to the Company, and adjusting and paying losses or other claims. The Company has granted to the Agent the authority to settle claims on behalf of the Company. It is understood and agreed that the Agent is an agent of the Company and not the Reinsurer.

1.04 Business reinsured hereunder shall include every Policy, rewrite, renewal or extension of any Policy (whether before or after the termination of this Agreement) issued by the Agent or as required to be issued by applicable statute, or by rule or regulation.

1.05 The liability of the Reinsurer shall commence obligatorily and simultaneously with that of the Company as soon as the Company becomes liable, and the premium on account of such liability shall be credited to the Reinsurer from the original date of the Company's liability.

1.06 Nothing herein shall in any manner create any obligations, establish any rights or create any direct right of action against the Reinsurer in favor of any third party, or other person not party to this Agreement; or create any privity of contract between the policyholders and the Reinsurer. The Reinsurer waives defaults by Agent and shall not raise as a defense to compliance with its obligations under this Agreement any default or breach by the Agent, Underwriting Guidelines, or any other agreement by which the Agent is charged with responsibilities concerning the business reinsured hereunder.

1.07 Notwithstanding anything else herein to the contrary, the Reinsurer shall be entitled to reinsure in respect of liability hereunder and, for the avoidance of doubt, such reinsurance may extend to reinsurance inuring to the benefit of the Company or common account reinsurance.

1.08 The Company shall retain a minimum of 10.0% part of a 100% share in the interests and liabilities of the Reinsurer hereunder. The Company shall be permitted to carry other reinsurance for its own net account, recoveries under which shall not inure to the benefit of this Agreement.

ARTICLE II EXCLUSIONS

2.01 This Agreement shall not apply to and specifically excludes any business that is not covered as business reinsured pursuant to Article I and any Policy or group of Policies with respect to which the cession would constitute a violation of any statute or regulation of any U.S. state.

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2.02 Should the Company, by reason of an inadvertent act, error or omission, be bound to afford coverage excluded hereunder or should an existing insured extend its operations to include coverage excluded hereunder, the Reinsurer will waive the exclusion(s). The Company may submit in writing to the lead Reinsurer, for special acceptance hereunder, business not covered by this Agreement. If said business is accepted in writing by the lead Reinsurer, it will be subject to the terms of this Agreement, except as such terms are modified by such acceptance. Any special acceptance business covered under the reinsurance agreement being replaced by this Agreement will be automatically covered hereunder. Further, should a Subscribing Reinsurer become a party to this Agreement subsequent to the acceptance of any business not normally covered hereunder, it will automatically accept as being a part of this Agreement. If said business is accepted in writing by the lead Reinsurer, it will be subject to the terms of this Agreement, except as such terms are modified by such acceptance.

ARTICLE III COMMENCEMENT, TERMINATION, TERMS AND CONDITIONS

3.01 This Agreement shall become effective at 12:01 a.m., Eastern Time, December 13, 2021, with respect to losses occurring under Policies allocated to Underwriting Years commencing at or after that time and date. This Agreement shall remain continuously in force until terminated according to the provisions set forth herein. Either party may terminate this Agreement at 12:01 a.m., Eastern Time, any December 13 by giving the other party not fewer than 90 days' prior written notice. This Agreement terminates automatically upon the termination of any individual Reinsurer's participation if no replacement reinsurer has executed documentation to replace the terminating individual Reinsurer prior to its termination.

3.02 This Agreement may be terminated as follows:

- a. By either party hereto, by providing at least 180 days' prior written notice to the other parties, such notice to be sent by certified mail, return receipt requested, postage prepaid;
- b. Immediately by mutual consent of the Company and Reinsurer;
- c. Immediately upon written notice by the Reinsurer or the Company in the event of the cancellation or non-renewal of the Agent's license, or if a replacement Agent is not satisfactory to the Company;
- d. By the Reinsurer, upon 30 days' prior written notice, if the Company is found to be insolvent by a State Insurance Department or court of competent jurisdiction, or is

placed in supervision, conservation, rehabilitation or liquidation, or has a receiver or supervisor appointed;

- e. By the Company immediately and automatically without prior written notice should any Department of Insurance or other regulatory agency of competent jurisdiction, require cancellation or disallow credit for this reinsurance;
- f. After 30 days' prior written notice by any party in the event that another person or entity becomes the legal or beneficial owner of 75.0% or more of the Reinsurer, or the Reinsurer changes a majority of their respective senior officers;
- g. Further, the Company may terminate a Subscribing Reinsurer's participation or percentage share in this Agreement at any time by giving written notice to the Reinsurer in the event of any of the following circumstances:
 - 1. The Subscribing Reinsurer ceases or is ordered to cease underwriting operations.
 - 2. The Subscribing Reinsurer has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary), or there have been instituted against it proceedings for the appointment of a receiver, liquidator, rehabilitator, conservator, trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations.
 - 3. The Subscribing Reinsurer is made subject to regulatory action affecting its ability to perform under this Agreement.
 - 4. The Subscribing Reinsurer has failed to comply with the funding requirements set forth in the Loss Reserves and Unearned Premium Funding / Unauthorized Reinsurers Article.
 - 5. The Subscribing Reinsurer does not provide a W-8BEN-E, W-9 or other required tax form to the Company within 60 calendar days as requested by the Company.

3.03 When this Agreement terminates for any reason, reinsurance hereunder shall continue to apply to the business in force at the time and date of termination until expiration or cancellation of such business. It is understood that any Policies with effective dates prior to the termination date but issued after the termination date are

covered under this Agreement. Additionally, the reinsurance hereunder shall continue to apply as to Policies, which must be issued or renewed, as a matter of state law or regulation or because a producing agent has not been timely canceled, until the expiration dates on said Policies.

3.04 Upon termination of this Agreement, the Reinsurer shall not be relieved of or released from any obligation created by or under this Agreement in relation to payment, expenses, reports, accounting or handling, which relate to insurance business reinsured under this Agreement. The parties hereto expressly covenant and agree that they will cooperate with each other in the handling of all such run-off insurance business until all Policies have expired either by cancellation or by terms of such Policies and all outstanding losses and loss adjustment expenses have been settled. While by law and regulation, the Company recognizes its primary obligations to its policyholders, the Reinsurer recognize that to the extent possible there shall be no cost to or involvement by the Company in servicing this run-off. Upon termination of this Agreement, the Agent shall service the run-off of the business, and its duties for such run-off shall include, but not be limited to, handling all claims, and handling and servicing all Policies through their natural expiration, together with any Policy renewals, required to be made by provisions of applicable law, whether or not the effective date of such renewal is subsequent to the effective date of cancellation of this Agreement. All costs and expenses associated with the handling of such runoff business following the cancellation or termination of this Agreement shall be borne by the Reinsurer and the Reinsurer shall pay any such costs and/or expenses if the Agent does not for any reason pay or cause to be paid such costs and expenses. If for any reason the Agent fails or is unable to service any such run-off business (or any business while the Agreement is still in effect), including the payment of claims, then consistent with this Agreement, the Reinsurer's obligation with respect to such run-off business shall continue and the Company shall appoint a successor to the Agent to administer and otherwise handle the run-off as provided herein. Such successor shall perform all of the duties and obligations of the Agent with respect to servicing such run-off business, including the payment of claims. In addition, the Company in its sole discretion may terminate the authority of the Agent or a successor thereto to handle such run-off business.

3.05 In the event this Agreement is terminated, the Reinsurer shall remain liable to and shall, immediately upon request, reimburse the Company for any fines, penalties, assessment, or other charges or costs related to the Policies made upon the Company. The Company shall likewise remain liable for, and account to the Reinsurer for any recovery of such assessment, or any credit allowed to it against its premium tax, applicable to the risks reinsured hereunder.

3.06 The title and ownership of all undelivered Policies, books, supplies or other property related to the reinsured business is in the name of the Company, and upon termination these shall be delivered immediately by the Reinsurer and/or Agent to the Company, without compelling the Company to resort to any legal proceedings to secure the aforesaid described property of the Company.

3.07 At the sole option of the Company, this Agreement shall be terminated on a cut-off basis. If the Company so elects, (i) the Reinsurer shall pay to the Company (or its designee) an amount equal to the sum of the ceded outstanding unearned premium as of the date of termination, and
(ii) the Reinsurer shall incur no liability for losses occurring subsequent to the date of termination.

3.08 Upon termination of this Agreement, the Reinsurer shall ensure the Agent takes those actions necessary, including, but not limited to, sending statutorily prescribed non-renewal notices to insureds in a timely manner to effectuate the intent that there be no renewals or new policies (but for those required by applicable law or regulation) after the termination of this Agreement.

3.09 Additionally, in the event of any of the circumstances listed in Section 3.02(g) and subject always to any overriding or contrary provision at law or under regulation, either party shall have the option to commute the Reinsurer's liability for claims on or losses under the Policies. In the event the Company and the Reinsurer cannot agree on the commutation amount, they shall appoint an independent actuary and/or appraiser to assess such amount and shall share equally any expense of the independent actuary and/or appraiser. If the Company and the Reinsurer cannot agree on the independent actuary and/or appraiser, the Company and the Reinsurer each shall nominate three individuals, of whom the other shall decline two. A third actuary/appraiser shall be chosen by the two actuaries/appraisers so selected. Payment by the Reinsurer of the amount of liability ascertained shall constitute a complete and final release and discharge of all liability arising under this Agreement. The Company's option to require commutation under this Section 3.09 shall survive the termination or expiration of this Agreement.

3.10 A Policy shall be allocated to this Agreement as of:

1. As respects all new Policies, the effective date of such Policy;
2. As respects continuous Policies, the premium anniversary date of such Policy.

Such Policies shall remain allocated to this Agreement until the next premium anniversary date. All premiums and losses from Policies allocated to this Agreement shall be credited or charged, respectively, to this Agreement, regardless of the date said premiums earn, or losses occur, unless this Agreement is terminated or expires on a "cutoff" basis, in which event the Reinsurer shall

have no liability for losses occurring at or after the effective time and date of termination or expiration.

ARTICLE IV LOSS AND LOSS ADJUSTMENT EXPENSE

4.01 All loss settlements, including any settlements for Extra Contractual Obligations and/or Loss in Excess of Policy Limits, made by the Company or its appointed Agent or administrator under the terms of this Agreement, whether under strict Policy conditions or by way of compromise, shall be unconditionally binding upon the Reinsurer in proportion to its participation, and the Reinsurer shall benefit proportionately in all salvage and recoveries. The Reinsurer shall assume and be liable for and pay on behalf of the Company, 90.0% of all losses incurred in connection with the risks covered by this Agreement, including, but not limited to, judgments (including interest thereon) and settlements in connection therewith. The Reinsurer shall also be liable for 90.0% of and pay on behalf of the Company all costs, expenses, and fees (including, but not limited to, attorney's fees) incurred by the Company in connection with the investigation or settlement or contesting the validity of claims or losses covered under this Agreement (this shall include, but is not limited to, costs, expenses and fees resulting from a declaratory judgment or injunctive action brought by an insured or other person). The claims administration costs shall be **2.5%** of the Premiums Earned in any Underwriting Year (as defined in Article XXIV). Loss adjustment expenses do not include internal office employees, salaries, per diem and other remuneration of regular Company, Agent or administrator employees.

4.02 The Reinsurer's share of losses and loss adjustment expenses shall be carried into the monthly accounting for which provision is hereinafter made.

4.03 The Company will cause each Program to establish a Claim Account ("Claim Account"), which is required to maintain a cash balance at levels agreed to from time to time by the Company, Agent and the Reinsurer, which amount will approximately equal the average amount of paid claims over a two-month period. The Claim Account will be funded primarily by premium distributed by the Program. If the Claim Account is not sufficiently funded by premium from the for any reason, the Reinsurer shall fund the Claim Account to maintain such level as requested by the Company ("Account Maintenance"). In addition to such Account Maintenance, in the judgment of the Company, if a single claim or group of claims to be paid would exceed or substantially deplete the then-current Claim Account balance, the Company shall provide Reinsurer with an invoice to request the Reinsurer provide additional funds in the Claim Account for such claim(s) (a "Cash Call"). Cash Calls shall be funded to the Claim Account by the Reinsurer within 10 business days after receipt of the Company's invoice. The Company shall provide notice of Major Losses (as defined in Article XXIV) to the Reinsurer promptly after receiving such information.

4.04 The Company's appointed Agent or claims administrator shall establish a separate claim register or method of recording claims arising under the Policies covered by this Agreement so that all claims may be segregated and identified separate and apart from other records of the Company, with such claims register to identify each claim on an individual case basis both as to identify the insured(s) and the claimant, the reserve for loss and adjusting expense. Such claim register shall be kept in a manner whereby the Company can, at any time, determine the status of any claim arising under Policies covered by this Agreement. Such records shall reflect the amount of reserves established for the individual claim and the date when such reserve was established, and if closed, whether such claim was closed with or without payment, and if with payment, the amount paid thereon.

4.05 All records pertaining to claims arising under Policies issued on behalf of the Company through or by the Agent or claims administrator subject to this Agreement shall be deemed to be owned records of the Reinsurer. However, the Company may retain copies of such records.

ARTICLE V REPORTS AND REMITTANCES

5.01 The Agent shall furnish to the Company and the Company shall furnish to the Reinsurer, within 45 days after the close of each month, the following data in respect of the business reinsured hereunder:

Data segregated by major classes.

- i. Ceded Gross Net Written Premium Income for the month.
- ii. Commission thereon.
- iii. Ceding fee due the Company.

- iv. Ceded losses and loss adjustment expense paid during month (net of any salvage or subrogation recoveries, recoveries under the "cash call" provisions of the Loss and Loss Adjustment Expense Article, if any, and recoveries from inuring reinsurance, if any).

- v. Ceded Unearned Premiums and ceded outstanding Loss Reserves as of the end of the month.

5.02 The net positive balance of (i) less (ii) less (iv) shall be remitted by the Company as promptly as possible after the delivery of its report. Any balance shown to be due the Company shall be remitted by the Reinsurer as promptly as possible after receipt and verification of the report, but in no case later than 90 days. All amounts due to or from the Company pursuant to this Agreement shall be in U.S. Dollars.

ARTICLE VI ERRORS AND OMISSIONS

6.01 Inadvertent delays, errors or omissions made in connection with this Agreement or any transaction (including any claims transactions) hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission will be rectified as soon as possible after discovery.

ARTICLE VII PREMIUM AND COMMISSION

7.01 In consideration of the acceptance by the Reinsurer of 90.0% of the Company's liability on insurance business reinsured hereunder, the Reinsurer is entitled to 90.0% of the Gross Net Written Premium Income (as defined in Article XXIV) received by the Agent or the Reinsurer on Policies reinsured less (i) the ceding fee allowed the Company pursuant to Section 7.02 hereof, (ii) Net Policy Fees (as defined in Article XXIV), (iii) the commission paid to the Agent, (iv) premium taxes on Policies subject to reinsurance hereunder, and (v) any other deductions as allowed herein. Such amounts shall be paid to the Reinsurer or received from the Reinsurer by the Agent on behalf of the Company.

7.02 It is understood that the Reinsurer shall guarantee the Company a minimum fronting fee within 180 days of \$200,000, plus the additional amount of assessments and state premium taxes and other expenses as provided in this Article VII.

7.03 The Reinsurer hereby guarantees that the Company will receive the ceding fee provided hereunder irrespective of any events, losses or developments for the term of this Agreement. Such payment is not dependent upon the performance of the Agent, underwriting experience, loss experience, whether premium is collected or not, or any other event foreseen or unforeseen by the parties at the inception of this Agreement. The Reinsurer shall guarantee payment to the Company of its ceding fee on all premiums reinsured hereunder (prior to deduction of premiums, if any, ceded by the Company for inuring reinsurance), and in addition guarantees those amounts described in Section 7.05 of this Agreement and is directly responsible for payment of the amount described in Article X. The Company shall allow return ceding fees on return premiums at the same rates.

7.04 The Reinsurer shall allow the Company a policy issuance fee of 5.25% on all premiums ceded to the Reinsurer hereunder. The Company shall allow the Reinsurer return commission on return premiums at the same rate.

7.05 The ceding commission of 53.5% allowed the Company includes provision for all commissions, taxes, assessments, and all other expenses of whatever nature, except loss adjustment expenses.

ARTICLE VIII ACCESS TO RECORDS

8.01 The Reinsurer or its duly appointed representatives shall have free access at any and all reasonable times to such books and records of the Company, its departmental or branch offices, as shall reflect premium and loss transactions of the Company and/or the business produced hereunder, for the purpose of obtaining any and all information concerning this Agreement or the subject matter thereof. Likewise, the Company or its duly appointed representatives shall have free access at any and all reasonable times to such books and records of the Reinsurer, its departmental or branch offices as shall reflect premium and loss transactions of the Company and/or the business produced hereunder, for the purpose of obtaining any and all information concerning this Agreement or the subject matter hereof.

ARTICLE IX ARBITRATION

9.01 As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising between the Company and the Reinsurer with respect to this Agreement that has been first attempted to be resolved by the designees of each party hereto, or with respect to these parties' obligations hereunder, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration.

9.02 One arbiter (an "Arbiter") shall be chosen by the Company and one Arbiter shall be chosen by the Reinsurer and an umpire (an "Umpire") shall be chosen by the Arbiters, all of whom shall be active or retired disinterested executive officers of property and casualty insurance or reinsurance companies.

9.03 In the event that a party fails to choose an Arbiter within 30 days following a written request by either party to the other to name an Arbiter, the party who has chosen its Arbiter may choose the unchosen Arbiter. Thereafter, the Arbiters shall choose an Umpire before entering upon arbitration. If the Arbiters fail to agree upon the selection for the Umpire within 30 days following their appointment, each Arbiter shall name three nominees, of whom the other shall decline two, and the decision shall be made by drawing lots.

9.04 Each party shall present its case to the Arbiters and Umpire within a reasonable amount of time after selection of the Umpire, unless the period is extended by the Arbiters and the Umpire in writing and/or at a hearing in Concert Corporate Offices, 21805 W. Field Parkway, Suite 320,

Deer Park, il 60010-3228. The Arbiters and Umpire shall consider this Agreement as an honorable engagement, as well as a legal obligation, and they are relieved of all judicial formalities and may abstain from following the strict rules of law regarding entering of evidence. The decision in writing by a majority of the Arbiters and Umpire when filed with the parties shall be final and binding on the parties. Judgment upon the final decision of the Arbiters and Umpire may be entered in any court of competent jurisdiction.

9.05 In the event of a dispute between the Company and the Reinsurer concerning this Agreement and the Agency Agreement (as defined in Article XVI) (regardless of whether either party has claims against the Agent), the entire dispute between the Company and the Reinsurer shall be subject to arbitration as provided in this Article IX.

9.06 The costs of the arbitration, including the fees of the arbitrators and the umpire, shall be borne equally unless the Arbiters and Umpire shall decide otherwise.

9.07 Notwithstanding the provisions of this Article IX, in the event an amount in dispute hereunder is \$250,000 or less, the parties shall submit to an expedited arbitration process with the use of a single Arbiter. The Arbiter will be chosen in accordance with the procedures for selecting an arbiter in force on the date the arbitration is demanded, established pursuant to the ARIAS U.S. Streamlined Rules for Small Claim Disputes. Each party's case will be submitted to the Arbiter within 100 calendar days of the date of determination of the Arbiter. Discovery will be limited to exchanging only those documents directly relating to the issues in dispute, subject to a limit of two discovery depositions from each party, unless otherwise authorized by the Arbiter upon a showing of good cause. Within 120 calendar days of the date of determination of the Arbiter, the hearing will be completed, and a written award will be issued by the Arbiter. As the parties agree that time is of the essence, the sole Arbiter does not have the authority to lengthen the schedule, absent agreement of both parties. The Arbiter will have all the powers conferred on the arbitration panel as provided in this Article IX, and said Article will apply to all matters not specifically addressed in this Section 9.07.

ARTICLE X ASSESSMENTS, ASSIGNMENTS, FINES AND PENALTIES

10.01 The Reinsurer hereby assumes liability for any and all assessments and assignments imposed as a result of Policies reinsured hereunder (whether before or after the termination of this Agreement). The Reinsurer shall immediately reimburse the Company for any assessments made against the Company pursuant to those laws and regulations creating obligatory funds (including, but not limited to, insurance guaranty and insolvency funds), pools, joint underwriting associations, FAIR plans and similar plans. Amounts owed by the Reinsurer under this Section 10.01 shall be payable directly by the Reinsurer to the Company. The Reinsurer shall be entitled to receive from the Company a sum equal to the premium tax credit that is allowed to the

Company with respect to such assessments on the date on which such premium taxes are paid annually. The premium tax credit allowed the Reinsurer hereunder is to be on a pro-rata and first in, first-out basis. The Company shall promptly return to the Reinsurer any amount of assessment refunded to or credited to the Company.

10.02 The Reinsurer shall also pay promptly and directly to the Company any fines, penalties and/or any other charge incurred by the Company as respects the business reinsured hereunder arising out of the actions or inactions of the Agent unless such fines, penalties and/or any other charge was a direct result of any willful misconduct on the part of the Company, which has been finally determined by a court of competent jurisdiction after the exhaustion of all appeals.

ARTICLE XI INSOLVENCY

11.01 As applicable, all references to the insolvency of the Company are applicable individually to the insolvency of any of the reinsured companies referred to collectively hereunder as the "Company."

11.02 In the event of insolvency of the Company, this reinsurance shall be payable directly to the Company or to its liquidator, receiver, conservator or statutory successor on the basis of the liability of the Company, or on the basis of claims filed and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Company or because the liquidator, receiver, conservator or statutory successor of the Company has failed to pay all or a portion of any claims.

11.03 It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Company shall give written notice to the Reinsurer of the pendency of a claim against the Company indicating the Policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within 30 days after such claim is filed in the insolvency, conservation or liquidated proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claims and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Company or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the Court, against the Company as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Company solely as a result of the defense undertaken by the Reinsurer.

11.04 Where two or more reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Agreement as though such expense had been incurred by the Company.

11.05 It is further understood and agreed that, in the event of the insolvency of the Company, the reinsurance under this Agreement shall be payable directly by the Reinsurer to the Company or to its liquidator, receiver or statutory successor, except (i) where this Agreement specifically provides another payee, or other party as more specifically limited by any statute or regulation applicable hereto, of such reinsurance in the event of the insolvency of the Company or (ii) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Company as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Company to such payees. However, it is understood that the exceptions provided hereto in subparagraphs (1) and (2) shall apply only to the extent that the applicable statute or regulation allows such exception(s).

ARTICLE XII ALTERNATE PAYEE

12.01 As respects business reinsured assumed as reinsurance under this Agreement, it is agreed that if the Company has a conservator, liquidator or receiver appointed for it, or becomes the subject of any conservation, liquidation or insolvency proceeding, and the Agent exercises its option to require the Company to permit all its liabilities under the Policies reinsured hereunder to be assumed by another licensed insurer as is permitted pursuant to the Agency Agreement, such assuming insurer shall be substituted for the Company as payee of any reinsurance recoverable hereunder in respect of losses under Policies subject hereto, and the Reinsurer, shall make payment thereof directly to the substituted insurer. In the event of assumption, the Company shall, however, be entitled to any ceding commission and other sums owing hereunder with respect to Policies originally issued on its behalf.

12.02 In the event that an assuming insurer is substituted for the Company under Section 12.01, all the other provisions of this Agreement shall apply to the substituted insurer in the same manner as if said insurer were substituted for the Company as the reinsured party hereunder, and to the extent this Agreement reinsures such substituted insurer, coverage hereunder shall be excluded as respects the Company.

ARTICLE XIII HOLD HARMLESS PROVISIONS

13.01 Notwithstanding anything else contained herein to the contrary, as respects all matters related to this Agreement, in addition to those specific provisions insulating the Company from specific risks hereunder, the Reinsurer hereby covenants and agrees to reimburse and hold the Company harmless from and against every claim, demand, liability, loss, damage, cost, charge, attorneys' fees, expense, suit, order, judgment and adjudication of whatever kind or character regarding (i) this Agreement and/or (ii) the business reinsured hereunder (including, but not limited to, underwriting loss, credit loss, and/or run-off expense and/or all legal fees and expenses

incurred by the Company in asserting its rights under this Agreement) whether or not such claim, demand, loss, damage, cost, charge, attorneys' fees, expense, suit, order, judgment or liability is within the terms of Policies written and reinsured hereunder. The Reinsurer's obligation hereto relates to, but is not limited to the following: all liability for agents' balances; return premiums and commissions; deceptive trade practice liability; premiums, Policy fees or other charges (whether collected or not); costs, liability, damages, fees and/or expenses incurred by the Company due to a lawsuit between the Reinsurer and/or the Agent (any dispute involving the Company and the Reinsurer is subject to arbitration); all actions or inactions by Agent relating to this Agreement, any agreement with a premium finance company or claims administrator; and/or all fees and/or commissions owing to the Agent under this and the aforementioned related agreements.

13.02 The Company shall not be liable to the Reinsurer for premiums unless the Company itself has actually received those premiums and wrongfully not remitted them to the Reinsurer. The Reinsurer may not offset any balances on account of losses, loss adjustment expenses or any other amounts due except as to premiums actually received by the Company itself (as distinct from premiums not collected, or premiums collected by the Agent, or premium placed in the premium trust account pursuant to the Agency Agreement) which have wrongfully not been transmitted to the Reinsurer.

13.03 If for any reason the Agent fails or is unable to administer the Policies reinsured hereunder (whether the Agreement is still in effect or the business is being run-off), the Reinsurer shall appoint a party (acceptable and approved by the Company) to administer the business and the Reinsurer shall be responsible for the cost of said administration. If return premiums or other funds need to be returned to premium finance companies, policyholders or sub-agents, the Reinsurer shall pay these amounts if the successor agent or administrator does not.

13.04 The Reinsurer shall not sue, or seek arbitration, against the Company for any acts of the Agent for any monies which the Agent owes unless the Company has actually received those monies and has wrongfully not remitted them to the Reinsurer; and the Reinsurer shall indemnify the Company for any damages, liabilities and expenses incurred by reason of the Agent's acts or failure to act. The Company is not responsible for any commissions or other monies payable to the Agent in connection with this Agreement. The Reinsurer shall not seek to recover from, or offset against, the Company any sums, whether premiums or other monies, which the Agent was unable or unwilling to remit to the Company or the Reinsurer.

13.05 In the event the Reinsurer, or any agent appointed pursuant to this Agreement, binds the Company for insurance coverage on insurance risks which are in excess of the Policy limits set forth in Article I, and/or are not within the terms of business specified in Article I, and/or are not within the territory specified in Article I, and/or are excluded under Article II, whether intentional or not, the Reinsurer will do such things and take such actions as may be necessary to reduce the

Company's exposure to such risks and to hold the Company harmless against any liability or loss which may be incurred by the Company in excess hereof. The Company, in accordance with applicable law, and Policy terms, shall have the ability to cancel or not renew any risk bound which is not in conformance with this Agreement. Any such insurance coverage on insurance risks bound contrary to the limitations which are in excess of the Policy limits set forth in Article I, and/or are not within the classes of business specified in Article I, and/or are not within the territory specified in Article I, and/or are excluded under Article II, whether intentional or not, shall be 100% reinsured and subject to this Agreement.

13.06 In furtherance of the protections afforded to the Company under this Agreement, the Reinsurer expressly acknowledges that certain circumstances may come to exist with respect to the Policies reinsured hereunder that require adjustment to the timing of Reinsurer remittances. If, in the sole discretion of the Company, an advance payment or payments of the Reinsurer's obligations under this Agreement is necessary to avoid irreparable harm to the Company, the Reinsurer shall make such payment or payments promptly upon the Reinsurer's receipt of the Company's good faith estimate or calculation of the necessity thereof.

13.07 When a claim is asserted or action commenced, including class actions regardless of whether the class has been certified, relating in any way to the Policies produced under this Agreement, the Reinsurer shall assume the defense and associated costs and expenses thereof. The Company may elect, however, at its sole discretion, on a case-by-case basis, to engage counsel directly on its own behalf, and the expenses and costs related to such defense shall be passed on to and paid by the Agent within 60 days written notice from the Company. In such cases where the claim or action relates to business written by more than one agent of the Company, costs and expenses shall be proportioned among applicable agents at the Company's sole discretion. Should the Agent fail to remit any amounts due to Company under this Section 13.07, then the Reinsurer shall pay such amounts within 60 days written notice from the Company.

ARTICLE XIV LOSS IN EXCESS OF POLICY LIMITS/EXTRA CONTRACTUAL OBLIGATIONS

14.01 In the event the Company pays or is held liable to pay an amount of loss in excess of its Policy limit, but otherwise within the terms of its Policy (hereinafter called "Loss in Excess of Policy Limits") or any punitive, exemplary, compensatory or consequential damages (hereinafter called "Extra Contractual Obligations") because of alleged or actual bad faith or negligence on its part in rejecting a settlement within Policy limits, or in discharging its duty to defend or prepare the defense in the trial of an action against its policyholder, or in discharging its duty to prepare or prosecute an appeal consequent upon such an action, or in otherwise handling a claim under a Policy subject to this Agreement, 100% of the Loss in Excess of Policy Limits and/or 100% of the Extra Contractual Obligations shall be added to the Company's loss, if any, under the Policy involved, and the sum thereof shall be reinsured 100% under this Agreement.

14.02 An Extra Contractual Obligation shall be deemed to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

14.03 Notwithstanding anything stated herein, this Agreement shall not apply to any loss incurred by the Company as a result of any fraudulent and/or criminal act which has been finally determined by a court of competent jurisdiction, after the exhaustion of all appeals, by any officer or director of the Company acting individually or collectively or in collusion with any individual, corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

14.04. In no event will coverage for any Loss in Excess of Policy Limits and/or any Extra Contractual Obligations be provided under this Agreement to the extent that such coverage is not permitted under any applicable law.

ARTICLE XV REGULATORY MATTERS

15.01 It is the parties' understanding that any premiums which are overdue from the Agent to the Company may be deemed non-admitted assets. In confirmation of the liabilities assumed by the Reinsurer under this Agreement, the Reinsurer hereby assumes 100% of all liability and responsibility for all premiums in the course of collection.

15.02 The Reinsurer shall agree, at no cost to the Company, to take those actions (including, but not limited to, modifications in how funds are handled and how accounts are cleared, settled and the manner in which incurred losses are accounted for) and agree to those arrangements necessary to ensure that the Company suffers no adverse impact because of this reinsurance program and is in compliance with any applicable laws of a state insurance department, insofar as this reinsurance program is concerned.

ARTICLE XVI THE AGENT

16.01 The Company and the Agent have entered into a separate Program Administrator Agreement or similar agreement related to the policies reinsured pursuant to this Agreement (the "Agency Agreement"). The Company shall conduct or have conducted the examinations of the Agent as provided for in the Agency Agreement. The examinations provided for shall be at no cost to the Company, and the Reinsurer shall indemnify and hold the Company completely harmless as respects any liability, damage, charge, cost, fine, or penalty, the Company may incur as a result of such examinations.

ARTICLE XVII REINSURER SALE OR TRANSFER

17.01 The Reinsurer agrees to give the Company 90 days' advance written notice of any sale or transfer of such party's business, or such party's consolidation with a successor firm, in order that the Company may, in its sole discretion:

- a. assign this Agreement to the successor;
- b. enter into a new reinsurance agreement with the successor; or
- c. terminate this Agreement as provided in Section 3.02(g) of this Agreement.

ARTICLE XVIII RUN-OFF REINSURERS

18.01 Notwithstanding any other provision of this Agreement, in the event that a Reinsurer becomes a Run-off Reinsurer (as defined in Article XXIV) at any time, the Company may elect, by giving written notice to the Run-off Reinsurer at any time thereafter, that all or any of the following shall apply to the Run-off Reinsurer's participation hereunder:

- a. the Run-off Reinsurer's liability for losses for Policies covered by this Agreement shall be commuted. In the event the Company and the Run-off Reinsurer cannot agree on the commutation amount of the Run-off Reinsurer's liability under such Policies, they shall appoint an independent actuary and/or appraiser to assess such liability and shall share equally any expense of the independent actuary and/or appraiser.
- b. the Run-off Reinsurer shall have no right of access to the records of the Company if there is a pending arbitration between the Company and the Run-off Reinsurer regarding any claim hereunder, without prejudice however to rights of discovery or disclosure in such arbitration or other proceedings or otherwise arising at law.
- c. the Run-off Reinsurer shall immediately provide funding of liabilities (the "Reinsurer's Obligations") as set forth in Article XIX. This subparagraph does not apply to the extent that the Run-off Reinsurer has already provided funding under Article XIX.
- d. subject to the rights of the Company pursuant to Article IX, in the event that either party demands arbitration of a dispute between the Company and the Run-off Reinsurer, and the amount in dispute is less than \$250,000 unless the arbitration notice includes a demand for rescission of this Agreement, notwithstanding the

terms of Article IX, the dispute shall be resolved by a sole arbitrator who shall be neutral and experienced in property and casualty insurance and reinsurance.

18.02 The Company's waiver of any rights provided in this Article is not a waiver of that right or other rights at a later date.

ARTICLE XIX LOSS RESERVES AND UNEARNED PREMIUMS FUNDING / UNAUTHORIZED REINSURERS

19.01 If a Subscribing Reinsurer is not an authorized reinsurer in the United States, or, at the option of the Company, becomes a Run-off Reinsurer, the Subscribing Reinsurer will secure its obligations under this Agreement, including but not limited to the obligations for (i) Unearned Premiums (if applicable), (ii) Loss Reserves and (iii) all other amounts for which the Company cannot take credit on its statutory financial statements unless funding or acceptable collateral is provided by the Reinsurer hereunder ("Reinsurer's Obligations"). At the election of the Reinsurer, in reasonable consultation with the Company, the Reinsurer's Obligations shall be funded by the establishment of (i) a Trust Agreement (using the Trust Agreement Requirements Clause attached hereto as Exhibit A) ("Trust Agreement") funded with cash or securities as agreed by the Company, (ii) a clean, irrevocable, evergreen and unconditional letter of credit to be obtained by the Reinsurer in favor of the Company ("Letter of Credit"), which Letter of Credit shall be in all respects acceptable to the Company and in compliance with applicable regulatory requirements, or (iii) Funds withheld cash deposit to be maintained by the Company.

- a. At a minimum, the Trust Agreement or Letter of Credit must:
 - i. comply with the applicable laws and regulations; and
 - ii. be issued by or held with a qualified United States financial institution acceptable to the Company (as defined by the applicable statute and regulation).
- b. The Company in its sole discretion may draw the full amount of the Trust Agreement, Letter of Credit, or the funds withheld cash deposit to satisfy, in whole or in part, the Reinsurer's Obligations under this Agreement, or if:
 - i. the Reinsurer fails to comply with the provisions of this Agreement; or
 - ii. the Trustee under the Trust Agreement or issuer of the Letter of Credit gives the Company notice of cancellation or non-renewal of the Trust Agreement or Letter of Credit.

19.02 If the Reinsurer is required to post collateral pursuant to Section 19.01, then within 10 business days of such requirement, and within 10 business days prior to the end of each calendar quarter thereafter, the Company shall provide the Reinsurer with a good faith estimate of the expected sum of the Reinsurer's Obligations as of the end of the forthcoming calendar quarter (the "Estimate"). The Reinsurer shall, no later than 10 business days prior to the date on which the Company will file its Annual Statement, fund cash or obtain a Trust Agreement or Letter of Credit in an amount equivalent to the required amount of the Gross Written Premium. For any quarterly adjustments to a cash deposit, a Trust Agreement or Letter of Credit, such additional amounts shall be funded no later than 10 business days after request by the Company.

19.03 Should the amount of the Trust Agreement or Letter of Credit at the end of any calendar year be greater than the amount required in this Article, the Reinsurer shall be entitled to reduce the amount of the Trust Agreement or Letter of Credit to an amount not less than the amount required in this Article. The qualified United States financial institution shall permit such reduction upon receipt by it of the Company's written statement that Reinsurer is entitled to such reduction, which written statement shall not be unreasonably withheld by Company.

19.04 "Unearned Premium(s)" means, as of any given date, the aggregate premium attributable to the unexpired coverage period of all insurance Policies produced under the Agency Agreement and subject to this Agreement, as determined in accordance with generally accepted statutory accounting principles consistently applied. For this purpose, premium shall be the written premium charged on the insurance Policy for the period such Policy is in force irrespective of the subsequent billing and collection of such premium.

"Loss Reserves" means, as of any given date, (i) all reserves for unpaid losses including reserves attributable to losses incurred but not reported and losses reported but not paid with respect to the Policies produced under the Agency Agreement and subject to this Agreement, and shall include provision for both allocated and unallocated loss adjustment expense, in each instance as determined in accordance with generally accepted accounting principles consistently applied and (ii) paid losses and/or expenses and/or any other obligation due to the Company that have not been reimbursed by the Reinsurer.

19.05 The Reinsurer and the Company agree that any funding provided by the Reinsurer pursuant to the provisions of this Agreement may be drawn upon at any time, notwithstanding any other provision of this Agreement, and be utilized by the Company or any successor, by operation of law, of the Company including, without limitation, any liquidator, rehabilitator, receiver or conservator of the Company, for the following purposes, unless otherwise provided for:

- a. to reimburse the Company for the Reinsurer's Obligations, the payment of which is due under the terms of this Agreement and that has not been otherwise paid;
- b. to make refund of any sum that as if any December 31st is in excess of the actual amount required to pay the Reinsurer's Obligations under this Agreement (or in excess of 102% of the Reinsurer's Obligations, if funding is provided by a Trust Agreement);
- c. to fund an account with the Company for the Reinsurer's Obligations;
- d. to pay the Reinsurer's share of any other amounts the Company claims are due under this Agreement;
- e. to pay existing liabilities between the Company and the Reinsurer upon commutation of one or more reinsurance contracts.

If the amount drawn by the Company is in excess of the actual amount required for (a), (c) or (e), or in the case of (d), the actual amount determined to be due, the Company shall promptly return to the Reinsurer the excess amount so drawn. All of the foregoing shall be applied without diminution because of insolvency on the part of the Company or the Reinsurer.

19.08 The issuing bank for any Letter of Credit shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Company. At annual intervals, or more frequently at the discretion of the Company, but never more frequently than quarterly, the Company shall prepare a specific statement of the Reinsurer's Obligations for the sole purpose of amending the Trust Agreement, Letter of Credit or other method of funding collateral, in the following manner:

- a. If the statement shows that the Reinsurer's Obligations exceed the balance of the LOC as of the statement date, the Reinsurer shall, within 30 days after receipt of the statement, secure delivery to the Company of an amendment to the LOC increasing the amount of credit by the amount of such difference. Should another method of funding be used, the Reinsurer shall, within the time period outlined above, increase such funding by the amount of such difference
- b. If, however, the statement shows that the Reinsurer's Obligations are less than the balance of the LOC (or that 102% of the Reinsurer's Obligations are less than the trust account balance if funding is provided by a Trust Agreement), as of the statement date, the Company shall, within 30 days after receipt of written request

from the Reinsurer, release such excess credit by agreeing to secure an amendment to the LOC reducing the amount of credit available by the amount of such excess credit.

19.09 The Reinsurer hereby agrees that the actuarial opinion ("Internal Actuary Opinion") of the Company's internal appointed actuary ("Actuary") shall be used to determine (i) the adequacy from time to time of loss reserves established for losses incurred and outstanding on business reinsured under this Agreement ("Loss Reserves"), and (ii) the ultimate amount of reinsurance collateral required under this Article including the Estimates and Revised Estimates. If the Reinsurer reasonably believes in good faith that the selected Loss Reserves should be more than 10.0% different than the Internal Actuary Opinion, the Reinsurer may request that the Company engage an external / independent actuarial firm ("Independent Actuary") to review such Internal Actuary Opinion to provide assessment of such loss reserve selections ("Independent Assessment"), provided that such request must be made on a timely basis to permit sufficient time to engage and receive an Independent Assessment prior to the filing deadlines for the Company's periodic filings and funding deadlines for reinsurance collateral. The timeliness of the Independent Assessment request shall be determined by the Company in its sole judgment. Independent Assessments that are received on a timely basis shall be discussed promptly and in good faith by the Company and Reinsurer regarding the Loss Reserves established for the business reinsured under this Agreement. Any modifications or updates to the Internal Actuary Opinion based on such Independent Assessment shall be made in the reasonable sole discretion of the Company's Actuary. If the actuarial opinion of the Company's Actuary is not available for any reason, the Company shall engage an independent actuary to provide an actuarial opinion within 30 days attesting to the adequacy of loss reserves established for losses incurred and outstanding on business reinsured under this Agreement. All costs and expenses of external actuaries utilized under this Article shall be shared equally by the Company and the Reinsurer.

ARTICLE XX MISCELLANEOUS

20.01 This Agreement has been made and entered into in the State of Illinois and the Agreement shall be subject to and construed under the laws of the State of Illinois. This Agreement shall be deemed performable at the Company's administrative office in Deer Park, Illinois, and it is agreed that the venue of any controversy arising out of this Agreement, or any breach thereof, shall be in the State of Delaware.

20.02 All notices required to be given hereunder shall be deemed to have been duly given by personally delivering such notice in writing or by mailing it, certified mail, return receipt requested, with postage prepaid. Any party may change the address to which notices and other communications hereunder are to be sent to such party by giving the other party written notice

thereof in accordance with this provision. All communications shall be sent to the respective parties at their address as set forth below:

If to Reinsurer:

Pawp Insurance Services
10 Grand Street
Brooklyn, NY 11249
Attn: Chief Insurance Officer or Chief Executive Officer

See the information in the Interests and Liabilities Agreement(s) Attached Hereto

If to Company:

CONCERT INSURANCE COMPANY
CONCERT SPECIALTY INSURANCE COMPANY
21805 W Field Parkway, Suite 320
Deer Park, Illinois 60010
Attention: Chief Legal Officer and/or Chief Underwriting Officer

20.03 This Agreement shall be binding upon the parties hereto, together with their respective successors. None of the parties hereto may assign any of their rights or obligations under this Agreement.

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

20.05 This Agreement is the entire agreement between the parties and supersedes any and all previous agreements, written or oral, and amendments thereto with respect to the subject matter hereof.

20.06 This Agreement may only be modified or changed by a written amendment to this Agreement executed by all parties hereto.

20.07 A waiver by the Company or Reinsurer of any breach or default by the other party under this Agreement shall not constitute a continuing waiver or a waiver by the Company or the Reinsurer of any subsequent act in breach or of default hereunder.

20.08 Headings used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement.

October 26, 2021

20.09 The parties hereto intend all provisions of this Agreement to be enforced to the fullest extent permitted. Accordingly, should a court of competent jurisdiction or arbitration panel determine that the scope of any provision is too broad to be enforced as written, the parties intend that the court or arbitration panel should reform the provision to such narrower scope as it determines to be enforceable under present or future law. Such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part hereof, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance. However, where this Agreement is found not to comply with applicable law or regulation, the Company may in its sole discretion terminate this Agreement immediately and without prior notice.

20.10 This Agreement is not exclusive and the Company reserves the right to appoint or contract with other reinsurers, agents and/or managing agents in the territory covered by this Agreement.

20.11 The Reinsurer shall not insert any advertisement respecting the Company or the business to be written under this Agreement in any publication or issue any circular or paper referring to the Company or such business without first obtaining the written consent of the Company. The Reinsurer shall establish and maintain records of any such advertising as required by applicable statutes and regulations.

20.12 Policy cancellations at the Company's request will be made strictly subject to requirements imposed by the Company's underwriting rules and practices or the Reinsurer's underwriting rules and practices, as approved by the Company, and in compliance with applicable statutes and regulations and the applicable provisions contained in this Agreement and the pertinent Policy. Such cancellation authority shall be exercised only for causes inherent in the particular risk and shall not be construed as authority to make general or indiscriminate cancellations or replacement of the Policies with those of another Company, except upon specific written instructions from the Company. When directed by the Company, the Reinsurer will cancel any and all Policies produced by it for any reason the Company deems necessary.

ARTICLE XXI FEDERAL EXCISE TAX

21.01 If the Reinsurer is subject to Federal Excise Tax, the Reinsurer agrees to allow, for the purpose of paying the Tax, up to 1% of the premium payable hereon to the extent such premium is subject to the Tax. In the event of any return premium becoming due hereunder, the Reinsurer will deduct from the amount of the return premium the same percentage as it allowed, and the Company or its agent should take steps to recover the Tax from the U. S. Government.

ARTICLE XXII OFFSET

22.01 Each party hereto shall have and may exercise at any time and from time to time, the right to offset any and all balances due from a party to the other only arising under this Agreement. In the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with the provisions of any applicable law governing offset entitlement.

ARTICLE XXIII SERVICE OF SUIT

23.01 This Article applies only to those Subscribing Reinsurers not domiciled in the United States of America, and/or not authorized in any state, territory and/or district of the United States of America where authorization is required by insurance regulatory authorities.

23.02 This Article shall not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in Article IX. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Agreement.

23.03 In the event of the failure of the Reinsurer to perform its obligations hereunder, the Reinsurer, at the request of the Company, shall submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is selected, whether such court is the one originally chosen by the Company and accepted by the Reinsurer or is determined by removal, transfer, or otherwise, as provided for above, shall comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against the Subscribing Reinsurers upon this Agreement, shall abide by the final decision of such court or of any appellate court in the event of an appeal.

23.04 Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Agreement.

October 26, 2021

ARTICLE XXIV DEFINITIONS

24.01 "Gross Net Written Premium Income" means gross written premium of the Company for the classes of business reinsured hereunder, excluding Policy fees, premium finance income, billing fees and other fees collected by the Company in connection with business covered hereunder, regardless of whether these fees are taxed as premium by the jurisdiction in question, less return premiums."

24.02 Net Liability" as used herein shall mean the Company's gross liability remaining after recoveries, if any, from inuring reinsurance.

24.03 "Net Policy Fees" shall mean all fees that are statutorily designated as premium and are charged in connection with or related to any Policies (including but not limited to original and renewal Policies, endorsements, inspections, installment, risk management and processing fees) written on behalf of the Company, less any return Policy fees.

24.04 "Premiums Earned" means ceded net written premiums for Policies with effective or renewal dates during the Underwriting Year, less the unearned portion thereof as of the effective date of the calculation, it being understood and agreed that all premiums for Policies with effective or renewal dates during the Underwriting Year shall be ceded to that Underwriting Year.

24.05 "Underwriting Year" as used in this Agreement shall mean the period from December 13, 2021 to December 12, 2022, both days inclusive, and each subsequent twelve-month period thereafter that this Agreement continues in force shall be a separate Underwriting Year, unless this Agreement is terminated, in which event the final Underwriting Year shall be from the beginning of the then-current Underwriting Year through the effective date of termination

24.06 "Major Losses" are actual or reasonably likely losses or settlements on Policies that exceed \$3,000.

24.07 "Run-off Reinsurer" means any Reinsurer that:

- a. has been ordered by a state insurance department or other legal authority to cease writing business, or has been made subject to regulatory action leading to run-off;
- b. has voluntarily ceased reinsurance underwriting operations; or
- c. engages in a scheme of arrangement or similar rehabilitation procedure in way of run-off.

ARTICLE XXV CONFIDENTIALITY

25.01 The Reinsurer hereby acknowledges that the documents, information and data provided to it by the Company, whether directly or through an authorized agent, in connection with the placement and execution of this Agreement, including all information obtained through any audits and any claims information between the Company and the Reinsurer, and any submission or other materials relating to any renewal ("Confidential Information"), are proprietary and confidential to the Company.

25.02 Except as provided for in Section 25.03 below, the Reinsurer shall not disclose any Confidential Information, without written consent from the Company, to any third parties, including but not limited to the Reinsurer's subsidiaries and affiliates, other insurance companies and their subsidiaries and affiliates, underwriting agencies, research organizations, unaffiliated entities engaged in modeling insurance or reinsurance data, and statistical rating organizations.

25.03 Confidential Information may be used by the Reinsurer only in connection with the performance of its obligations or enforcement of its rights under this Agreement and will only be disclosed, when required by:

- a. Retrocessionaires subject to the business ceded to this Agreement;
- b. Regulators performing an audit of the Reinsurer's records and/or financial condition;
- c. External auditors performing an audit of the Reinsurer's records in the normal course of business; or
- d. The Reinsurer's attorneys, both internal and external;

provided that the Reinsurer advises such parties of the confidential nature of the Confidential Information and their obligation to maintain its confidentiality. The Company requires that any third-party representatives of the Reinsurer agree, in writing, to be bound by this Confidentiality Article or by a separate written confidentiality agreement, containing terms no less stringent than those set forth in this Article. If a third-party representative of the Reinsurer is not bound, in writing, by this Confidentiality Article or by a separate written confidentiality agreement as set forth above, the Reinsurer shall be responsible for any breach of this provision by such third-party representative of the Reinsurer.

25.04 Notwithstanding the provisions set forth above, in the event the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the Confidential Information, the Reinsurer agrees, to the extent permitted by law, to provide the Company with written notice of same at least 10 days

prior to such release or disclosure and to use its best efforts to assist the Company in maintaining the confidentiality provided for in this Article.

25.05 Any non-public personal information (i.e., any and all personal, financial and/or health information) received by the Reinsurer in the course of the performance of its duties and obligations under this Agreement shall be held in the strictest confidence by the Reinsurer and its agents, employees, affiliates, and representatives and shall not be used for any purpose other than the performance of its duties and obligations under this Agreement. The Reinsurer shall maintain appropriate procedures to protect the privacy, confidentiality and security of all such information, consistent with the requirements of any applicable privacy laws or regulations.

25.06 The parties agree that any information subject to privilege, including the attorney-client privilege or attorney work product doctrine (collectively "Privilege") shall not be disclosed to the Reinsurer until, in the Company's opinion, such Privilege is deemed to be waived or otherwise compromised by virtue of its disclosure pursuant to this Agreement. Furthermore, the Reinsurer shall not assert that any Privilege otherwise applicable to the Confidential Information has been waived or otherwise compromised by virtue of its disclosure pursuant to this Agreement.

25.07 The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer, and shall be binding upon their successors and assigns.

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In Witness Whereof, the Company has caused this Agreement to be executed by its duly authorized representative, who also confirms the Company's review of and agreement to be bound by the terms and conditions of the Interests and Liabilities Contract(s) attached to and forming part of this Agreement.

Pawp Insurance Services, Inc.

By: 

Name: PETER H. FOLEY

Title: CHIEF INSURANCE OFFICER

Date: DECEMBER 11, 2021

CONCERT SPECIALTY INSURANCE COMPANY

By: _____

Name: _____

Title: _____

Date: _____

October 26, 2021

EXHIBIT A

TRUST AGREEMENT REQUIREMENTS CLAUSE

- A. Except as provided in paragraph B of this Clause, if the Reinsurer satisfies its funding obligations under the Loss Reserves and Unearned Premium Funding / Unauthorized Reinsurers Article by providing a Trust Agreement, the Reinsurer shall ensure that the Trust Agreement:
1. Requires the Reinsurer to establish a trust account for the benefit of the Company, and specifies what the Trust Agreement is to cover;
 2. Stipulates that assets deposited in the trust account shall be valued according to their current fair market value and shall consist only of cash (United States legal tender), certificates of deposit (issued by a United States bank and payable in United States legal tender), and investments of the types permitted by the regulatory authorities having jurisdiction over the Company's reserves, or any combination of the three, provided that the investments are issued by an institution that is not the parent, subsidiary or affiliate of either the Reinsurer or the Company;
 3. Requires the Reinsurer, prior to depositing assets with the trustee, to execute assignments or endorsements in blank, or to transfer legal title to the trustee of all shares, obligations or any other assets requiring assignments, in order that the Company, or the trustee upon the direction of the Company, may whenever necessary negotiate these assets without consent or signature from the Reinsurer or any other entity;
 4. Requires that all settlements of account between the Company and the Reinsurer be made in cash or its equivalent; and
 5. Provides that assets in the trust account shall be withdrawn only as permitted in this Agreement, without diminution because of the insolvency of the Company or the Reinsurer.
- B. If a ceding insurer is domiciled in California and the Reinsurer satisfies its funding obligations under the Loss Reserves and Unearned Premium Funding / Unauthorized Reinsurers Article by providing a Trust Agreement, the Reinsurer shall ensure that the Trust Agreement:

1. Provides that assets deposited in the trust account shall be valued according to their current fair market value and shall consist only of cash in United States dollars, certificates of deposit issued by a United States financial institution as defined in California Insurance Code Section 922.7(a) and payable in United States dollars, and investments permitted by the California Insurance Code, or any combination of the above.
 2. Provides that investments in or issued by an entity controlling, controlled by or under common control with either the grantor or the beneficiary of the trust shall not exceed 5.0% of total investments.
 3. Requires the Reinsurer, prior to depositing assets with the trustee, to execute assignments or endorsements in blank, or to transfer legal title to the trustee of all shares, obligations or any other assets requiring assignments, in order that the ceding insurer, or the trustee upon the direction of the ceding insurer, may, whenever necessary, negotiate these assets without consent or signature from the Reinsurer or any other entity.
 4. Provides that assets in the trust account shall be withdrawn only as permitted in this Agreement, without diminution because of the insolvency of the ceding insurer or the Reinsurer.
- C. If there are multiple ceding insurers that collectively comprise the Company, "regulatory authorities" as referenced in subparagraph A(2) above, shall mean the individual ceding insurer's domestic regulator. If such ceding insurer is subject to the commercial domicile laws or regulations of another state, such laws or regulations shall apply to the extent not in conflict with those of such ceding insurer's domicile.

	A	B	C	D	E
1	policy_id	full_name	zip_code	status	policy_start_date
2	1308		83703	active	7/13/2022
3	1607		83617	active	7/13/2022
4	2993		83702	active	7/15/2022
5	3890		83646	active	7/16/2022
6	4654		83607	active	7/17/2022
7	6757		83713	active	7/19/2022
8	7150		83646	active	7/20/2022
9	8941		83704	active	7/21/2022
10	9791		83455	active	7/22/2022
11	10422		83702	active	7/23/2022
12	11436		83333	active	7/24/2022
13	11995		83805	active	7/25/2022
14	12299		83705	active	7/25/2022
15	12334		83686	active	7/25/2022
16	14110		83646	active	7/27/2022
17	14720		83716	active	7/28/2022
18	14619		83854	active	7/28/2022
19	15775		83546	active	7/29/2022
20	15896		83401	active	7/29/2022
21	15708		83646	active	7/29/2022
22	15770		83301	active	7/29/2022
23	16369		83201	active	7/30/2022
24	17147		83854	active	8/1/2022
25	17696		83709	active	8/1/2022
26	17611		83703	active	8/1/2022
27	18578		83301	active	8/2/2022
28	19185		83201	active	8/3/2022
29	18824		83301	active	8/3/2022
30	19702		83713	active	8/4/2022
31	19895		83869	active	8/4/2022
32	19582		83709	active	8/4/2022
33	20767		83530	active	8/5/2022
34	20714		83445	active	8/5/2022
35	20862		83687	active	8/5/2022
36	21116		83815	active	8/6/2022
37	21531		83837	active	8/6/2022
38	21402		83709	active	8/6/2022
39	21388		83642	active	8/6/2022
40	22748		83669	active	8/8/2022
41	22555		83209	active	8/8/2022
42	23176		83810	active	8/9/2022
43	23099		83858	active	8/9/2022

	A	B	C	D	E
44	24018		83646	active	8/10/2022
45	24101		83854	active	8/10/2022
46	24076		83440	active	8/10/2022
47	24704		83714	active	8/11/2022
48	25346		83706	active	8/12/2022
49	25864		83815	active	8/15/2022
50	26109		83705	active	8/16/2022
51	26539		83835	active	8/19/2022
52	26758		83237	active	8/20/2022
53	27113		83646	active	8/22/2022
54	27085		83672	active	8/22/2022
55	69053		83634	active	9/12/2022
56	84241		83646	active	10/2/2022
57	86457		83607	active	10/18/2022
58	89360		83713	active	10/18/2022
59	86766		83274	active	10/18/2022
60	87881		83716	active	10/18/2022
61	88527		83853	active	10/18/2022
62	89177		83301	active	10/18/2022
63	92144		83642	active	10/22/2022
64	95228		83442	active	11/30/2022
65	107106		83607	active	2/5/2023
66	107222		83642	active	2/11/2023
67	107659		83814	active	3/2/2023
68	107971		83422	active	3/19/2023
69	108005		83607	active	3/22/2023
70	110078		83401	active	6/2/2023
71	111205		83704	active	6/10/2023
72	112105		83328	active	6/13/2023
73	113930		83815	active	6/20/2023
74	114064		83642	active	6/21/2023
75	114906		83709	active	6/29/2023
76	117042		83318	active	7/28/2023
77	117791		83814	active	8/27/2023
78	118438		83845	active	9/21/2023
79	119481		83687	active	10/22/2023
80	119967		83704	active	11/2/2023
81	121803		83646	active	11/21/2023
82	121855		83686	active	11/21/2023
83	122745		83634	active	11/21/2023
84	122004		83401	active	11/21/2023
85	122435		83854	active	11/21/2023
86	121380		83201	active	11/21/2023

	A	B	C	D	E
87	122226		83501	active	11/21/2023
88	121631		83704	active	11/21/2023
89	123057		83704	active	11/21/2023
90	123313		83716	active	11/21/2023
91	121926		83202	active	11/21/2023
92	123577		83404	active	11/22/2023
93	124745		83301	active	11/23/2023
94	125122		83704	active	11/25/2023
95	125261		83876	active	11/25/2023
96	125429		83815	active	11/26/2023
97	125957		83705	active	11/27/2023
98	125832		83440	active	11/27/2023
99	125840		83642	active	11/27/2023
100	127025		83714	active	1/1/2024
101	127241		83648	active	1/19/2024
102	127383		83858	active	1/31/2024

PET EMERGENCY HEALTH INSURANCE POLICY ADDITIONAL INSURED CERTIFICATE OF COVERAGE

Member Name:

██████████

User ID:

5184668

Member Info:

On File With Pawp Inc.

Emergency Fund

Limit (See Below):

\$3,000.00

This Certificate of Coverage is issued in connection with the purchase of the PAWP Pet Care Program by the Member named above. This Certificate of Coverage is issued under the Pet Emergency Health Insurance Policy (the "Policy") issued to PAWP, Inc.

The Member named above has agreed by joining PAWP Inc. to being included as an Additional Insured under the referenced Policy. Members are automatically covered under the Policy upon payment of the monthly fees that provide various pet care services and a one-time annual reimbursement of *up to* \$3,000 for a confirmed medical emergency, as further defined in the Policy.

Coverage ceases under the Policy for the Member after the reporting of one Emergency, even if the costs of Treatment for that Emergency are less than the Annual Maximum. The Member has the right to opt-out of electing to file an emergency. Upon such decision neither Pawp, Inc. nor the Policy will bear any further liability as related to this Emergency.

Once the Emergency has been filed by the Member no further Coverage for Treatments of any and all Injury or Illness will be reimbursed for any future Treatments and/or Claims for the Member during the policy period. As long as the Member continues to pay the monthly fees, Members will have unlimited access to the 24/7 tele triage services.

The terms and conditions of such coverage have been provided to the Member with the receipt of the Emergency Fund Rules and Regulations and as further defined in the Policy. Such fees do not constitute premiums paid to the Insurer issuing the Policy. Such fees will pay for various services including unlimited 24/7 tele triage as well as benefits as defined within the Policy.

The Additional Insured Coverage provided by the Policy, and as evidenced by this Certificate of Coverage, is continuous until cancelled by the Member and/or PAWP, Inc. In the event of non-payment by the Member of the monthly fee, coverage under the Policy will terminate effective the date payment was due.

A copy of the Pawp Policy is available upon request.

Pawp Ed: 12-05-21

PET EMERGENCY HEALTH INSURANCE POLICY

INSURING AGREEMENT

THE FOLLOWING COVERAGES APPLY SEPARATELY TO EACH MEMBER.

PART I - COVERAGE

1. INSURING AGREEMENT

In consideration of the payment of premium stated in the Declarations and the **Coverage** stated in this policy and subject to the terms, conditions and exclusions contained in this policy, **We** will reimburse the **Member** for **Allowable Charges** for **Medically Necessary Treatments** performed on the **Member's Pet** (up to 6 pets covered) for conditions that started after the **Waiting Period** and during the policy period, and which result from:

- a. **Emergencies**, as further defined in Part IV include but are not limited to:
 - 1) Toxic Ingestion;
 - 2) Choking and Difficulty Breathing;
 - 3) Severe Blockages.
- b. The **Member** is required to contact PAWP, Inc. by videoconference immediately upon belief that the **Pet** is experiencing an **Emergency**. The **Member** is to have the **Pet** available to be viewed, and to what extent, if any, there is an **Emergency**. PAWP, Inc.'s designated **Tele Triage Veterinary Professional** will determine if any signs and symptoms exhibited by the **Pet** qualify as an **Emergency**.
- c. **Pre-existing Conditions** will not preclude **Coverage** to the extent they need to be treated in connection with an **Emergency**.

2. BENEFITS

Subject to the limits of liability described herein, **We** will reimburse the **Member** for **Medically Necessary Treatment**, including any taxes, arising out of an **Emergency**, including:

- a. Surgery;
- b. X-rays, ultrasounds, and other diagnostic tests;
- c. Endodontic **Treatment** arising directly from a covered **Emergency**;

- d. Euthanasia where necessary for humane reasons;
- e. Medical waste disposal;
- f. **Professional Services** rendered by PAWP Inc.'s **Veterinary Professional** or the **Member's Veterinary Provider** in the immediate **Treatment** of the **Emergency**;
- g. Medical supplies required to perform covered procedures performed in a **Veterinarian's** office and other medical supplies, where deemed **Medically Necessary** by the **Member's Veterinary Provider** in the **Treatment** of the **Emergency**;
- h. Laboratory tests required by the **Member's Veterinary Provider** in the **Treatment** of the **Emergency**;
- i. Hospitalization required in order for the **Member's Veterinary Provider** to deliver **Professional Services** to the **Member's Pet** directly related to the **Emergency**;
- j. **Medication** as a direct result of the **Emergency** that is prescribed and directly administered by the **Member's Veterinary Provider**.

PART II - EXCLUSIONS

Please read the following exclusions carefully. If an exclusion applies, **We** will not provide **Coverage** under this policy. This policy will not provide **Coverage** for:

1. **Emergencies** that occur prior to the **Waiting Period** upon the inception of **Coverage**;
2. Failure by **Member** to take the **Pet** to a **Veterinary Provider** within eight hours after being advised by PAWP, Inc.'s approved **Tele Triage Veterinary Professional** to seek immediate care;
3. Preventative care, including, but not limited to, wellness exams or tests; preventative **Treatment**, tests or diagnostic procedures; vaccinations; flea and other parasite prevention; spaying or castration (including preventative sterilization surgery, such as for **Treatment** for cryptorchidism, chimerism, or chromosomal abnormalities); grooming and de-matting;

4. Any scheduled appointments for routine check-ups or anticipated procedures;
5. Failure to report the suspected **Emergency** by video conference pursuant to Part I, 1.b.;
6. The cost of disposing of **Member's Pet's** remains;
7. The cost of boarding **Member's Pet**;
8. **Treatment** for an **Illness** related to the teeth and/or gums, unless endodontic treatment for dental **Injuries** arising directly from a covered **Emergency**;
9. Costs of **Treatments** arising from **Member's** decision to pursue a course of **Treatment** other than that which was recommended to the **Member** by a **Veterinary Provider**, including cost of **Treatments** continued after a **Veterinary Provider** has recommended a **Pet** be euthanized for humane reasons;
10. **Treatment** for any **Injury** or **Illness** deliberately caused by **Member**, their family members, anyone living with them, or any other persons who have care, custody, or control of **Member's Pet**;
11. **Treatment** for **Injury** or **Illness** caused by the aggressive actions of another animal when that animal permanently or temporarily resides or is cared for in **Member's** household;
12. **Treatment** for **Injury** or **Illness** caused by deliberate endangerment of **Member's Pet**, including but not limited to organized fighting;
13. **Treatment** for **Injury** or **Illness** caused by persistent neglect of **Member's Pet**;
14. **Treatment** for any **Injury** or **Illness** resulting from activities related to racing, personal protection, law enforcement or guarding;
15. Cosmetic, aesthetic, or elective surgery including tail docking, ear cropping, de-clawing or any other surgical procedure not related to an **Emergency**;
16. **Treatments** for any **Illness** for which a vaccine is available for the **Member's Pet** to prevent such **Illness** and for which vaccination is both recommended by a **Veterinarian** and rejected by the **Member**. For the purposes of this exclusion, such vaccinations shall include but not be limited to "core vaccinations" as stated by the American Animal Hospital Association Canine Vaccine Guidelines for the **Member's** pet or "highly recommended vaccinations" as stated by the American Association of Feline Practitioners;
17. Any administration fees charged by a **Veterinary Provider** or others, including, for example, a chart set-up fee;
18. Costs for any **Treatment** for:
 - a. Prosthetic limbs and devices;
 - b. Organ transplants;
 - c. Genetic/chromosome testing;
 - d. Vaccinations;
 - e. Deworming;
 - f. Routine check-ups;
 - g. X-rays or ultrasounds unrelated to an **Emergency**;
 - h. Prescription **Medications** unrelated to an **Emergency**;
 - i. Non-**Emergency** surgeries;
 - j. Follow-up appointments after an **Emergency**;
 - k. **Emergencies** arising from or in any way related to **Pet** breeding or pregnancy issues.
19. Costs for any **Treatment** arising from or in any way related to:
 - a. avian, swine, or any other type of influenza or any mutant variation;
 - b. intentional slaughter by, or under, the order of any government or public or local authority;
 - c. epidemics or pandemics as declared by the U.S. Department of Agriculture.
 - d. arising from a nuclear reaction, radiation, radioactive contamination or the discharge of a nuclear device, whether controlled or uncontrolled, accidentally or otherwise;
 - e. arising from or in any way related to a chemical, biological, bio-chemical or electromagnetic weapon, device, agent or material whether controlled or uncontrolled, accidentally or otherwise;
 - f. arising from or in any way related to war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped, strikes, riots, or civil commotion.

PART III - LIMITS OF INSURANCE

Regardless of the number of **Claims** made under a covered **Emergency**, or **Injuries** or **Illnesses** that occur during the policy period, **Our** total liability to **Member** during the policy period shall not exceed the amounts shown on the Schedule Page(s) under **Annual Maximum Limit**.

Coverage ceases for the **Member** after the filing of one **Emergency**, even if the costs of **Treatment** for that **Emergency** are less than the **Annual Maximum Limit**. Once the **Emergency** has been filed by the **Member** no further **Coverage** for **Treatments** of any and all **Injury** or **Illness** will be reimbursed for any future **Treatments** and/or **Claims** for the **Member** during the policy period.

PART IV - DEFINITIONS

Except as otherwise defined in this policy, the following terms appearing in boldface and then capitalized in the policy have the following meaning:

1. **Additional Insured**: Each enrolled **Member** shall qualify as an **Additional Insured** under this Policy.
2. **Allowable Charge(s)** means the costs of the actual **Medically Necessary Treatment(s)** provided by the **Member's Veterinary Provider** and such costs as incurred by PAWP Inc.'s designated **Tele Triage Veterinary Professional**.
3. **Annual Maximum Limit** is the maximum amount **We** will pay on behalf of a **Member's Pet** in an annual period of insurance arising from a single **Emergency**.
4. **Chronic Condition** is a detectable condition that, once developed, is deemed incurable or likely to continue for the remainder of a **Pet's** life.
5. **Claim** means the **Member's** notification that an **Emergency** has occurred, and such **Emergency** has been verified by PAWP, Inc.'s designated **Tele Triage Veterinary Professional**.
6. **Clinical Signs** means observable changes in a **Pet's** normal healthy state, bodily function or behavior.
7. **Coverage** is the insurance described in this policy.
8. **Emergency** is such life-threatening situations confirmed by PAWP Inc.'s designated **Tele Triage Veterinary Professional** who confirms such situation is life-threatening and recommends that **Member** to seek immediate **Treatment** for the covered **Pet**.
9. **Fees** are all inclusive including the charge for the **Emergency Coverage** provided by a licensed **Veterinarian**. The latter will be determined by **Us** and PAWP, Inc. Further understood, **We** and PAWP, Inc. may credit and debit such **Fees** as necessary.
10. **Illness** means sickness, disease, or any change in a **Pet's** normal, healthy state, which is not caused by **Injury** to the **Pet**.
11. **Insured** means the **Named Insured** and each **Additional Insured** who enrolls as a **Member**.
12. **Injury** means physical harm or damage arising from an accident necessitating a reported **Emergency**.
13. **Medically Necessary** means directly and materially related to a covered **Illness** or **Injury**, in **Our** reasonable judgment.
14. **Medication** means any medications prescribed or recommended by a **Veterinary Provider** and approved by the Food and Drug Administration (FDA) of the United States or accepted for inclusion in the Homeopathic Pharmacopoeia of the United States for veterinary use. **Medication** also includes medical supplies required to administer those **Medications**.
15. **Member(s)** are those **Pet** owners who have subscribed to the PAWP **Emergency Health and Tele Triage** health program. Each **Member** shall be designated an **Additional Insured** under this Policy.
16. **Original Start Date** means the effective date when that **Member's Pet** was first covered by a policy administered by PAWP Insurance Services, LLC.
17. **Pet** is a cat or dog named on file with the **Named Insured**.
18. **Professional Services** are services provided by a **Veterinary Provider** in diagnosing, treating, operating, or prescribing for a **Pet** in connection with an **Emergency**.
19. **Pre-certification** is a voluntary submission of an **Emergency** to determine if the corresponding **Claim** would be covered and an estimate of how much would be covered.
20. **Pre-existing Condition(s)** which are covered means:
 - a. A **Chronic Condition** observed by the **Member** or the **Member's Veterinary Provider** prior to the end of the **Waiting Period** for **Member's Pet(s)** and any related conditions; or
 - b. An **Illness** or **Injury** that first occurred or showed **Clinical Signs** prior to the end of the **Waiting Period** for **Member's Pet** and any related conditions. Undiagnosed conditions with the same **Clinical Signs** as those in a. or b. herein are also considered pre-existing.

21. **Tele Triage** as specified in this **Coverage** is the limited triage and medical advice of a non-diagnosis and non-proscription nature to assist the **Member** if they should seek care from a licensed **Veterinary Provider**.
22. **Treatment** means any examination, consultation, hospitalization, anesthesia, surgery, X-rays, MRI or CT scans, alternative or complementary therapies, laboratory tests, nursing or other care provided and administered by a **Veterinary Provider**.
23. **Veterinarian** means a currently licensed Doctor of Veterinary Medicine.
24. **Veterinary Provider** means a **Veterinarian**, veterinary technician or veterinary nurse currently licensed in the state in which **Treatment** is performed.
25. **Veterinary Professional** means **Veterinarian**, veterinary technician or veterinary nurse providing tele-advice and **Tele Triage** consultations to a PAWP, Inc. **Member**. Such individuals are providing non-diagnosis and non-proscribing services of a triage nature to the PAWP, Inc. **Member**.
26. **Waiting Period** means the time period of fourteen (14) days for **Injuries** and **Illnesses**. The **Waiting Period** starts from the **Original Start Date**. **Emergencies** that occur during the **Waiting Period**, as well as **Emergencies** that arise from or are related to conditions that occur during the **Waiting Period**, will be excluded from the **Member's** policy's **Coverage** as not reimbursable.
27. **We, Us, Our, Ours, The Company** means the company providing the insurance, as shown in the **Declarations** (not necessarily shown bold or capitalized for readability).

PART V – OTHER TERMS AND CONDITIONS

1. CANCELLATION

a. First Named Insured

This policy may be cancelled at any time due to nonpayment of premium. Notice of cancellation will be mailed ten (10) days before the effective date of the cancellation.

Otherwise, **We** may only cancel for one or more of the following reasons:

- i. The policy was obtained through fraud, misrepresentation or concealment in the **Insured's** application, the content of which is specifically incorporated into and as a material term of this policy.

- ii. **We** have agreed to issue a new policy to the **Insured** or an affiliated company of the **Insured**.

- iii. The Department of Insurance of the state governing the policy determines that a continuation of the policy could place **Us** in violation of that state's insurance laws.

- iv. Loss of Reinsurance.

With respect to cancellation, this policy is neither severable nor divisible. Any cancellation will be effective for **Coverages** for the Named **Insured** and any certificate holder. If this policy is canceled, **Coverage** will not be provided as of the effective date of the cancellation.

b. Member

Members may cancel their enrollment in this policy at any time by electronic notification or in writing to PAWP, Inc. Notice must include the date for cancellation to be effective (Post notification).

In the event of non-payment of monthly **Fees** by the **Member**, **Coverage** will terminate pursuant to the notice of cancellation mailed ten (10) days before the effective date of the cancellation.

We or PAWP, Inc. may cancel a **Member's** participation in this policy immediately in the event of:

- i. Fraud, misrepresentation or concealment in connection with the **Member's** participation in the program.
- ii. A **Member's** failure to comply with the policy terms and conditions in a manner that prejudices or negatively impacts **Our** ability to properly assess or evaluate any **Claim** or other materials rights under the Policy.
- iii. The **Member** has been found by a licensed **Veterinarian/vet technician** to have grossly mistreated and/or abused the **Pet**.

2. NONRENEWAL

If **We** decide not to renew or not continue this policy, **We** will mail notice of non-renewal to the Named **Insured** shown on the **Declarations** at the last known address appearing in **Our** records. Notice, including the reason for non-renewal, will be mailed at least thirty (30) days before the end of the policy period.

3. MISREPRESENTATION, CONCEALMENT, OR FRAUD

Members' Coverage is void in any case of fraud, intentional concealment, or misrepresentation of a material fact.

4. OTHER INSURANCE

A **Member** may have other insurance that responds to the same incidents to which this policy responds. If that is the case, **We** will pay **Our** share of the **Allowable Charges**. **Our** share is the proportion that the applicable Limits of Insurance under this policy bears to the Limits of Insurance of all insurance covering on the same basis. It is **Member's** responsibility to notify **Us** in the event that other insurance is in force.

5. JOINT AND INDIVIDUAL INTERESTS

If there is more than one Named **Insured** on this policy, any Named **Insured** may cancel or change this policy. The action of one Named **Insured** shall be binding on all persons afforded **Coverage** under this policy.

6. TRANSFER

This policy may not be transferred to another entity without **The Company's** written consent, and such consent will not be unreasonably withheld.

7. TERRITORY

This policy applies only to **Emergencies** occurring during the policy period shown in the Declarations and which occur within the United States of America.

8. ELECTRONIC DELIVERY

By accepting the terms of this insurance as evidenced by the payment of premiums, **Member** agrees that this policy, any endorsements, and any notices shall be delivered by electronic mail via the internet.

9. JURISDICTION AND CHOICE OF LAW

The sole venue for any dispute, claim or controversy regarding or arising under or concerning application or interpretation of the terms of this policy, or any matter related in any way or arising therefrom, shall be solely in the State of Vermont and the parties hereto agree that the laws of the State of Vermont shall govern this policy, its interpretation and the agreement and transaction contemplated herein.

Further, any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this policy shall be brought against any of the parties in the courts of the State of Vermont, County of Washington, or, if it has or can acquire jurisdiction, in the United States District Court of Vermont, and each of the parties hereby consents to the jurisdiction of such courts (and the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on any party anywhere in the world.

PAWP, Inc. acknowledges and agrees that the policy was solicited and issued in the State of Vermont.

PART VI - CONDITIONS

1. Duties in Event of a Claim

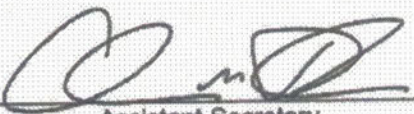
- a. All **Claims** must be submitted to and received by PAWP, Inc. within fourteen (14) calendar days of the date of **Member's** visit to the **Veterinary Provider**, through the submission of a copy of the invoice for the **Emergency** services.
- b. Upon receipt of the final invoice for the **Member's** Pet's **Emergency** care, **We** may contact the **Member's Veterinary Provider** or **Veterinary Professional** to confirm the information provided as well as raise any questions about the subject care. **We** will review the invoice and confirm the total cost of the **Emergency**. Once an **Emergency** has been approved and the duties pursuant to this policy have been met, **We** will provide payment of up to \$3,000 paid directly to the **Veterinary Provider** for the **Member's Emergency** inclusive of any deposit paid, if applicable.
- c. PAWP Insurance Services, LLC will administer **Claims** and may utilize the services of a third-party administrator. **Claims** determinations shall be final.
- d. In the event a **Member** elects to "opt-out" of filing a **Claim**, PAWP, Inc. will honor such request and incur no liability by the **Member** making such election.

CONCERT SPECIALTY INSURANCE COMPANY

Home Office
2115 8th Avenue
Helena, MT 59601
(888) 598-7400

Administrative Office
1701 Golf Road Suite, 1-1110
Rolling Meadows, IL 60008
(888) 598-7400

In Witness Whereof, Concert Specialty Insurance Company has caused this policy to be executed by its President and Secretary as our duly authorized representative.


Assistant Secretary
President

All other policy terms and conditions apply.



Stephanie Clayton
Idaho Department of Insurance
Stephanie.clayton@doi.idaho.gov

March 15, 2024

RE: Pawp — Inquiry

Dear Ms. Clayton,

We have put together answers to each of your additional questions from your latest correspondence on February 23, 2024 along with [supporting documents](#):

1. **Copies of all customer's signed Pawp membership applications who have signed up for the Pawp Emergency Fund in Idaho;**

Each Idaho customer goes through an application process when he or she signs up to the Pawp membership. Pawp pet care members are offered the opportunity to purchase the Emergency Fund. Please see the attached document [pawp-emergency-fund.pdf](#).

2. **For each insurance policy branded as the Pawp Emergency Fund or negotiated by any Pawp entity involving an Idaho resident, please provide::**
 - a. **A copy of the certificate of insurance;**
 - b. **The amount of the insurance;**
 - c. **The gross premium charged;**
 - d. **The return premium paid, if any;**
 - e. **The rate of premium charged upon the several items of property;**
 - f. **The effective date of the contract, and the terms thereof;**
 - g. **The name and address of each insurer on the direct risk and the proportion of the entire risk assumed by such insurer if less than the entire risk;**
 - h. **The name and address of the insured; and**
 - i. **A brief general description of the property or risk insured and where located or to be performed.**

Please see the attached document [pawp-id-certificates.csv](#) for more details about each insurance certificate for an Idaho resident customer. For copies of each member's certificate of insurance, please view this zip file [pawp-id-individual-certificates.zip](#).

3. **For each Pawp Emergency Fund policy placed through any Pawp entity, copies of the broker's affidavit for the policy as required by Idaho Code § 41-1215;**

Pawp Insurance Solutions, LLC received declinations for the master insurance policy, which was issued and delivered in Maine, from the following:

Accelerant Insurance Company
John Willemsen
862-268-4113

Everspan Insurance Company
Steve Dresner
212-208-3241

SiriusPoint Insurance
Patrick Charles
847-345-9533

4. **Copies of all denied and paid "emergency fund" claims for any and all Idaho customers.**

Please see the attached document [pawp-id-claims.csv](#) for more details about each Emergency Fund claim for Pawp's Idaho customers .

5. **Copies of any agreements between Pawp Insurance Services, Inc., and any insurer, including, but not limited to, Concert Specialty Insurance Company;**

Please view agreements between Pawp Insurance Services, Inc. and insurers [here](#). We respectfully request confidential treatment of these documents pursuant to the applicable legal provisions that exempt such materials from disclosure under Idaho's public records law.

6. **Describe the corporate structure of Pawp, Inc., including all subsidiaries and affiliates, including, but not limited to, Pawp Insurance Solutions, LLC, and Pawp Insurance Services, Inc**

Pawp, Inc. is the parent company of Pawp Insurance Services, Inc Pawp, Inc. has three 100% wholly owned subsidiaries:

Hachiko Solutions, LLC
Entity to staff and manage 24/7 veterinary operations

Pawp Insurance Solutions, LLC
Entity licensed as a retail and wholesale broker

Pawp Insurance Services, Inc
Domiciled Captive; Entity set up to insure Pawp Inc. and its obligations arising from the emergency fund

For more information, please view the attached document [pawp-org-diagram.pdf](#).

Please let us know if you need any additional information, we are happy to provide you with anything you need in a timely manner.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cody R. Simons'.

Cody Simons
Co-Founder, Pawp Inc.
cody@pawp.com

claim_id	claim_status	payment_status	date	covered_cost	total_cost	first_name	last_name	pet_name	pet_type
1212	approved	payment_sent	5/22/2021	\$358.62	\$358.62			Jade	cat
1281	approved	payment_sent	8/6/2021	\$1,305.13	\$1,305.13			Fiona Harris Ramsby	dog
1830	approved	payment_sent	11/29/2021	\$1,534.39	\$1,534.39			Baby Bug	dog
1451	approved	payment_sent	12/24/2021	\$1,676.08	\$1,676.08			Cece	cat
2830	approved	payment_sent	4/28/2022	\$395.92	\$395.92			Sadie Mae	dog
3075	approved	payment_sent	6/30/2022	\$1,085.24	\$1,085.24			Belladonna Singleton	dog
3195	approved	payment_sent	7/27/2022	\$528.65	\$559.84			Boone	dog
3193	approved	payment_sent	7/27/2022	\$3,000.00	\$5,928.64			Taco	dog
374	approved	payment_sent	9/26/2022	\$310.00	\$310.00			Koa	dog
966	approved	payment_sent	11/13/2022	\$1,791.58	\$1,863.08			Spumoni	dog
598	approved	payment_sent	12/23/2022	\$260.48	\$272.48			Willie	dog
920	approved	payment_sent	12/28/2022	\$134.31	\$134.31			Samson	dog
678	approved	payment_sent	1/13/2023	\$3,000.00	\$3,395.08			Sailor	dog
207	approved	payment_sent	3/19/2023	\$515.72	\$515.72			Chloe	dog
9185	approved	payment_sent	3/19/2023	\$751.08	\$1,429.37			Miss Kitty	cat
710	approved	payment_sent	3/21/2023	\$870.00	\$870.00			Auzzie	dog
9169	approved	payment_sent	4/8/2023	\$992.73	\$1,704.78		man	Dusty	dog
9377	approved	payment_sent	5/9/2023	\$962.95	\$962.95			Koa	dog
9996	approved	payment_sent	7/11/2023	\$438.15	\$1,679.26			Star	cat
10647	approved	payment_sent	10/14/2023	\$685.51	\$700.00			Coal	dog
11092	approved	payment_sent	11/22/2023	\$810.00	\$876.53			Abby	dog
8914	approved	unclaimed	3/15/2022					Buddy	cat
9041	approved	unclaimed	6/9/2022					Booger	dog
9038	approved	unclaimed	6/15/2022					Tiny	cat
9043	approved	unclaimed	7/21/2022					Lucy	dog
8479	approved	unclaimed	3/17/2023					Miss Kitty	cat
11371	approved	unclaimed	12/18/2023	\$875.20	\$913.00			Lola	dog
12014	in_progress		3/12/2024		\$2,079.06			Daise	dog
6674	rejected		5/18/2022					Sammy	cat
6821	rejected		6/10/2022					Figaro	cat
6513	rejected		12/21/2022					Smokie	cat
6613	rejected		2/15/2023					Syndrome	dog

6495	rejected		3/11/2023					Apollo	dog
6669	rejected		3/22/2023					Fergus	dog
9694	rejected		6/15/2023		\$669.05			Ginger	dog
10545	rejected		9/15/2023		\$100.97			Odin	dog
10504	rejected		9/18/2023		\$574.34			Daisy	dog
11497	rejected		12/7/2023		\$800.00			Max	cat
11599	rejected		1/20/2024		\$350.00			Gunner	dog
9914			7/11/2023		\$1,021.78			Star	cat
9913			7/11/2023		\$1,021.78			Star	cat