

## STOCK PURCHASE AGREEMENT

This **STOCK PURCHASE AGREEMENT** ("Agreement"), dated as of April 25, 2025, is by and between CompCarolina, Inc, a North Carolina corporation (the "Seller"), **First Benefits Insurance Mutual, Inc.**, a North Carolina mutual property and casualty insurance company (FBIM "FBIM"), and **Matterhorn LLC**, an Alabama Limited Liability Company (the "Purchaser").

### WITNESSETH

**WHEREAS**, FBIM is currently a mutual insurance company that is duly licensed and authorized to act as a domestic property and casualty insurance company in its domiciled state of North Carolina and as a foreign property and casualty insurance company in four additional state jurisdictions; and

**WHEREAS**, the Board of Directors of FBIM has determined that it would be in the best interests of FBIM and its member policyholders (the "Members") to convert FBIM from a nonassessable mutual insurer to a North Carolina domiciled stock insurer (the "Conversion") pursuant to the Plan of Conversion, dated September 30, 2024 (the "Plan"); and

**WHEREAS**, the Plan is subject to approval by the Members and by the North Carolina Department of Insurance, pursuant to N.C.G.S. §§ 58-19-1 et seq.; and

**WHEREAS**, upon those approvals, FBIM will become a North Carolina domiciled stock insurance company (the "Company") that is duly licensed and authorized to act as a property and casualty insurance company; and

**WHEREAS**, as a result of the Conversion, the Seller will become the sole shareholder, who owns 100% of the Company's issued and outstanding shares of common stock (the "Seller's Stock"); and

**WHEREAS**, upon and simultaneous with the Conversion, the Seller desires to sell, convey, assign, transfer and deliver to the Purchaser, and the Purchaser desires to purchase and acquire from the Seller, all of the Seller's Stock, subject to the terms and conditions set forth in this Agreement and the related documents to be executed and delivered in connection herewith; and

**WHEREAS**, this stock purchase agreement replaces and supplants any prior stock purchase agreements heretofore entered between the Seller, FBIM and Purchaser.

**NOW THEREFORE**, in consideration of the foregoing premises, the mutual covenants, agreements, representations and warranties herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

### ARTICLE I DEFINITIONS

**Section 1.01. Definitions.** Unless otherwise provided herein, the following terms shall have the following meanings:

"Action" means, with respect to any Person, any claim, action, suit, arbitration, mediation,

inquiry, investigation or similar proceeding.

“Affiliate” means, with respect to any specified Person, any other Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person. For purposes of this Agreement, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by representation on the board of directors, management committee or similar governing body, by contract or otherwise.

“Agreement” has the meaning given to it in the first paragraph hereof.

“Business Day” means any day other than a Saturday, Sunday or a day on which banks in New York are authorized or required by law to close.

“Closing” shall have the meaning given to such term in Section 2.04 hereof.

“Closing Date” means the third Business Day following the satisfaction or waiver of all conditions to the obligations of the Seller and the Purchaser to consummate the transaction contemplated hereby (other than the conditions with respect to actions that either the Seller or the Purchaser will take at the Closing itself) or such other date as the Purchaser and the Seller may mutually determine.

“Closing Date Balance Sheet” shall mean the total assets and total liabilities of the Company as reflected in the balance sheet of the Company as of the Closing Date as finally determined under Section 2.02.

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

“Common Stock” means the total authorized common stock of the Company.

“Company” has the meaning given to it in the Recitals hereof.

“Conversion” has the meaning given to it in the Recitals hereof.

“Disclosure Schedule” shall have the meaning given to such term in Section 3.01 hereof.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means any person (as defined in Section 3(9) of ERISA that, together with the Company, is or has been treated as a single employer under Section 4001(b) of ERISA or Section 414 of the Code within the past six years.

“Financial Statements” shall have the meaning given to such term in Section 3.01(d)(i) hereof.

“Form A Filing” shall have the meaning given to such term in Section 4.06 hereof.

“GAAP” means generally accepted United States accounting principles consistently applied.

“Governmental Authority” means any foreign, federal, state or government, political subdivision or governmental or regulatory authority, company, board, bureau, commission,

instrumentality or court or quasi-governmental authority of competent jurisdiction.

“Indebtedness” means, with respect to the Company: (a) all indebtedness of the Company for borrowed money (excluding the current portion of any long-term debt and capital leases, short-term borrowings or debt); (b) all vendor financing of the Company or other indebtedness for the deferred purchase price of property or services, but excluding trade payables and liabilities incurred in the ordinary course of business and payable in accordance with customary practice; (c) except as excluded in paragraph (a) above, all obligations of the Company evidenced by notes, bonds, debentures or other similar instruments, including Guaranty Capital Certificates; (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by the Company (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (e) all obligations of the Company as lessees under leases that have been, in accordance with GAAP, recorded as capital leases; and (f) any other indebtedness which would be classified as “Indebtedness” under GAAP; all of the foregoing calculated in accordance with GAAP.

“Insurance Code” means Chapter 58 of the North Carolina General Statutes and administrative rules adopted by the North Carolina Department of Insurance, as amended or restated from time to time.

“Legal Requirements” means all laws, statutes, codes, acts, or ordinances, orders, judgments, decrees, injunctions, rules, rulings, regulations, permits, licenses, authorizations, directions and requirements of all Governmental Authorities (including, without limitation, fire, health, handicapped access, sanitation, ecological, historic, zoning, environmental protection, wetlands and building laws), ordinary or extraordinary, that now or at any time hereafter may be applicable to the Company or its properties.

“Letter of Intent” means that certain Letter of Intent bearing the date August 9, 2024 and last signed effective on August 12, 2024, between First Benefits Mutual Insurance, Inc. and Purchaser’s affiliate.

“Liabilities” means any and all debts, liabilities and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, determined or determinable, including, without limitation, those arising under any law, contract, or as required by any Governmental Authority.

“Licensed Jurisdictions” shall have the meaning given to such term in Section 3.01(a).

“Licenses and Permits” has the meaning given to such term in Section 3.01(f) hereof.

“Lien” means any security interest, pledge, mortgage, lien, charge, encumbrance, adverse claim, preferential arrangement or restriction of any kind, including, without limitation, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership, but excluding restrictions on transfer under applicable federal, state, or foreign securities laws.

“Loss” has the meaning given to such term in Section 6.01 hereof.

“Material Adverse Change” or “Material Adverse Effect” means, with respect to any Person, any change or effect that is materially adverse to the business or financial condition of such Person and its Subsidiaries taken as a whole; provided, however, that the terms Material Adverse Change and Material Adverse Effect shall not be deemed to include any: (i) fundamental changes in the property and casualty insurance industry in general; (ii) events resulting from changes in general in

the United States or global economic conditions; (iii) changes or prospective changes in SAPP; (iv) matters arising in the ordinary course of business including, but not limited to, any weather systems such as windstorms, rain storms, floods, and hurricanes; (v) changes in the Company's financial performance that are temporary in nature and are demonstrated to have resulted directly from the public announcement or pendency of the Agreement; or (vi) a change that results from the taking of any action required by this Agreement.

"Material Contract" means any contract to which Company is a party and the terms of which provide for payments by one party to another in excess of \$10,000 per annum in consideration for services or products but excludes any insurance policies issued by the Company in the ordinary course of business.

"Members" has the meaning given to it in the Recitals hereof.

"NAIC" means the National Association of Insurance Commissioners.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or similar entity, or any Governmental Authority. The term Person shall specifically include the Seller, the Company, and the Purchaser.

"Plan" has the meaning given to it in the Recitals hereof.

"Post-Closing Period" shall have the meaning given to such term in Section 8.01(a)(ii) hereof.

"Pre-Closing Period" shall have the meaning given to such term in Section 8.01(a)(ii) hereof.

"Proprietary Information" shall have the meaning given to such term in Section 4.01(b) hereof.

"Purchase Price" shall have the meaning given to such term in Section 2.02(a) hereof.

"Purchaser" has the meaning given to it in the first paragraph hereof.

"SAPP" means the statutory accounting principles and practices prescribed or permitted by the North Carolina Department of Insurance, which require insurance companies organized under the laws of the State of North Carolina to record transactions and to prepare financial statements based on the NAIC Accounting Practices and Procedures Manual subject to any deviations described by the North Carolina Department of Insurance.

"Seller" has the meaning given to it in the first paragraph hereof.

"Seller's Stock" has the meaning given to it in the Recitals hereof.

"Statutory Capital and Surplus" shall mean the Company's surplus as regards policyholders as set forth in the Company's statutory financial statements filed with the NAIC and North Carolina Department of Insurance.

"Statutory Statements" shall have the meaning given to such term in Section 3.01(d)(ii) hereof.

“Subsidiary” means, with respect to any Person, any and all corporations, partnerships, joint ventures, associations and other entities controlled by such Person directly or indirectly through one or more intermediaries.

“Tax Authority” means the Internal Revenue Service and any other domestic or foreign governmental authority responsible for the administration of any Tax.

“Tax Contest” shall have the meaning given to such term in Section 8.01(c) hereof.

“Tax Returns” means any return, report or statement filed or required to be filed with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof), including any information return, claim for refund, amended return or declaration of estimated Tax, and including, where permitted or required, combined, consolidated or unitary returns for any group of entities that includes the Company or its Affiliates.

“Tax Sharing Agreements” means all existing written agreements or arrangements binding on the Company as of the Closing Date that provide for the allocation, apportionment, sharing or assignment of any Tax liability or benefit, or the transfer or assignment of income, revenues, receipts, or gains for the purpose of determining any Person’s Tax liability (excluding this Agreement and any arrangement pertaining to the sale or lease of assets).

“Taxes” means any tax imposed by a Governmental Authority, including net income, alternative or add-on minimum tax, gross income, gross receipts, sales, use, ad valorem, franchise, capital, paid up capital, profits, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental or windfall profit tax, custom, duty, transfer, documentary or other tax, governmental fee or other like assessment or charge of any kind whatsoever, any information reporting or back-up withholding obligation, liability or penalty, together with any interest or any penalty, addition to tax or additional amount imposed by any Governmental Authority responsible for the imposition of any such tax.

**Section 1.02. Construction.** The captions or headings in this Agreement are for convenience of reference only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement. All references in this Agreement to particular Articles or Sections are references to Articles or Sections contained in this Agreement, unless otherwise indicated. All accounting terms not specifically defined in this Agreement shall be construed in accordance with SAPP as in effect on the date hereof. In this Agreement, unless the context otherwise requires: (a) words describing the singular number shall include the plural and vice versa; (b) words denoting any gender shall include all genders; and (c) the word “including” shall mean “including without limitation.”

## **ARTICLE II PURCHASE AND SALE OF STOCK**

**Section 2.01. Agreement to Purchase and Sell.** Subject to the terms and conditions set forth herein, at the Closing, the Seller shall sell, grant, convey, assign, transfer and deliver to the Purchaser, and the Purchaser shall purchase and acquire from the Seller, all but not less than all of the Seller’s Stock, free and clear of all Liens.

**Section 2.02. Purchase Price.**

(a) **Purchase Price.** Upon Closing, Purchaser agrees to pay to Seller for the Seller's Stock an amount (the "Purchase Price") equal to the sum of (i) the Company's Statutory Capital and Surplus after redemption and payoff of the Guaranty Capital Certificates issued by FBIM to NCRMA Service Corp, as of the Closing Date and less the amount of any issued and outstanding surplus notes, plus (ii) a sum of Twenty-Five Thousand Dollars (\$25,000.00) per jurisdiction for each jurisdiction in which the Company is authorized to transact insurance (the "Per License Purchase Price"). Notwithstanding the preceding sentence, the Purchase Price shall not be less than the amount of the Guaranty Capital Certificates issued by FBIM to NCRMA Service Corp, as of the Closing Date plus a sum of Twenty-Five Thousand Dollars (\$25,000.00) per jurisdiction for each jurisdiction in which the Company is authorized to transact insurance. The Purchase Price shall be calculated pursuant to clause (b) below and paid by the method of payment stated in Section 2.03.

(b) **Calculation of the Purchase Price; Deferred Purchase Price.**

(i) No later than five (5) Business Days prior to the Closing Date, Seller and Purchaser shall mutually agree on (i) the Closing Date Balance Sheet, (ii) the Company's Statutory Capital and Surplus based on the Closing Date Balance Sheet, and (iii) the Purchase Price to be paid on the Closing Date (calculated taking into account any reduction provided for in paragraph (ii) just below). The Closing Date Balance Sheet shall be prepared according to SAPP consistent with past practices used in preparing the most recent balance sheet included within the Financial Statements and Statutory Statements and the pertinent reconciliation regarding the net income, capital, and surplus.

(ii) Notwithstanding anything to the contrary contained herein, if Seller fails to deliver a certificate of compliance or its equivalent, and a certificate of the Secretary or other officer of the Seller affirming under oath that each Licensed Jurisdiction has been notified of the conversion of FBIM to the Company and that Seller has received assurance from each Licensed Jurisdiction that it will recognize the conversion of FBIM to the Company, for any of the Licensed Jurisdictions prior to five (5) Business Days prior to the Closing Date, the Purchase Price to be paid on the Closing Date shall be adjusted by subtracting the Per License Purchase Price for each failure to provide the documentation required by this paragraph.

**Section 2.03. Method of Payment.** On the Closing Date, the Purchaser shall pay the Purchase Price (as adjusted pursuant to Section 2.02(b)(ii), if applicable) to the Seller by wire transfer of immediately available funds to such account or accounts as Seller shall instruct Purchaser, with such instructions delivered in writing at least two (2) Business Days prior to the Closing Date.

**Section 2.04. Closing.** The closing of the transactions contemplated hereby (the "Closing") shall take place on the Closing Date by electronic exchange of closing documents or at such place as the parties may mutually agree upon in writing.

**Section 2.05. Closing Deliveries by the Seller.** On or before the Closing Date, the Seller shall deliver or cause to be delivered to the Purchaser:

(a) The certificate or certificates representing the Seller's Stock duly endorsed in blank or with stock powers duly endorsed in blank;

(b) A certificate of the Secretary or other officer of the Seller certifying that attached to such certificate are true and correct copies of all necessary regulatory approvals, including but not limited to written approval by the North Carolina Department of Insurance of (i) the Plan, (ii) the conversion of FBIM to the Company, and (iii) redemption of all of the Guaranty Capital Certificates issued by FBIM;

(c) A certificate of the Secretary or other officer of the Seller certifying that attached to such certificate are true and correct copies of all other requisite approvals of the acquisition set forth in this Agreement, including but not limited to written evidence of approval of the Plan by at least three-quarters (3/4) of the votes cast by policyholder members of FBIM whose policies are in force of the date the FBIM board of directors adopts the Plan or holders of guaranty capital certificates;

(d) A certificate of the Secretary or other officer of the Seller certifying that attached to such certificate are true and correct copies of (i) the articles of incorporation of Company and all amendments thereto as in effect on the Closing Date and (ii) the Bylaws of Company and all amendments thereto as in effect on the Closing Date;

(e) Certain duly executed resignations from all of Company's directors and officers effective as of the Closing Date;

(f) The Company's and FBIM's records, including minute books, stock record books and the corporate seal (if applicable);

(g) A certificate, duly completed and executed by Seller pursuant to Section 1.1445-2(b)(2) of the Treasury Regulations, certifying that Seller is not a "foreign person" within the meaning of Section 1445 of the Code; and

(h) Signature cards and forms of bank resolutions from all of the banks or other financial institutions at which securities or other investments of Company and/or FBIM are held on the Closing Date.

**Section 2.06. Closing Deliveries by the Purchaser.** On the Closing Date, the Purchaser shall pay the Purchase Price to Seller in accordance with Section 2.03 hereof; and shall execute and deliver all of the following documents:

(a) Copies of the documents evidencing Purchaser's receipt of the consents and approvals of the North Carolina Department of Insurance that are to be obtained by Purchaser; including the Form A Statement and other related filings required to be submitted by Purchaser in connection with the acquisition of control of the Company in accordance with Section 58-19-15 of the North Carolina Insurance Law; and

(b) Copies of written evidence of the Board of Directors approving this Agreement and any other documents as set out in this Agreement.

**Section 2.07. Withholding.** Purchaser shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to Seller such amounts as Purchaser is required to deduct and withhold under the Code, or any Tax law, with respect to the making of such payment; provided that Purchaser shall provide Seller notice of any such deduction and withholding in writing at least two (2) Business Days prior to the Closing Date. To the extent that amounts are so withheld, such withheld

amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of whom such deduction and withholding was made.

### ARTICLE III REPRESENTATIONS AND WARRANTIES

**Section 3.01. Representations and Warranties Concerning the Company.** As an inducement to the Purchaser to enter into this Agreement, the Seller represents and warrants to the Purchaser, except as set forth in the Disclosure Schedule delivered by the Seller to the Purchaser on the date hereof ("Disclosure Schedule"), that the statements contained in this Section 3.01 are true and correct in all material respects as of the Closing Date:

(a) Organization, Authority and Qualification of the Company. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of North Carolina. The Company is duly licensed to operate as a domestic insurer in North Carolina pursuant to the provisions of the Insurance Code of North Carolina and to Seller's knowledge, the Company holds a foreign certificate of authority in the following states or other jurisdictions: (1) North Carolina (2) Virginia (3) South Carolina (4) Georgia (5) Kentucky ("Licensed Jurisdictions").

(b) Capital Stock of the Company; Ownership of the Common Stock; No Subsidiaries. The authorized capital stock of the Company is One Hundred Million (100,000,000) shares of Common Stock with a par value of \$1.00 each, of which Ten Million (10,000,000) shares are issued and outstanding. Seller's Stock, being Ten Million (10,000,000) shares of the Common Stock of the Company, comprises all of the Company's issued and outstanding shares of stock. All of the shares of Seller's Stock are duly authorized, validly issued, fully paid, and non-assessable. The Company has not issued any other equity interest, nor has the Company granted any rights to acquire any equity interests in the Company to any Person. Other than this Agreement, there are no voting trusts, stockholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Seller's Stock. The Company does not have any Subsidiaries and it does not own any capital stock or other equity securities in any Person.

(c) No Conflict. The execution, delivery and performance by the Seller of this Agreement and the related documents to which it is a party do not and will not: (i) violate, conflict with or result in the breach of any provision of the charter, by-laws or similar organizational documents of the Company; (ii) conflict with or violate any law or governmental order applicable to the Company; or (iii) conflict with, result in any breach of, constitute a default under, require any consent under, or give to others any rights of termination, suspension, revocation or cancellation of, breach or give rise to any termination under any agreement, instrument or arrangement to which the Company is a party; or (iv) violate any law, constitution, statute, regulation, rule, order, judgment, decree, ruling, writ, or injunction applicable to the Company.

(d) Financial Matters.

(i) True and complete copies of the audited financial statements of FBIM for the fiscal year ended as of December 31, 2023, and the auditor's notes thereto (the "Financial Statements") have been provided to the Purchaser. The Financial Statements have been prepared in accordance with SAPP on a consistent basis for the period stated thereon and fairly presents in all material respects the financial condition and the results of operations of the Company for the time periods that they encompass.

(ii) True and complete copies of all financial statements for FBIM filed after

the date of this Agreement by FBIM with the NAIC and the North Carolina Department of Insurance (collectively, the "Statutory Statements") have been provided to the Purchaser and have been prepared in accordance with SAPP.

(iii) As of the Closing, FBIM and the Company will have no liabilities or assets other than those reflected in the Closing Date Balance Sheet.

(iv) Since the date of the most recent of the Financial Statements and Statutory Statements, there has not, to Seller's knowledge, occurred any event or development that would result in a Material Adverse Change before the Closing Date.

(e) Litigation. No Action by or against FBIM or the Company is pending or, to Seller's knowledge, threatened.

(f) Licenses. Section 3.01(f) of the Disclosure Schedule contains a complete list of each material license, permit, certificate, approval, exemption, registration or authorization, including any pending applications therefore, used by FBIM or the Company with respect to the conduct of its business (collectively, the "Licenses and Permits"), which constitute all material licenses, permits, certificates, approvals, exemptions, registrations or authorizations necessary for the conduct of the Company's business as presently conducted. The Company is in substantial compliance with all Licenses and Permits. The Licenses and Permits are valid and in full force and effect and, to Seller's knowledge, there are no pending or threatened proceedings which would reasonably be expected to result in the termination, revocation, suspension, limitation or impairment of any License or Permit.

(g) Related Party Transactions. There are no material agreements, arrangements or understandings between the Company and Seller and their Affiliates.

(h) Brokers' Fees. Except as set forth on Section 3.01(h) of the Disclosure Schedule, no party has incurred, or will incur, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or any transaction contemplated by this Agreement based upon arrangements made by or on behalf of FBIM, Seller or the Company. In any event, Seller shall be responsible for the payment of any such broker's fee.

(i) Tax Matters. Except as set forth on Section 3.01(i) of the Disclosure Schedule:

(i) All Tax Returns required to be filed by or on behalf of FBIM or the Company on or prior to the Closing Date have been (or, prior to the Closing Date, will be) filed with the appropriate Tax Authorities in all jurisdictions in which such Tax Returns are required to be filed (after giving effect to any valid extensions of time in which to make such filings), and all such Tax Returns were (or will be) true, complete and correct in all material respects.

(ii) All Taxes (whether or not shown on any Tax Return) due and payable on or prior to the Closing Date by or on behalf of FBIM or the Company have been (or, prior to the Closing Date, will be) fully paid.

(iii) Adequate reserves or accruals for Tax liabilities (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) have been provided in the Financial Statements with respect to any period for which Tax Returns have not yet been filed or for which Taxes are not yet due and owing.

(iv) FBIM and the Company have not executed or filed with the IRS or any other Tax Authority any contract, waiver or other document or arrangement extending or having the effect of extending the period for assessment or collection of Taxes (including, but not limited to, any applicable statute of limitation), and no power of attorney on behalf of FBIM or the Company with respect to any Tax matter is currently in force.

(v) FBIM and the Company have complied in all material respects with all applicable Legal Requirements relating to the payment and reporting of any withholding Taxes, including, without limitation, the duly and timely withholding on amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party, and has paid over to the appropriate Tax Authorities all material amounts required to be so withheld and paid prior to the Closing Date.

(vi) Purchaser has been provided complete and correct copies of all audit or examination reports of FBIM and the Company, and statements of deficiencies assessed against or agreed to by FBIM or the Company, filed or received with respect to FBIM or the Company for any taxable period beginning after December 31, 2019. Section 3.01(i) of the Disclosure Schedule lists all federal, state, local and foreign income Tax Returns filed with respect to FBIM or the Company for taxable periods ending on or after December 31, 2019, indicates those Tax Returns that have been audited, and indicates those Tax Returns that currently are the subject of audit.

(vii) To the knowledge of the Seller, no claim has been made by a Tax Authority in a jurisdiction where FBIM or the Company does not file a Tax Return that FBIM or the Company is or may be subject to taxation by such jurisdiction and each of the Company and Seller reasonably believes no basis exists for such a claim.

(viii) All deficiency assessments made as a result of any examination by the IRS or any other Tax Authority of the Tax Returns of or covering or including FBIM or the Company have been fully paid, and, to the knowledge of the Company and Seller, there are no audits or investigations by any Tax Authority in progress with respect to FBIM or the Company, nor has FBIM or the Company received any notice from any Tax Authority that it intends to conduct such an audit or investigation. No issue has been raised by a federal, state, local or foreign Tax Authority in any prior examination of FBIM or the Company which, by application of the same or similar principles, could reasonably be expected to result in a proposed deficiency for any subsequent taxable period of the Company.

(ix) FBIM or the Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any: (A) change in accounting method for a taxable period ending on or prior to the Closing Date; (B) closing agreement as described in Section 7121 of the Code or any predecessor provision thereof or any similar provision of state, local or foreign income Tax law executed on or prior to the Closing Date; (C) intercompany transaction or excess loss account described in Treasury Regulations under Code Section 1502 (or any corresponding or similar provision of state, local or foreign income Tax law); (D) installment sale or open transaction disposition made on or prior to the Closing Date; or (E) prepaid amount received on or prior to the Closing Date.

(x) FBIM or the Company currently is not the beneficiary of any extension of time within which to file any Tax Return, which Tax Return has since not been filed.

(xi) None of the assets of FBIM or the Company is "tax-exempt use property" or "tax-exempt bond financed property" within the meaning of Section 168 of the Code. The Company is not a party to any "long-term contract" within the meaning of Section 460 of the Code.

(xii) FBIM or the Company has not been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii).

(xiii) FBIM or the Company is not a party to a contract, plan or arrangement covering any Person that, individually or collectively, could give rise to the payment of any amount that would not be deductible by such Company by reason of Section 280G of the Code.

(xiv) FBIM or the Company (i) has not entered into any agreement with any Tax Authority (including, but not limited to, any closing agreement within the meaning of Section 7121 of the Code or any analogous provision of state, local or foreign income Tax law) executed prior to the Closing Date and (ii) has not requested or received any private letter ruling of the IRS or comparable ruling of any other Tax Authority for taxable periods ending on or after December 31, 2018.

(xv) There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets or properties of FBIM or the Company.

(xvi) There is no amount of deferred gain or loss allocable to FBIM or the Company arising out of any intercompany transactions.

(xvii) FBIM or the Company has (A) not been a member of an affiliated group filing a consolidated federal income Tax Return, and (B) no liability for the Taxes of any other Person (other than Taxes of the Company) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract or otherwise.

(xviii) FBIM or the Company (A) does not have and is not projected to have an amount includable in its income for the current taxable year under Section 951 of the Code; (B) has not been a passive foreign investment company within the meaning of Section 1295 of the Code; and (C) does not have an unrecaptured overall foreign loss within the meaning of Section 904(f) of the Code.

(xix) FBIM or the Company has not distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed by in whole or in part by Section 355 or 361 of the Code.

(xx) FBIM or the Company is not and has not been a party to any "reportable transaction" as defined in Section 6707A(c)(i) of the Code and Treasury Regulation Section 1.6011-4(b).

(xxi) FBIM or the Company has not and will not enter into any agreement with

Seller or any Affiliate of Seller to elect under Section 336(e) of the Code and the Treasury Regulations thereunder to treat the sale of the Seller's Stock to Purchaser under this Agreement as a sale of the Company's assets.

(xxii) No power of attorney is currently in effect with respect to any Tax of FBIM or the Company, other than the power of attorney held by TaylorChandler for tax matters.

(j) Assets; Sufficiency of Title. The Company has valid legal title to all assets identified in the Financial Statements, the Statutory Statements and the Closing Date Balance Sheet, free and clear of any Liens.

(k) Legal Compliance.

(i) FBIM or the Company is not and has not been in material violation of any Legal Requirements applicable to the ownership or operation of its business.

(ii) FBIM or the Company has not received any written notice, or, to Seller's knowledge, other notice, from any Governmental Authority regarding any actual, alleged, possible or potential violation of, or failure to comply with, any material Legal Requirement applicable to it in connection with the conduct or operation of its business, other than the communications from the North Carolina Department of Insurance regarding the Company's RBC ratio on [dates], including the voluntary Settlement Agreement entered into on September, 4 2024 and communications with the Virginia Bureau of Insurance regarding the company voluntarily and temporarily ceasing writing new business in the state of Virginia.

(l) Material Contracts. Except as set forth in Section 3.01(l) of the Disclosure Schedule, and except for insurance policies issued by FBIM or the Company in the ordinary course of business, FBIM or the Company is not a party to or bound by any Material Contract that is used in, or that arises out of, the operation or conduct of its business.

(m) Judgments and Orders. FBIM or the Company is not subject to any outstanding judgment, injunction or other order or ruling of, or settlement issued or approved by, any court or other Governmental Authority.

(n) Employees.

(i) FBIM or the Company does not have any employees or any written or oral contract which constitutes an employment agreement, severance agreement, consulting agreement, or personal service contract. FBIM or the Company is not a party to any employment agreement or other agreement with any Person, whether written or oral, pursuant to which it has agreed to make a loan to, or guarantee any loan of, any Person. FBIM or the Company is not bound, and following the Closing will not be bound, by any express or implied contract or agreement to employ, directly or as a consultant or otherwise, any Person for any specific period of time or until any specific age.

(ii) (a) FBIM or the Company is not a party to any collective bargaining agreement or similar contract with any labor organization, union or association, (b) FBIM or the Company has not received any unfair labor practice complaints, nor to the knowledge

of FBIM or the Company, have any such complaints been threatened against FBIM or the Company, before the National Labor Relations Board, and no arbitration proceeding arising out of or under any collective bargaining agreement is pending against FBIM or the Company, and (iii) no strike, labor dispute, slowdown or stoppage is pending against FBIM or the Company.

(o) Employee Benefit Plans. FBIM or the Company is not party to any employee benefit plan, as defined in Section 3(3) of ERISA, or any other pension plan or employee benefit arrangements, program or payroll practice (collectively, "Company Plans"), including, without limitation, any severance pay, vacation pay, disability, sick leave, deferred compensation, bonus or other incentive compensation, stock purchase arrangement or policy, stock option, stock appreciation right, restricted stock, restricted stock unit, phantom stock, supplemental pension, cafeteria, dependent care, director or employee loan, fringe benefit, sabbatical, severance plan, vacation policy, voluntary employees' beneficiary association, life insurance, long-term care insurance or educational assistance program, which is maintained or contributed to by FBIM or the Company or to which FBIM or the Company is or has been obligated to contribute or with respect to which FBIM or the Company has, or reasonably could be expected to have, any material liability, whether directly or indirectly.

(p) Company Records.

(i) Seller has provided or made available to Purchaser true, correct and complete copies of the governing documents of FBIM and the Company, as amended and in effect on the date hereof.

(ii) The minute books of FBIM and the Company previously made available to Purchaser are all of such minute books or similar books and records in the possession of the Company or Seller and contain true, correct and materially complete records of all meetings of the Board of Directors of FBIM and the Company reflected therein, and reflect all other material action of the members, shareholders and board of directors of FBIM and the Company during such time. The share certificate books and share transfer ledgers, or similar books and records of the Company, as previously made available to Purchaser, are all of such books, ledgers and books and records and are true, correct and materially complete.

(q) Insurance. All premiums due have been paid and no written notice of cancellation or termination or intent to cancel has been received by FBIM or the Company with respect to any insurance policy currently in effect, and which is presently owned or held by FBIM or the Company as an insured, insuring the products, properties, assets, business and operations of FBIM or the Company and its respective potential liabilities to third parties. To the Seller's knowledge, FBIM or the Company is not in default under any such insurance policies.

(r) Improper Payments. The Company, FBIM or any of their officers, directors or employees have not made, with respect to its business, (i) any illegal bribes or kickbacks, illegal political contributions, or payments from corporate funds not recorded on the books and records of the Company, (ii) payments from corporate funds to governmental officials, in their individual capacities, for the purpose of affecting their action or the action of the government they represent, to obtain favorable treatment in securing business or licenses or to obtain special concessions. Neither the Company, FBIM, nor any of its officers, directors or stockholders, or, to the Seller's knowledge, any other Person acting of its behalf, has made, directly or indirectly, any payment or promise to pay, or gift or promise to give or authorized such a promise or gift, of any money or anything of value, directly or indirectly, to: (a) any foreign, federal, state or local official of any

Governmental Authority for the purpose of influencing any official act or decision of such official or inducing him or her to use his or her influence to affect any act or decision of a Governmental Authority; or (b) any political party or official thereof or candidate for political office for the purpose of influencing any official act or decision of such party, official or candidate or inducing such party, official or candidate to use his, her or its influence to affect any act or decision of a Governmental Authority.

(s) No Material Adverse Change. Other than the company action level corrective action plan adopted on April, 15 2024 to address FBIM's RBC ratio, since January 1, 2024, there has been no other change other than the execution of the items listed in Section 3.01(u), or development involving a prospective change, in the business, properties, operations, conditions (financial or otherwise), assets or liabilities, licenses and authorizations, regulatory compliance or governmental relations of FBIM or the Company which has not been cured or remedied and that has had or would reasonably be expected to have a Material Adverse Effect.

(t) Reinsurance. Section 3.01(t) of the Disclosure Schedule sets forth a complete and accurate listing of all reinsurance treaties and contracts to which FBIM or the Company is currently a party.

(u) Good Faith. Company shall coordinate in good faith with Seller and Purchaser to ensure that FBIM maintains Risk Based Capital of 300%, including FBIM's completion of a loss portfolio transfer for all claims through December 31, 2023, and FBIM's execution of a reinsurance agreement between FBIM and Vital Insurance Protection ("VIP") to take the remaining risk on policies written in 2024 as of July 1, 2024. Company shall coordinate in good faith with Seller and Purchaser to redeem the Company's interest in 209 Retail Partners, LLC.

**Section 3.02. Representations and Warranties with Respect to the Seller**. As an inducement to the Purchaser to enter into this Agreement, the Seller represents and warrants to the Purchaser, that the statements contained in this Section 3.02 (except as otherwise disclosed in the Disclosure Schedule) will be true and correct in all material respects as of the Closing Date:

(a) Organization, Authority and Qualification. The Seller has all necessary power and authority to enter into the transactions to which it is a party, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery by the Seller of the documents to which it is a party, the performance by the Seller of its obligations hereunder and the consummation by the Seller of the transactions contemplated hereby have been duly authorized by all requisite action on the part of the Seller and no other corporate or other proceedings on the part of the Seller are necessary to approve this Agreement or to consummate the transactions contemplated hereby. The documents to which the Seller is a party in the transactions contemplated by this Agreement have been duly executed and delivered by the Seller, and (assuming due authorization, execution and delivery by the Purchaser) constitute a valid and binding obligation of the Seller enforceable against the Seller in accordance with their respective terms, except that: (i) enforceability may be limited by subject bankruptcy, insolvency, reorganization, moratorium (whether general or specific) or other similar laws now or hereafter in effect relating to creditor's rights generally; and (ii) the discretion of the courts with regard to any equitable remedies; and (iii) as to matters which may be deemed to be in contravention of public policy.

(b) Ownership of Stock. The Seller's Stock is legally and beneficially owned solely by the Seller and is free and clear of all Liens. The Seller's Stock constitutes 100% of the issued and outstanding shares of common stock of the Company.

(c) No Conflict. All consents, approvals, authorizations, filings and other actions have been obtained or made, and the execution, delivery and performance by the Seller of this Agreement and the related documents to which it is a party do not:

(i) conflict with or violate any provision of the charter, by-laws or similar organizational documents, as amended to date; (ii) conflict with or violate any law or governmental order applicable to the Seller; (iii) breach any agreement, instrument or other arrangement to which the Seller is a party; or (iv) violate any law, constitution, statute, regulation, rule, order, judgment, decree, ruling, writ, or injunction applicable to the Seller's assets.

(d) Litigation. There is no Action against Seller pending or, to the knowledge of Seller, threatened, which, if adversely determined would reasonably be expected to prohibit or materially delay the transactions contemplated hereby.

(e) Good Faith. Seller shall coordinate in good faith with Company and Purchaser to ensure that FBIM maintains Risk Based Capital of 300%, including FBIM's completion of a loss portfolio transfer for all claims through December 31, 2023, and FBIM's execution of a reinsurance agreement between FBIM and VIP to take the remaining risk on policies written in 2024 as of July 1, 2024. Company shall coordinate in good faith with Seller and Purchaser to redeem the Company's interest in 209 Retail Partners, LLC .

**Section 3.03. Representations and Warranties Concerning the Purchaser.** As an inducement to Seller to enter into this Agreement, the Purchaser hereby represents and warrants to Seller that the statements contained in this Section 3.03 will be true and correct in all material respects as of the Closing Date:

(a) Organization and Authority of the Purchaser. The Purchaser is currently an Alabama limited liability company, duly organized, validly existing and in good standing under the laws of Alabama. The Purchaser is highly experienced in the business of insurance, operates a New Mexico-domiciled workers' compensation insurance company, and is in good regulatory standing. The Purchaser has all necessary corporate power and authority to enter and carry out its obligations under this Agreement and the other documents to which it is a party. The execution and delivery by the Purchaser of this Agreement and the performance by the Purchaser of its obligations hereunder have been duly authorized by all requisite action on the part of the Purchaser. This Agreement has been duly executed and delivered by the Purchaser, and assuming due authorization, execution and delivery by Seller, constitute valid and binding obligations of the Purchaser in accordance with its terms, except that: (i) enforceability may be limited to bankruptcy, insolvency, reorganization, moratorium (whether general or specific) or other similar laws now or hereafter in effect relating to creditor's rights generally; and (ii) to the discretion of the court with regards to any equitable remedies; and (iii) public policy.

(b) No Conflict. Assuming that all filings, notifications, consents, approvals, authorizations and actions necessary to effect the transaction have been made or obtained, the execution, delivery and performance by the Purchaser of this Agreement do not and will not: (i) violate, conflict with or result in the breach of any provision of its charter, by-laws or similar organizational documents of the Purchaser; (ii) conflict with or violate any law or governmental order applicable to the Purchaser; (iii) breach any agreement, instrument or other arrangement to which such Purchaser is a party; or (iv) violate any law, order, writ, or injunction applicable to the Purchaser.

(c) Compliance; Litigation. The Purchaser is not and has not been in violation of any Legal Requirements or license or permits applicable to the ownership or operation of its business,

except for such violations which would not adversely affect Purchaser's ability to timely consummate the transactions contemplated hereby. There is no Action against Purchaser pending or, to the knowledge of Purchaser, threatened to be brought, and to the knowledge of Purchaser, there is no basis for any such Action, which, if adversely determined would reasonably be expected to prohibit or materially delay the transactions contemplated hereby or otherwise adversely affect Purchaser's ability to timely consummate the transactions contemplated hereby.

(d) Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Purchaser. The Purchaser shall be responsible for the payment of any such broker's fee.

(e) Investment Purpose. The Purchaser is acquiring Seller's Stock for investment and for its own account, not as a nominee or agent, and not with a view to any public resale or other distribution thereof except in compliance with applicable federal or state securities laws and regulations. It understands that Seller's Stock has not been, and will not be, registered under any federal, state, or foreign securities laws.

(f) Sufficient Funds. Purchaser will have sufficient funds at Closing to pay the Purchase Price as provided in Section 2.02.

(g) No Public Market; No Guaranteed Return. Purchaser understands that no public market now exists for any of the securities issued by the Company and that Company has made no assurances that a public market will ever exist for Company's securities. Purchaser understands that Company makes no representations, warranties or guarantees of any return on Seller's Stock in the form of dividends and distribution and the prospects for any such recovery are speculative.

(h) Non-Reliance. Purchaser acknowledges that (i) it has made its own independent examination, investigation, analysis and evaluation of the Company, including, without limitation, the Purchaser's own estimate of the value and future prospects of the Company, and (ii) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Purchaser has relied solely upon its own investigation and the express representations and warranties Sections 3.01 and 3.02 (including the related portions of the Disclosure Schedule). The Purchaser further represents and acknowledges that it has direct knowledge of the management of insurance outfits similar to the Company and that it has been assisted by representatives having extensive knowledge and experience in accounting, operational, insurance regulatory, legal, financial and business matters in general and in particular with respect to the management of insurance outfits similar to the Company and the transactions of the nature contemplated in this Agreement and that, accordingly, it is sufficiently capable of independently evaluating the merits and risks of undertaking the transaction herein contemplated. Purchaser acknowledges and agrees that except for the representations and warranties contained in this Sections 3.01 and 3.02 (including the related portions of the Disclosure Schedule), none of Seller, the Company or any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Seller or the Company, including any representation or warranty as to the accuracy or completeness of any information regarding the Company furnished or made available to Purchaser and its representatives or as to the future revenue, profitability or success of the Company, or any representation or warranty arising from statute or otherwise in law. This Section 3.03(h) should not be deemed a waiver with respect to any breach of the representations and warranties by the Seller in Sections 3.01 and 3.02.

(i) Good Faith. Purchaser shall coordinate in good faith with Company and Seller to ensure that FBIM

maintains Risk Based Capital of 300%, including FBIM's completion of a loss portfolio transfer for all claims through December 31, 2023, and FBIM's execution of a reinsurance agreement between FBIM and VIP to take the remaining risk on policies written in 2024 as of July 1, 2024. Company shall coordinate in good faith with Seller and Purchaser to redeem the Company's interest in 209 Retail Partners, LLC.

- (j) Best Efforts. Purchaser shall use its best efforts in good faith to continue to write new and renewal business in the converted Company and to not assign new and renewal business to purchaser's other affiliated insurance companies unless there is a valid business reason including, but not limited to, underwriting or licensing issues.

## ARTICLE IV COVENANTS

### **Section 4.01. Access and Information; Confidentiality.**

(a) Prior to the Closing, if and as reasonably requested in writing by Purchaser, Seller shall permit the Purchaser and its attorneys, accountants, agents and representatives to (i) have access, upon reasonable notice during FBIM or the Company's regular business hours, to FBIM's or the Company's books, records, contracts, commitments, instruments and other documents of or pertaining to FBIM or the Company, and (ii) consult with and ask questions of the directors, officers, employees, vendors, accountants, agents, consultants and representatives of FBIM or the Company. Seller shall provide reasonable cooperation and assistance to Purchaser as requested by Purchaser in discussions with insurance and other regulators regarding FBIM's or the Company's condition and compliance with insurance laws and regulations. Purchaser or its representatives may copy, at its own expense, such books, records, contracts, commitments, instruments and other documents of or pertaining to Company subject to the confidentiality provisions stated herein. Notwithstanding the foregoing, Purchaser agrees and acknowledges that it remains bound by the Confidentiality provisions of the Letter of Intent and that it shall be responsible for any breaches of the Confidentiality provisions of the Letter of Intent by any of its Affiliates or representatives.

(b) From the Closing Date and thereafter, each of the parties hereto: (i) shall hold in confidence and shall cause its Affiliates to hold in confidence, all knowledge, information and documents relating to the other party hereto or its Affiliates that is of a confidential nature or not generally known to the public (collectively, the "Proprietary Information"); and (ii) shall not disclose or make use of, and shall cause its Affiliates not to disclose or make use of (except to the extent consistent with the terms and purposes of this Agreement, or as may be required by law with respect to disclosure to regulatory authorities) Proprietary Information without the prior written consent of the party or parties to whom such Proprietary Information relates or belongs. If this Agreement is terminated for any reason whatsoever, the Purchaser will return to Seller and the Company all tangible embodiments (and all copies) of the Proprietary Information that are in its possession. For purposes of this Section 4.01(b), Proprietary Information shall not include: (i) any information in the public domain as of the date of this Agreement or (ii) information required to be disclosed by any applicable law or regulation.

(c) The Purchaser agrees that it: (i) will not dispose of any of the Company's books and records in existence on or before the Closing Date; (ii) will store such books and records in a safe, fireproof location; and (iii) will allow the Seller to examine and make copies of such books and records, as well as any additional documents or materials in the possession or under the control of the Purchaser required by the Seller for purposes such as Taxes, accounting and/or regulatory

requirements, for a period of seven (7) years after the Closing Date upon reasonable notice during business hours.

(d) These confidentiality provisions shall not prevent Company from discussing the this Agreement with any and all board members of the Company even if those board members serve on the boards of associations contracting with the Company. Nor shall these confidentiality provisions prohibit such board members of the Company from discussing the proposed transaction with their respective associations and association board members.

**Section 4.02. Commercial Efforts.** Subject to the terms and conditions herein provided, each of the parties hereto shall use commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable law to consummate and make effective the transactions contemplated by this Agreement. Seller, Purchaser, FBIM and the Company will provide each other with such cooperation and information as any of them reasonably may request of another to consummate and make effective the transactions contemplated by this Agreement. Upon Seller's request, Purchaser shall use best efforts to assist Seller in all regulatory or other matters related to FBIM's or the Company's Licenses or Permits and the transactions contemplated by this Agreement, including but not limited to assisting in the submission of updated plans of operation or other documents that may be required by regulators, , whether before or after the Closing. Without limiting the generality of the foregoing, Purchaser shall direct its retained representatives in insurance regulatory matters to, within a pre-approved budget, use best efforts to assist in obtaining regulatory approval related to the transactions contemplated by this Agreement.

**Section 4.03. Resignation of Directors.** As of the Closing Date, Seller shall procure the resignation or removal of all the directors and officers of the Company.

**Section 4.04. Conduct of Business Prior to the Closing.** Unless Purchaser shall otherwise agree in writing, the business of FBIM or the Company shall be conducted only in the ordinary course of business in all material respects. For avoidance of doubt, the Seller shall cause FBIM or the Company to prepare and file all required updates to the Financial Statements and Statutory Statements through the Closing Date, in the ordinary course of business and consistent with past practice. In addition, between the date of this Agreement and the Closing Date, except in the ordinary course of business and except relating to the demutualization of FBIM, without the prior consent of Purchaser (which shall not be unreasonably withheld, conditioned or delayed), FBIM and the Company shall not:

(a) amend or otherwise change its certificate of incorporation or bylaws or equivalent organizational documents;

(b) issue or sell any shares of capital stock of the Company, or any options, warrants, convertible securities or other rights of any kind to acquire any such shares; declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, or make any other payment on or with respect to any of its capital stock; reclassify, combine, split, subdivide or redeem, or purchase or otherwise acquire, directly or indirectly, any of its capital stock or membership interests or make any other change with respect to its capital structure;

(c) acquire or merge with any corporation, partnership, limited liability company, other business organization or division thereof or any assets other than in the ordinary course of business, in each case that is material, individually or in the aggregate, to FBIM or the Company taken as a whole;

(d) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation or recapitalization of FBIM or the Company;

- (e) incur any FBIM or Company Indebtedness in excess of \$50,000 in the aggregate;
- (f) enter into any contract or agreement which itself provides for payments by FBIM or the Company in excess of \$10,000 in a period of 12 months or less, or has a term of more than one (1) year, other than any such contracts, agreements or arrangements entered into in the ordinary course of business (including contracts, agreements or arrangements with customers, vendors or clients) or such agreement or proposed agreements disclosed herein, and excluding any existing contracts or agreements which are renewed prior to Closing;
- (g) authorize, or make any commitment with respect to, capital expenditures that are, in the aggregate, in excess of \$50,000 for FBIM or the Company;
- (h) make any change in any method of accounting or accounting practice or policy, except as required by GAAP or SAPP or this Agreement or agreed to in writing by Purchaser;
- (i) with respect to FBIM or the Company, make or change any election, change in annual accounting period, adopt or change any accounting method, file any amended Tax Return, enter into any closing agreement, settle any Tax claim or assessment, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment, or take any other similar action relating to the filing of any Tax Return or the payment of any Tax, if such election, adoption, change, amendment, agreement, settlement, surrender, consent or other action would have the effect of increasing the Tax liability of FBIM or the Company for any period ending after the Closing or decreasing any Tax attribute of FBIM or the Company existing on the Closing;
- (j) make any modifications to FBIM or the Company's reinsurance program, other than as contemplated in Sections 3.01(u), 3.02(e), and 3.03(i); or
- (k) enter into any loan or other financing transaction with another person or entity in regard to FBIM or the Company, its Stock or assets without the consent of Purchaser, which may not be unreasonably withheld, conditioned or delayed.

Nothing contained herein shall require or be construed to require FBIM or the Company or any of its affiliates to take any action or omit to take any action which could result in noncompliance with any applicable law.

**Section 4.05. Regulatory and Other Authorizations; Notices and Consents.** Each party hereto will use its commercially reasonable efforts to obtain all authorizations, consents, orders and approvals of all Governmental Authorities that may be or become necessary for its execution and delivery of, and the performance of its obligations pursuant to, this Agreement, including the written consent of the North Carolina Department of Insurance, as necessary, and will cooperate fully with the other party in promptly seeking to obtain all such authorizations, consents, orders and approvals. Purchaser agrees to make its initial filing with the North Carolina Department of Insurance (the "Form A Filing") and to respond promptly to any request by the North Carolina Department of Insurance for any additional information and documentary material in connection therewith. Purchaser agrees to provide a draft of the Form A Filing (and each amendment or supplement thereto) to Seller and to allow Seller five (5) Business Days to review the form and to consult with Seller relating to any issues arising as a result of Seller's review, prior to the submission by Purchaser of the Form A Filing to the North Carolina Department of Insurance. Purchaser agrees to provide Seller with copies of the Form A Filing and each amendment or supplement thereto in final form promptly following the submission thereof to the North Carolina Department of Insurance. Purchaser further agrees to provide Seller with a copy of all material communications regarding the Form A Filing between Purchaser and the North Carolina Department of

Insurance. The parties each agree to timely make all other appropriate filings with the North Carolina Department of Insurance and such other filings as may be required under the insurance laws of any other state or jurisdiction in which FBIM or the Company does business.

**Section 4.06. INTENTIONALLY OMITTED**

**Section 4.07. Financial Statements.** Seller shall provide Purchaser with true and complete copies of all audited financial statements of FBIM and the Company if and at the time such audited financial statements and Statement of Actuarial Opinion become available prior to the Closing Date.

**Section 4.08. INTENTIONALLY OMITTED**

**ARTICLE V  
CONDITIONS PRECEDENT**

**Section 5.01. Conditions Precedent to the Obligations of Each Party.** The obligations of the Purchaser and Seller to consummate the Closing are subject to the satisfaction of the following conditions:

(a) Regulatory Consents and Approvals. The written consent of the North Carolina Department of Insurance regarding the transactions contemplated in this Agreement shall have been obtained and shall be in force and effect.

(b) Legal Prohibition. There shall not be any law or order enacted, entered, promulgated, enforced or issued by any Governmental Authority or other legal restraint or prohibition preventing the consummation of any of the transactions contemplated by this Agreement.

**Section 5.02. Conditions Precedent to Obligation of the Purchaser.** The obligation of the Purchaser to consummate the transactions contemplated hereby is subject to the satisfaction, on or prior to the Closing Date, of each of the conditions contained in this Section 5.02, any or all of which may be waived in whole or in part by the Purchaser, to the extent permitted by applicable law:

(a) Performance of Agreements. (i) The Seller shall have performed (or complied with), in all respects, covenants, obligations and agreements contained in this Agreement, except where such failure to perform (or comply with) does not, individually or in the aggregate, constitute a Material Adverse Effect in the transactions contemplated hereby and/or the financial condition of FBIM or the Company; and (ii) the representations and warranties of the Seller set forth in Section 3.01 and Section 3.02 shall be true and correct in all respects as of the Closing Date, except for such failures to be true and correct as does not, individually or in the aggregate, constitute a Material Adverse Effect in the transactions contemplated hereby and/or the financial condition of FBIM or the Company.

(b) Other Closing Deliveries. The Purchaser shall have received at or prior to the Closing, the certificates, documents and materials identified in Section 2.05 herein.

(c) Seller's Certificate. The Purchaser shall have received a certificate of the Seller, dated as of the Closing Date, signed by an authorized officer of Seller, to the effect that the conditions specified in paragraph (a) above have been fulfilled.

**Section 5.03. Conditions Precedent to the Obligation of the Seller.** The obligation of the Seller to consummate the transactions contemplated hereby is subject to the satisfaction, at or prior to the Closing Date, of each of the conditions stated in this Section 5.03, any or all of which may be waived in whole

or in part by the Seller, to the extent permitted by applicable law.

(a) Performance of Agreements. (i) The Purchaser shall have performed (or complied with), in all respects, all covenants, obligations and agreements contained in this Agreement, except where such failure to perform (or comply with), individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Purchaser's ability to consummate the transactions contemplated hereby; and (ii) the representations and warranties of Purchaser set forth in Section 3.03 shall be true and correct in all respects as of the Closing Date, except for such failures to be true and correct as, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Purchaser's ability to consummate the transactions contemplated hereby.

(b) Purchaser's Certificate. The Seller shall have received a certificate of the Purchaser, dated the Closing Date, signed by an authorized officer of the Purchaser, to the effect that the conditions specified in paragraph (a) above have been fulfilled.

(c) Payment of Purchase Price. Purchaser shall have tendered payment of the Purchase Price in the manner described in Article 2 of this Agreement in exchange for the Seller's Stock.

(d) Other Closing Deliveries. The Seller shall have received at or prior to the Closing, the certificates, documents and materials identified in Section 2.06 herein.

**Section 5.04. Effect of Waiver of Covenant.** If a party hereto does not perform a covenant hereunder, such other party may elect to require the transactions contemplated hereby to be consummated without limiting or otherwise affecting its right to seek any remedies it may have against the party in breach of a covenant or that failed to satisfy the condition precedent.

## ARTICLE VI REPRESENTATIONS AND WARRANTIES INSURANCE; FRAUD INDEMNIFICATION

**Section 6.01. Option to Procure Insurance.** Each party may, at its option and at its own expense, purchase representations and warranties insurance to indemnify for any breach of representations and warranties under this Agreement by another party. Other than in the case of Fraud (as defined below), the representations and warranties of Seller and Purchaser contained in this Agreement shall terminate at the Closing, provided, that nothing herein shall be deemed to limit any recovery by Purchaser or its Affiliates under any buy-side representations and warranties insurance policy to be issued to Purchaser.

**Section 6.02. Indemnity Claims Arising from Fraud.**

(a) Any claims by Purchaser or Seller related to Fraud must be brought within six (6) months after the facts and circumstances giving rise to such claims were known or reasonably should have been known by the party making the claim; however, in no event shall such claims for Fraud be commenced more than twelve (12) months after the Closing Date.

(b) For the purposes of this Agreement, the term "Fraud" means and is limited solely to the occurrence of all of following elements: (i) the making of a false statement by the Maker concerning a material fact with respect to the representations and warranties made by the Maker as set forth in Article III hereof and the applicable Section(s) of the Disclosure Schedule; (ii) the Maker knew the statement was false at the time the statement was made (as opposed to imputed or

constructive knowledge); (iii) the Maker intended to induce the other party to rely on the false statement; and (iv) the other party relied on the false statement to his or her detriment.

(c) For the purposes of Section 6.02(b), the “Maker” of any statement (i) on behalf of Seller shall be limited to the officers of the Company and FBIM and Seller; and (ii) on behalf of Purchaser shall be limited to Robert J. Arowood Eric Brown. Notwithstanding the foregoing sentence, the parties acknowledge that such statements are limited to those statements made in the warranties and representations, made on behalf of Seller as set forth in Sections 3.01 and 3.02 and the accompanying Disclosure Schedule and, made on behalf of Purchaser as set forth in Section 3.03 and the accompanying Disclosure Schedule.

**Section 6.03. Conflict.** To the extent of any inconsistency between this Article VI and Section 8.01 (relating to Tax contests), the provisions of Section 8.01 shall control with respect to Tax contests.

#### ARTICLE VII TERMINATION

**Section 7.01. Termination.** This Agreement may be terminated at any time prior to Closing by mutual written consent of the parties. Further, this Agreement may be terminated:

(a) By either party, if any Governmental Authority shall have issued an order or ruling or taken any other action materially restraining, enjoining or otherwise prohibiting the transactions contemplated hereby and such order, ruling or other action shall have become final and non-appealable, except for the Voluntary Settlement Agreement entered into between Company and the NCDOI on September, 4 2024 and communications with the Virginia Bureau of Insurance regarding the company voluntarily and temporarily ceasing writing new business in the state of Virginia;

(b) By either party, if the condition to Closing specified in Section 5.01(a) is not satisfied within twelve (12) months after the date of this Agreement; provided, that a party may not terminate this Agreement pursuant to this paragraph (b) if such party is in breach of any of its representations, warranties, covenants or agreements contained herein so as to primarily be responsible for the condition to Closing specified in Section 5.01(a) not to be satisfied;

(c) By the Purchaser if any condition to Closing specified in Section 5.02 is not satisfied within twelve (12) months after the date of this Agreement;

(d) By the Seller if any condition to Closing specified in Section 5.03 is not satisfied within twelve (12) months after the date of this Agreement.

**Section 7.02. Effect of Termination.** If this Agreement is terminated pursuant to Section 7.01, all rights and obligations of the parties hereunder shall terminate (other than those set forth in Section 4.01 and Article IX, which shall survive termination) and no party shall have any liability to the other; provided, however, that nothing herein shall relieve any party from liability for its willful breach of this Agreement.

#### ARTICLE VIII TAX MATTERS

**Section 8.01. Tax Matters.**

(a) Allocation of Taxes.

(i) Seller shall be responsible for and shall pay or cause to be paid any and all Taxes that may be imposed upon or assessed against FBIM or the Company or either of its assets with respect to any Pre-Closing Period (as defined below), provided however that Seller shall not be liable for Taxes arising from transactions outside the ordinary course of business that take place after the Closing or any losses, damages, liabilities, obligations, costs and expenses incurred by Purchaser (including, without limitation, reasonable expenses and fees for attorneys, consultants, expert witnesses and accountants and expenses reasonably incurred in prosecution, investigation, remediation, defense or settlement) with respect to such Taxes.

(ii) For purposes of this Agreement, "Pre-Closing Period" shall mean a taxable period or portion thereof that ends on or prior to the Closing Date. If a taxable period begins on or prior to the Closing Date and ends after the Closing Date, then the portion of the taxable period that ends on (and including) the Closing Date shall constitute a Pre-Closing Period. In the case of any Tax that is imposed (or Tax credit that is earned) on a periodic basis and is payable for a period that begins before the Closing Date and ends after the Closing Date, the portion of such Taxes attributable to the Pre-Closing Period shall be deemed to be the amount of such Tax for the entire period multiplied by a fraction, the numerator of which is the number of days in the Tax period ending on and including the Closing Date and the denominator of which is the number of days in the entire Tax period. In the case of any Tax based upon or measured by income or receipts, the portion allocable to the portion of the Tax period up to and including the Closing Date shall include operations through the Closing Date (i.e., with respect to operations based on an interim closing of the books upon Closing). For purposes of this Agreement, "Post-Closing Period" means any period other than a Pre-Closing Period.

(b) Refunds and Carrybacks. Rights and benefits relating to all credits or refunds of Taxes of FBIM or the Company (including credits for overpayment of estimated Taxes) arising from or relating to any Pre-Closing Period or a liability for Tax for which Seller has provided an indemnity under Article VI or Section 8.01 hereof shall remain with and be for the benefit of FBIM (except to the extent any such credit or refund was included in the determination of the Purchase Price) FBIM. The amount or economic benefit of any refunds or credits of FBIM or the Company for any Post-Closing Period shall be for the account of Purchaser. The amount or economic benefit of any refunds or credits of FBIM or the Company for any period that begins prior to the Closing Date and ends after the Closing Date shall be equitably apportioned between the parties, consistent with the principles in Section 8.01(a)(ii). Each party shall forward, and shall cause its Affiliates to forward, to the party entitled to receive the amount or economic benefit of a refund, credit or offset to Tax the amount of such refund, or the economic benefit of such credit or offset to Tax, within ten (10) days after such refund is received or after such credit or offset is allowed or applied against another Tax liability, as the case may be.

(c) Contests. Purchaser shall inform Seller and Seller shall inform Purchaser of the commencement of any audit, examination or proceeding ("Tax Contest") relating in whole or in part to Taxes for which the other party is responsible hereunder within ten (10) days of its receipt of any notice of deficiency, proposed adjustment, assessment, audit, examination or other administrative or court proceeding, suit, dispute, or other claim in which a Tax Authority makes or proposes to make a Tax adjustment that could result in an indemnity payment pursuant to Article VI or Section 8.01 hereof. Seller shall control all proceedings and other actions taken in connection with such Tax Contest except for any Tax Contest involving a Tax period beginning before and ending after the Closing Date or any Tax Contest that could reasonably be expected to have a Material Adverse Effect on the Purchaser or the Company for any Post Closing Period, in which case the parties shall jointly control all proceedings with respect to any such Tax Contest at their own cost and expense. Notwithstanding the foregoing, if notice is given to Seller of the

commencement of any Tax Contest and Seller does not, within fifteen (15) Business Days after Purchaser's notice is received, give notice to Purchaser of its election to assume the defense thereof, Seller shall be bound by any determination made in such Tax Contest or any compromise or settlement thereof effected by Purchaser. The failure of Purchaser to give reasonably prompt notice of any Tax Contest shall not release, waive or otherwise affect Seller's obligations with respect thereto except to the extent that Seller can demonstrate actual loss and prejudice as a result of such failure.

(d) Preparation of Tax Returns.

(i) With the exception of any Tax Returns described in Section 8.01(f) (which shall be governed by such section), Seller shall prepare or cause to be prepared and timely file or cause to be timely filed, all Tax Returns for FBIM or the Company for all periods ending on or prior to the Closing Date that are required to be filed after the Closing Date. Such Tax Returns of FBIM or the Company shall be subject to the prior review by and consultation with the Purchaser (or, if the Tax liability shown on such Tax Returns would have a Material Adverse Effect on the Purchaser or the Company, the approval of the Purchaser). Except as otherwise agreed herein, Seller shall timely pay such Taxes of FBIM or the Company with respect to all such periods.

(ii) With the exception of any Tax Returns described in Section 8.01(f) (which shall be governed by such section), Purchaser shall prepare or cause to be prepared and timely file or cause to be timely filed, subject to the prior review and reasonable approval of Seller, any Tax Returns of FBIM or the Company for Tax periods which begin before the Closing Date and end after the Closing Date and, subject to the following sentence, timely pay all Taxes reported as due on such Tax Returns. Except as otherwise agreed herein, following written notification from the Purchaser of the amount of such Taxes and the date such Taxes are to be paid, Seller shall pay to Purchaser within fifteen (15) days before the date on which Taxes are paid with respect to such periods an amount equal to the portion of such Taxes which relates to the portion of such Tax period ending on the Closing Date.

(e) Cooperation and Exchange of Information. Seller, Purchaser and FBIM and the Company will provide each other with such cooperation and information as any of them reasonably may request of another in filing any Tax Return, amended Tax Return or claim for refund, determining a liability for Taxes or a right to a refund of Taxes or participating in any audit or other proceeding in respect of Taxes. Each such party shall make its employees available on a mutually convenient basis to provide explanations of any documents or information provided hereunder. Each such party will retain all Tax Returns, schedules and work papers and all material records or other documents relating to Tax matters of FBIM and the Company for the Tax period first ending after the Closing and for all prior Tax periods until the later of (a) the expiration of the statute of limitations of the Tax periods to which such Tax Returns and other documents relate, without regard to extensions except to the extent notified by another party in writing of such extensions for the respective Tax periods, or (b) five years following the due date (without extension) for such Tax Returns. Any information obtained under this Section 8.01(e) shall be kept confidential, except as may be otherwise necessary in connection with the filing of Tax Returns or claims for refund or in conducting an audit or other proceeding or as otherwise required by Law.

(f) Conveyance Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the transactions contemplated by this Agreement shall be paid by Purchaser (with 50% of such payment reimbursed by Seller) when due. The party required by applicable law shall file all necessary Tax Returns and other documentation with respect to all such Taxes, fees and charges, and, if required by applicable

law, the other parties will join in the execution of any such Tax Returns and other documentation.

(g) Tax Sharing Agreements. All Tax Sharing Agreements with respect to or involving FBIM or the Company shall be terminated prior to Closing and, after the Closing, the Company shall not be bound thereby or have any liability thereunder.

(h) Unified Loss Rule Covenant. In the event Seller recognizes a loss for federal income tax purposes on the sale of Seller's Stock and, as a result of the recognition of any such loss, an attribute reduction amount exists (as determined pursuant to Treasury Regulation Section 1.1502-36(d)(3), then Seller and its Affiliates shall make a timely and proper election under Treasury Regulation Section 1.1502-36(d)(6)(i)(A) to reduce Seller's Tax basis in the Seller's Stock to the extent necessary to eliminate such attribute reduction amount.

(i) No Election to Treat as Asset Sale. Neither the Purchaser nor the Seller shall make an election under Section 336(e) or Section 338(h)(10) of the Code (or any corresponding elections under state, local, or foreign law) with respect to the purchase and sale of the Seller's Stock or take any action that would cause any such election to be deemed made. The Purchaser and the Seller agree to treat the purchase and sale of the Seller's Stock as a stock sale and not as an acquisition of all or any of the assets of FBIM or the Company for purposes of their respective Tax Returns, the Code and any applicable or state, local, or foreign law.

(j) Purchase Price Adjustment. The parties agree to treat all payments made under Article II, Article VI and this Article VIII as adjustments to the Purchase Price for Tax purposes unless otherwise required by applicable Tax Law.

(k) Purchaser shall not (i) file or amend any Tax Return of FBIM or the Company that relates to a Pre-Closing Tax Period, (ii) make or cause to be made any extraordinary transactions or events on the Closing Date with respect to FBIM or the Company or any of the Subsidiaries, (iii) take any position on any Tax Return or advocate any position in any Tax-related audit, administrative proceeding or judicial proceeding for any Pre-Closing Tax Period that would be reasonably expected to have an adverse effect on FBIM or the Company for any Pre-Closing Tax Period, or (iv) except through the extension of time to file any Tax Return in the ordinary course, waive or otherwise extend any statute-of-limitations period with respect to any Tax or Tax Return of a Pre-Closing Period.

## ARTICLE IX MISCELLANEOUS

**Section 9.01. Fees and Expenses.** Except as otherwise set forth in Article II above, all costs and expenses, including, without limitation, all fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

**Section 9.02. Notices.** All notices, requests and other communications to either party hereunder shall be in writing (including facsimile transmission) and shall be given by registered or certified mail (postage prepaid, return receipt requested) or personally delivered to the address provided below or sent by facsimile transmission (with verification thereof by the sender) to the facsimile number provided below:

If to the Purchaser:

Matterhorn LLC  
c/o Robert J. Arowood

800 Oak Ridge Turnpike, Suite A700  
Oak Ridge, TN  
Email: [bob.arowood@idcmgmt.com](mailto:bob.arowood@idcmgmt.com)

With copy to: N/A

If to Seller: CompCarolina, Inc.  
c/o Andy Ellen  
3605 Glenwood Avenue  
Raleigh, NC 27612  
Email: [andy@ncrma.org](mailto:andy@ncrma.org)

With copy to: c/o Amy Cave  
3605 Glenwood Avenue  
Raleigh, NC 27612  
Email: [amyc@ncrma.org](mailto:amyc@ncrma.org)

If to FBIM: First Benefits Insurance Mutual, Inc.  
c/o Andy Ellen  
3605 Glenwood Avenue  
Raleigh, NC 27612

With copy to: First Benefits Insurance Mutual, Inc.  
c/o Bo Biggs  
PO Box 1951  
Raleigh, NC 27602  
Email: [mbb@carolina.net](mailto:mbb@carolina.net)

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day in the place of receipt.

**Section 9.03. Entire Agreement; Third Party Beneficiaries.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter of this Agreement. No representation, inducement, promise, understanding, condition or warranty not set forth herein has been made or relied upon by either party hereto. Neither this Agreement nor any provision hereof shall confer upon any Person other than the parties hereto any rights or remedies hereunder.

**Section 9.04. Successors and Assigns.** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of each other party hereto except that either party may transfer or assign, in whole or from time to time in part, to one or more of its Affiliates, its rights under this Agreement, but no such transfer or assignment shall relieve the transferred party of its obligations hereunder.

**Section 9.05. Section Headings.** The Section headings contained in this Agreement are inserted for convenience of reference purposes only and shall not affect the meaning or interpretation of this Agreement.

**Section 9.06. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument.

**Section 9.07. Specific Performance, Remedies.** The parties acknowledge and agree that the other party will be damaged irreparably if any of the provisions of this Agreement are not performed in accordance with its specific terms or otherwise are breached. Accordingly, each party agrees that the other party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof, in addition to any other remedy to which such party may be entitled, at law or in equity.

**Section 9.08. Waivers.** No extension or waiver granted by either party in respect of its obligations under this Agreement constitute a waiver of, or estoppel with respect to, any subsequent or other breach or failure to strictly comply with the provisions of this Agreement. The failure of either party to insist on strict compliance with this Agreement or to assert any of its rights or remedies hereunder or with respect hereto shall not constitute a waiver of such rights or remedies.

**Section 9.09. Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, including all tort claims, without giving effect to principles of conflicts of laws.

**Section 9.10. Competent Jurisdiction, Attorneys Fees; Waiver of Jury Trial.** The parties hereby irrevocably submit to the exclusive jurisdiction of the state and federal courts located in North Carolina. The parties hereby waive any objection based on forum nonconveniens. In the event of any litigation arising from breach of this Agreement, or to enforce the terms of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party all reasonable costs incurred including court costs, attorneys' fees, and all other related expenses incurred in such litigation at all levels of proceedings. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

**Section 9.11. Amendments.** This Agreement may not be amended or modified except by an instrument in writing signed by, or on behalf of, each of the parties hereto.

**Section 9.12. Public Disclosure or Communications.** Prior to and after the Closing Date, except to the extent required by law or regulation, neither the Purchaser nor Seller nor FBIM nor the Company shall issue any press release or public announcement of any kind concerning the transactions contemplated by this Agreement. Each party will use its reasonable best efforts to advise the other party prior to making any disclosure required by law or regulation (to the extent legally permissible to do so), and the parties will consult prior to the making thereof and use their best efforts to agree upon a mutually satisfactory text.

**Section 9.13. Severability.** Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

**Section 9.14. Construction.** The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The Disclosure Schedule referred to herein shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein. Disclosure of any fact or item in any Section of the Disclosure Schedule hereto referenced by a particular section in this Agreement shall be deemed to have been disclosed with respect to every other section in this Agreement to which such disclosure is reasonably apparent. Neither the specification of any dollar amount in any representation or warranty contained in this Agreement nor the inclusion of any specific item in the Disclosure Schedule is intended to imply that such amount, or higher or lower amounts, or the item so included or other items, are or are not material, and no party shall use the fact of the setting forth of any such amount or the inclusion of any such item in any dispute or controversy between or among the parties as to whether any obligation, item or matter not described herein or included in the Disclosure Schedule is or is not material for purposes of this Agreement.

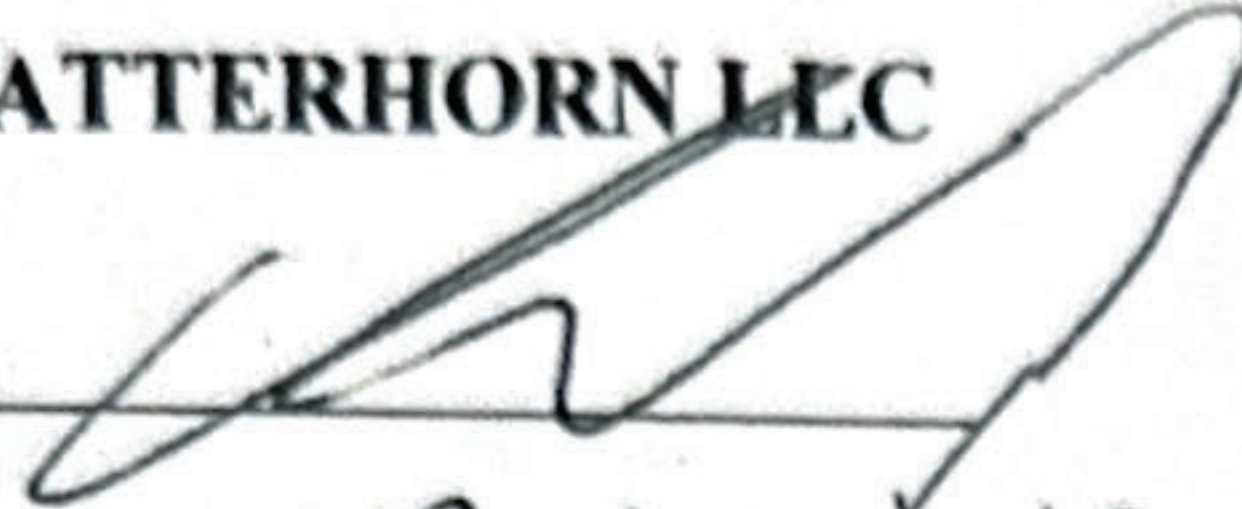
**Section 9.15. Incorporation of Schedules and References.** The Schedules identified in this Agreement are incorporated herein by reference and made a part hereof. Any reference in this Agreement to a Schedule, Article or Section, unless expressed or indicated to the contrary, is a reference to the Schedules, Articles or Sections of this Agreement.

[Signature page follows]

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

PURCHASER

**MATTERHORN LEC**

By: 

Print Name: Robert Arowood

Its: President

SELLER

By: 

Print Name: Phillip A. Ellen

Its: President

**FIRST BENEFITS INSURANCE MUTUAL, INC.**

By: 

Print Name: Phillip A. Ellen

Its: President

## DISCLOSURE SCHEDULE

### Section 3.01(f)

Domestic license: North Carolina

Foreign license:

### Section 3.01(h)

NONE

### Section 3.01(l)

### Section 3.01(t)

The Company has the following reinsurance policies:

1. Excess of Loss: \$500,000 excess of \$500,000
2. Excess of Loss: \$4,000,000 excess of \$1,000,000
3. Excess of Loss: \$5,000,000 excess of \$5,000,000
4. Excess of Loss: \$5,000,000 excess of \$10,000,000
5. Excess of Loss: \$10,000,000 excess \$15,000,000
6. Loss Portfolio Transfer of 2023 and Prior Accident years
7. Aggregate Cover on 2024 Policy Year
8. Excess on Loss Portfolio Transfer of 2023 and Prior Accident Years
9. 100% Cession of 2024 Policy Year and Claims Reported After 12/31/2023