

## AMENDED AND RESTATED REINSURANCE POOLING AGREEMENT

This Amended and Restated Reinsurance Pooling Agreement (this "Agreement"), dated as of February 18, 2011, and effective as of 12:01 a.m. April 1, 2011 (the "Effective Time"), is by and among Buckeye State Mutual Insurance Company ("Buckeye"), Home and Farm Insurance Company ("H&F"), and Middle Georgia Mutual Insurance Company ("MGM") (collectively referred to as the "Pooled Companies" or individually as a "Pool Member").

WHEREAS, Buckeye and H&F are parties to a Reinsurance Pooling Agreement dated as of September 1, 2006, as amended (the "Existing Buckeye Pooling Agreement");

WHEREAS, Buckeye and MGM have entered into an Affiliation Agreement, dated as of February 18, 2011 (the "Affiliation Agreement"), pursuant to which Buckeye and MGM have agreed to affiliate their operations and to do business as affiliated companies in accordance with the terms and conditions of the Affiliation Agreement;

WHEREAS, in connection with the closing of the transactions contemplated by the Affiliation Agreement (the "Closing"), Buckeye and H&F wish to amend and restate in its entirety herein the Existing Buckeye Pooling Agreement to, among other things, add MGM as a party; and

NOW, THEREFORE, in consideration of the foregoing premises and the mutual agreements and covenants hereinafter set forth, Buckeye, H&F and MGM hereby agree as follows:

### ARTICLE I - INTENT

It is believed to be advantageous and advisable by all parties to combine or pool the insurance operations of the Pooled Companies, in the manner outlined in the provisions of this Agreement.

### ARTICLE II - CESSION AND ASSUMPTION TO BUCKEYE: CESSION AND ASSUMPTION TO OTHER POOL MEMBERS

- (1) H&F and MGM each hereby agree to cede and transfer to Buckeye 100% of the Net Liabilities (defined below) of such Pool Member from and after 12:01 a.m. on April 1, 2011 in respect of all insurance policies written or assumed prior to such date and 100% of all Net Liabilities of such Pool Member arising out of new and renewal insurance policies written or assumed on or after April 1, 2011; and Buckeye hereby agrees to reinsure and assume all such Net Liabilities. "Net Liabilities" for the purpose of this Agreement shall mean all direct insurance liabilities, whether or not reported, including, without limitation, liabilities for unpaid claims, unearned premiums and dividends to policyholders, plus reinsurance assumed, less reinsurance ceded (other than pursuant to this Agreement) except as may be otherwise excluded by written agreement of the parties hereto, but shall not include intercompany balances, and other liabilities not incurred in connection with underwriting operations. Net Liabilities shall include all contractual obligations and excess of policy limits losses incurred by any of the Pool Members.

- (2) Coincident with its assumption of the Net Liabilities of the other Pool Members as set out in (1) above, Buckeye agrees to cede, retrocede and transfer to each of H&F and MGM the fixed percentage for such Pool Member set forth in Attachment A (in the case of each Pool Member, the “Respective Percentage”) of the Net Liabilities of Buckeye from and after 12:01 a.m. on April 1, 2011 in respect of all insurance policies written or assumed prior to such date (including the Net Liabilities assumed in (1) above) and the Respective Percentage of the Net Liabilities of Buckeye arising out of new and renewal insurance policies written or assumed on or after April 1, 2011 (collectively, the “Pooled Business”), Buckeye shall retain for its own account its Respective Percentage of the Pooled Business.
- (3) The Respective Percentages may be modified from time to time, so as to adapt to the varying conditions of the business of the Pooled Companies, by written amendment to this Agreement in accordance with Article XI. The Respective Percentages shall be determined by the Pooled Companies based on the Unstacked Surplus of each Pool Member. “Unstacked Surplus” for the purpose of this Agreement shall mean the surplus as shown in the most recent Annual Statement for each Pool member, less the value of the common stock of any subsidiaries that are party to this Agreement as reflected in such Annual Statement, as well as any intercompany receivables so reflected.
- (4) The liability of the Pool Members hereunder shall attach simultaneously with the issuance of policies, certificates, contracts, binders, interim receipts, renewal receipts, and authorizations that may be issued by any of the Pool Members, and will be subject to the same risks, terms, rates, conditions, interpretations, waivers, modifications, alterations and cancellations as those of the issuing Pool Member.
- (5) It is understood that the cession and retrocession of insurance risks written on or after April 1, 2011 shall in every case be effective automatically and without notice upon the attaching of the original risk.
- (6) The redistribution of liabilities and premiums under this Agreement shall be disclosed in the financial statements of the Pooled Companies for subsequent accounting periods while this Agreement is in effect.

### **ARTICLE III - TRANSFER OF ASSETS; RIGHTS TO PREMIUM**

- (1) As consideration for the obligations set forth in Article II(1), each of H&F and MGM shall pay to Buckeye (a) cash equal to 100% of its statutory reserves, including loss reserves (including case reserves and reserves for losses incurred but not reported), loss adjustment expense reserves and unearned premium reserves, calculated in accordance with SAP (defined below) (“Statutory Reserves”), net of reinsurance recoverables (other than pursuant to this Agreement) (“Net Statutory Reserves”) as of 12:01 a.m. on April 1, 2011 and (b) thereafter, 100% of all Net Premium written by or on behalf of H&F and MGM, as applicable, from and after April 1, 2011 in respect of the business ceded to Buckeye pursuant to this Agreement. “Net Premiums” for the purpose of this Agreement shall mean all direct premiums plus all assumed premiums in respect of reinsurance

assumed less premium paid in respect of reinsurance ceded except as may otherwise be excluded by written agreement of the parties hereto, but, for the avoidance of doubt, shall not include investment income. For purposes of this Agreement “SAP”, with respect to a party hereto, means statutory accounting principles prescribed or permitted by such party’s domiciliary insurance regulator applied on a consistent basis.

- (2) As consideration for the agreements set out in Article II(2) and other agreements herein provided, Buckeye shall pay to each of H&F and MGM (a) cash equal to such Pool Member’s Respective Percentage of Buckeye’s Net Statutory Reserves as of 12:01 a.m. on April 1, 2011 (which Net Statutory Reserves shall include the Net Statutory Reserves ceded from H&F and MGM pursuant to Article II(1)) and (b) thereafter, such Pool Member’s Respective Percentage of all Net Premium written by or on behalf of Buckeye from and after April 1, 2011 in respect of the Pooled Business.
- (3) The Pool Members’ payments pursuant to Article II(1) and (2) shall be adjusted to take into account the prior cessions pursuant to the Existing Buckeye Pooling Agreement so that, following such payments, each Pool Member shall retain or receive in the aggregate assets equal to its Respective Percentage of Net Statutory Reserves.
- (4) It is understood and agreed that, insofar as is practicable and consistent with the purposes and intentions of this Agreement, the payments to be made under this Agreement by any Pool Member to another Pool Member may be offset and only the net balance paid.

#### **ARTICLE IV – EXPENSES; RECOVERIES**

- (1) Commencing April 1, 2011, all loss expenses (defense and cost containment and adjusting and other expenses), underwriting expenses, and administrative expenses of the parties hereto, in each case to the extent not included in the definition of Net Liabilities, less all such expenses recovered and recoverable under reinsurance ceded except as may otherwise be excluded by written agreement of the parties hereto, shall be prorated among the parties on the basis of their Respective Percentages. Each Pool Member shall remain responsible and liable for all investment-related expenses. Investment income of each Pool Member is not subject to this Article and shall not be prorated among the parties on the basis of the Respective Percentages.
- (2) Each of the Pool Members shall be credited with its Respective Percentage of salvage and subrogation on account of losses under the Pooled Business. Each of the Pool Members agree to enforce its rights to salvage or subrogation relating to all such losses, and to prosecute all claims arising out of such rights.

#### **ARTICLE V – REMITTANCES AND REPORTING**

- (1) Buckeye shall prepare quarterly reports of the amounts due each Pool Member from the other Pool Members under the terms of this Agreement in respect of the preceding calendar quarter (in each case, a “Quarterly Settlement Statement”). Each of the Pool Members shall pay to the other Pool Members cash in the amount owed to such other Pool Members as reflected on such Quarterly Settlement Statement within ninety (90)

days following the end of the calendar quarter for which such Quarterly Settlement Statement was prepared. Interim partial settlements may be made from time to time in the good faith reasonable discretion of Buckeye.

- (2) Each of the Pool Members shall have and may exercise at any time, and from time to time, the right to offset any balance or balances whether on account of losses or otherwise due from one Pool Member to the other under the terms of this Agreement, subject to the provisions of applicable law.
- (3) It is agreed that in preparing statements of assets and liabilities, or at any time where assets or liabilities are required to be shown, all assets and liabilities which reflect or arise from the underwriting transactions of the Pooled Companies shall be combined, set up, and carried by the Pooled Companies in accordance with their Respective Percentages.

#### **ARTICLE VI – RESERVE FUNDING**

In the event any Pool Member is not authorized to act as a reinsurer by insurance regulatory authorities of any state of the United States of America which requires authorization for the ceding company to receive credit with respect to outstanding losses recoverable and unearned premium reserves assumed by the reinsuring company, then upon request of the ceding company, the assuming company shall fund its share of outstanding losses recoverable and unearned premium reserve hereunder by a cash deposit or a letter of credit in such form as may be required by the insurance regulatory authorities. The parties hereby agree that any amounts withdrawn from such letter of credit shall be used only to reimburse the ceding company for the reinsurer's share of such losses and unearned premium reserve, and to refund to the reinsurer any excess amount upon determination of the reinsurance company's ultimate liability under this Agreement.

#### **ARTICLE VII – ERRORS AND OMISSIONS**

Inadvertent delays, errors or omissions made in connection with this Agreement or any transaction hereunder shall not relieve any Pool Member from any liability that would have attached had such delay, error or omission not occurred, provided always that such error or omission will be rectified as soon as possible after discovery.

#### **ARTICLE VIII – UNCOLLECTIBLE REINSURANCE**

It is agreed that any ceded reinsurance balances of a Pool Member, as evidenced by the books of the applicable Pool Member, which such Pool Member has been unable to collect for three (3) months, shall be considered a Net Liability which each of the Pool Members shall share in accordance with Article II.

#### **ARTICLE IX – APPROVALS**

Each party to this Agreement undertakes to obtain, and to cooperate with the other parties in obtaining from jurisdictions as may be necessary under the laws or regulations of the same, the authority to cede or accept business in accordance with the terms of this Agreement.

## **ARTICLE X – FOLLOW THE FORTUNES**

The Pooled Companies shall follow the fortunes of each of the Pool Members and shall be bound, without limitation, by all payments and settlements entered into by a Pool Member, by or on behalf of the Pool Members in accordance with the terms of this Agreement, in respect of policies and contracts of insurance issued in good faith.

## **ARTICLE XI – AMENDMENTS**

This Agreement shall not be changed, modified, terminated, or discharged in whole or in part, except by an instrument in writing signed by all parties hereto or their respective successors or permitted assigns; except for amendments determined in good faith by Buckeye to be necessary in connection with the addition or joinder of any third party as a Pool Member hereunder or to change the Pool Members' Respective Percentages pursuant to Article II(3) of this Agreement.

## **ARTICLE XII – TERM, TERMINATION AND EFFECT OF TERMINATION**

- (1) The term of this Agreement shall be one (1) year and shall automatically renew annually and remain in force with respect to each Pool Member until terminated by such Pool Member by written notice delivered to the other parties at least twelve (12) months in advance of the effective date of termination, which date shall be specified in such notice. In the event of such a termination, the termination effective date for such Pool Member shall be December 31 of the next year following the year in which the notice of termination date is given, unless an alternative date is mutually agreed to, in writing, by all of the Pooled Companies, provided, however, there shall be no less than twelve (12) months prior written notice given to the affected Pooled Companies.
- (2) Upon the termination of this Agreement by a Pool Member, such terminating Pool Member shall continue to be liable for its Respective Percentage as of the effective date of such termination under the in-force book of insurance business ceded within the terms of this Agreement written by any Pool Member prior to such effective date until all liabilities under such policies are fully satisfied.
- (3) Following the termination of the Agreement by any Pool Member, Buckeye will continue to administer the business ceded under this Agreement in accordance with the terms thereof. The cost incurred by Buckeye to administer the run-off of the Net Liabilities reinsured hereunder by a terminating Pool Member shall be shared by the Pooled Companies based on the Respective Percentages that were in effect immediately prior to the termination effective date.
- (4) Settlement of all balances in this Article shall be administered in accordance with the provisions set forth in Article V.
- (5) Notwithstanding the foregoing, the parties agree to commute the outstanding claims and incurred but not reported claims under this Agreement as of the third anniversary of the termination. as follows:

- a. Not later than three (3) years after the termination of this Agreement each party shall advise the other parties of all claims reported but not finally settled and an aggregate estimate of claims incurred but not reported. which are likely to result in a claim under this Agreement. The parties or their respective representatives shall, by mutual agreement, determine and capitalize such claim or claims. Payment by each party of the amount or amounts. so mutually agreed. shall constitute a complete and final release of such party in respect of such claim or claims.
- b. If agreement cannot be reached, the parties shall mutually appoint an actuary to investigate determine and capitalize such claim or claims. If the parties then agree, each party shall pay to the other its proportion of the amount so determined to be the capitalized value of such claim or claims.
- c. If the parties fail to agree on an actuary or a resolution, then any difference shall be settled by a panel of three actuaries, one to be chosen by Buckeye, one to be chosen by MGM and the third by the two actuaries so chosen. If either party refuses or neglects to appoint an actuary within thirty (30) days. the other party may appoint two actuaries. If the two actuaries fail to agree on the selection of a third actuary Within thirty (30) days of their appointment, each of them shall nominate two actuaries. Each actuary shall then decline one of the nominations presented by the other actuary. The third actuary shall then be chosen from the remaining two nominees by drawing lots. All the actuaries shall be Fellows of the Casualty Actuarial Society or of the American Academy of Actuaries. None of the actuaries shall be under the control of the parties to this Agreement.
- d. Each party shall submit its case to its actuary within thirty (30) days of the appointment of the third actuary. The decision in writing of any two actuaries, when filed with the parties hereto, shall be final and binding on both parties. The expense of the actuaries and of the commutation shall be equally divided between the two parties. Said commutation shall take place in Miami County, Ohio unless three parties mutually agree upon some other place. Notwithstanding the location of the commutation. Notwithstanding the location of the commutation, insofar as the commutation panel looks to substantive law, it shall be governed by the law of the state of Ohio.
- e. This commutation clause shall survive termination of the Agreement.

### **ARTICLE XIII – DISPUTES**

- (1) Any dispute between any of the Pooled Companies arising out of or relating to the formation, interpretation, performance, or breach of this Agreement, whether such dispute arises before or after termination of this Agreement, shall be resolved by arbitration.
- (2) To initiate arbitration, any Pool Member shall notify the other Pool Members in writing of its desire to arbitrate (the “Arbitration Demand”), stating the nature of its dispute and

the remedy sought. The Pool Members to which the notice is sent shall acknowledge receipt of the notification in writing within (10) days of its receipt.

- (3) The Pool Members shall jointly appoint an individual as Arbitrator (the "Arbitrator"). If the Pool Members do not appoint an Arbitrator within sixty (60) days of the Arbitration Demand, the Pool Members shall petition the American Arbitration Association to appoint the Arbitrator. The Arbitrator shall be an active or retired officer of a property and casualty insurance or reinsurance company or such other individual as the Pool Members mutually agree. The Arbitrator shall be impartial and independent. Prior to accepting appointment, a prospective Arbitrator shall disclose to the Pool Members any circumstance likely to give rise to justifiable doubts as to the Arbitrator's impartiality or independence. If, at any stage during the arbitration, new circumstances arise that may give rise to such doubts, an Arbitrator shall promptly disclose such circumstances to the Pool members.
- (4) The arbitration hearings shall be held in Miami County, Ohio. The arbitration hearings shall begin within sixty (60) days of the selection of the Arbitrator or within such longer period as may be determined by the Arbitrator. The Arbitrator shall not be obliged to follow judicial formalities or the rules of evidence except to the extent required by governing law, that is, the state law of the situs of the arbitration as herein agreed; the Arbitrator shall make its decisions according to the practice of the insurance and reinsurance business. The decision rendered by the Arbitrator shall be final and binding on all Pool Members. Such decision shall be a condition precedent to any right of legal action arising out of the arbitrated dispute which any Pool Member may have against any other Pool Member. Judgment upon the award rendered may be entered in any court having jurisdiction thereof.
- (5) Each Pool Member shall bear its own costs in connection with any such arbitration including, without limitation, (i) all legal, accounting, and any other professional fees and expenses and (ii) all other costs and expenses each Pool Member incurs to prepare for such Arbitration. Other than as set forth above, each Pool Member shall pay its proportionate share (based on their Respective Percentages) of the fee and expenses of the Arbitrator and the other expenses that the Pool Members jointly incur directly related to the arbitration proceeding.
- (6) Except as provided above, arbitration shall be based, insofar as applicable, upon the Commercial Arbitration Rules of the American Arbitration Association.

#### **ARTICLE XIV – ACCESS TO RECORDS**

It is further agreed that each Pool Member shall provide access to its books and records to ensure that this Agreement is being properly applied and administered.

#### **ARTICLE XV – INSOLVENCY**

- (1) In the event that one of the Pool Members (other than Buckeye) becomes insolvent or is otherwise subject to liquidation or receivership proceedings, Buckeye shall prospectively for new and renewal business adjust its net retained portion of the Pooled Companies'

Net Liabilities and the remaining Pool Members shall prospectively for new and renewal business adjust their assumed portions of the Pooled Companies' Net Liabilities, each on a pro rata basis, so as to collectively absorb or assume in full the net retained portion of the Pooled Companies' Net Liabilities which would otherwise be the responsibility of such impaired Pool Member. In the event that Buckeye becomes insolvent or is otherwise subject to liquidation or receivership proceedings, the remaining Pool Members shall prospectively for new and renewal business adjust their assumed portions, each on a pro rata basis, so as to collectively absorb or assume in full the net retained portion of the Pooled Companies' Net Liabilities which they had not previously assumed and which would otherwise be the responsibility of Buckeye.

- (2) In the event of the insolvency of one of the Pooled Companies, the reinsurance provided under this Agreement shall be payable directly to the insolvent Pool Member, or to its liquidator, receiver, conservator or statutory successor on the basis of the liability of the insolvent Pool Member without diminution because of the insolvency of the Pool Member or because the liquidator, receiver, conservator or statutory successor of the insolvent Pool Member has failed to pay all or a portion of any claim.
- (3) It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the insolvent Pool Member shall give written notice to the non-insolvent Pooled Companies of the pendency of a claim against the insolvent Pool Member indicating the subject policy, which claim would involve a possible liability on the part of the non-insolvent Pooled Companies to the insolvent Pool Member or to its liquidator, receiver, conservator or statutory successor, within a reasonable time after such claim is filed in the conservation, liquidation, receivership or other proceeding. During the pendency of such claim, the non-solvent Pooled Companies may investigate such claim and interpose, at their own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that they may deem available to the insolvent Pool Member or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the non-insolvent Pooled Companies will be chargeable, subject to the approval of the court, against the insolvent Pool Member as part of the expense of conservation or liquidation to the extent of a proportionate share of the benefit that may accrue to the insolvent Pool Member as a result of the defense undertaken by the non-solvent Pooled Companies.
- (4) Where two or more non-insolvent Pooled Companies are involved in the same claim as the insolvent Pool Member and a majority in interest elect to interpose defense to the claim, the expense relating to such claim will be apportioned in accordance with the terms of this Agreement as though such expense had been incurred by the insolvent Pool Member.

#### **ARTICLE XVI – MISCELLANEOUS**

- (1) If one or more provisions of this Agreement are held to be invalid, illegal, non-binding or unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be legal, valid, binding, and enforceable in accordance with its terms.

- (2) This Agreement is not intended to be an “assumption reinsurance agreement” as defined in Off. Code Ga. Ann. Section 33-52-2.
- (3) This Agreement and the rights and obligations of the parties hereunder shall be governed by, construed, and enforced in accordance with the laws of the State of Ohio (without giving effect to such jurisdiction’s principles of conflicts of laws). Each party to this Agreement hereby consents to personal jurisdiction over itself in state or federal court within Ohio, Indiana or Georgia.
- (4) It is mutually understood and agreed between the parties that from the date hereof, this Agreement supersedes all previous agreements and understandings between the parties, whether verbal or written, respecting the subject matter hereof, and that all such previous agreements and understandings between the parties with respect to the subject matter hereof shall become null and void on such date. This Agreement shall in all its terms bind and inure to the benefit of the respective parties hereto and their successors and permitted assigns.
- (5) The rights and obligations of the parties under this Agreement shall not be subject to assignment without the prior written consent of the other parties hereto, and any attempted assignment without the prior written consent of the other parties hereto shall be invalid *ab initio*.
- (6) This Agreement constitutes the entire agreement between Buckeye, H&F and MGM regarding the contents of this Agreement.
- (7) Article headings herein are inserted for convenience only and do not constitute matter to be construed or interpreted in connection with this Agreement.
- (8) Any notices, reports, or other communication required or permitted to be given hereunder shall be in writing unless some other method of giving such notice, report, or other communication is accepted by the party to whom it is given and shall be given by being delivered at the following addresses to parties hereto:

If to Buckeye:  
Buckeye State Mutual Insurance Company  
One Heritage Place  
Piqua, OH 45356

If to H&F:  
Home and Farm Insurance Company  
One Heritage Place  
Piqua, OH 45356

If to MGM:  
Middle Georgia Mutual Insurance Company  
436 S. Hill Street  
Griffin, GA 30224-4226

All notices and other communications required or permitted under this Agreement that are addressed as provided in this paragraph shall be delivered by a reputable overnight carrier, or by U.S. registered or certified mail (return receipt requested and postage prepaid). Notice shall be deemed given upon the first business day after actual delivery to the party to whom such notice or other communication is sent (as evidenced by the return receipt or shipping invoice signed by a representative of such party). Any party from time to time may change its address for the purpose of notices to that party by giving a similar notice specifying a new address, but no such notice will be deemed to have been given until it is actually received by the party sought to be charged with the contents thereof.

- (9) This Agreement may be executed simultaneously in any number of counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument.
- (10) This Agreement is only for the benefit of the Pool Members and does not confer any right, benefit or privilege upon any person not a party to this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year set forth above.

BUCKEYE STATE MUTUAL  
INSURANCE COMPANY

By: *Doug Harris*  
Its: *PRESIDENT*

Witness:

By: *Lisa L. Wynn*  
Title: *Secretary*

HOME AND FARM  
INSURANCE COMPANY

By: *Doug Harris*  
Its: *PRESIDENT*

Witness:

By: *Lisa L. Wynn*  
Title: *Secretary*

MIDDLE GEORGIA MUTUAL  
INSURANCE COMPANY

By: *Thompson Andy*  
Its: *President*

Witness:

By: *Lisa L. Wynn*  
Title: *Secretary for Buckeye State Mutual*

Attachment A

“Respective Percentages” for the purpose of this Agreement shall be as follows for each Pool Member:

Buckeye 75%

H&F 5%

MGM 20%

## COST SHARING AGREEMENT

This Cost Sharing "Agreement" is entered into as of April 1, 2011, between Buckeye State Mutual Insurance Company, an Ohio property and casualty insurance company (Buckeye), and Middle Georgia Mutual Insurance Company, a Georgia mutual insurance company (MGM).

### Recital

Buckeye and MGM have entered into an Affiliation Agreement, dated as of February 18, 2011, pursuant to which Buckeye and MGM have agreed to affiliate their operations and to do business as affiliated companies in accordance with the terms and conditions of the Affiliation Agreement.

### Statement of Agreement

The parties acknowledge the accuracy of the foregoing Recital and in consideration of the mutual promises herein contained hereby agree as follows:

1. Engagement and Term. On the terms and subject to the conditions described in this Agreement, MGM hereby engages Buckeye, and Buckeye hereby accepts such engagement, to manage the business of MGM. The term of Buckeye's engagement under this Agreement shall begin on the date of this Agreement and shall end, unless sooner terminated, in accordance with the provisions of Paragraph 6 below, on the 10<sup>th</sup> anniversary date of this Agreement. This Agreement shall be automatically renewed for successive 10-year periods upon the same terms and conditions contained in this Agreement, inclusive of mutual Amendments in accordance with Paragraph 12, unless and until terminated as described in Paragraph 6, below.
2. Authority and Duties of Buckeye. Buckeye shall be responsible for supervising and controlling all organizational, operational, and management functions of MGM. Buckeye shall use its reasonable efforts to operate the business efficiently and in accordance with the reasonable guidelines and policies which may be established from time to time by the board of directors of MGM. Buckeye shall have all authority necessary to carry out its duties under this Agreement and shall act as an agent of MGM. Without limiting the generality of the foregoing, Buckeye's duties under this Agreement shall include the following:
  - a. Management of Insurance Operations. Buckeye shall manage the day-to-day insurance business operations of MGM in accordance with the underwriting, claims, investment, and any other reasonable guidelines of MGM which may be in effect or established from time to time by the board of directors of MGM. The management of MGM's business operations by Buckeye shall include, without limitation, appointment and termination of agencies, underwriting of insurance risks, investigation and settlement of claims, arrangement of reinsurance and investment of funds. Buckeye shall use the same degree of care in acting on

behalf of MGM as the degree of care it uses in connection with the conduct of its own insurance business operations.

- b. Employees. Buckeye shall provide MGM with all of MGM's executive, managerial, administrative, and other personnel and such other items of support as may be necessary or desirable for the operation and administration of MGM's business. Buckeye shall direct its employees, in performing such services for MGM, to use their best efforts to promote the general interests and economic welfare of MGM, in the same manner as such employees provide services to Buckeye and its subsidiaries.
  - c. Payment of Expenses and Payroll. Buckeye shall act as agent for MGM in collecting and disbursing funds and in incurring and payment of expenses and other operating costs of the facilities commonly used by such parties. The employees provided by Buckeye to MGM under this Agreement shall be employed as employees of Buckeye and not of MGM, and Buckeye shall act as the common paymaster for all such employees. As paymaster, Buckeye shall be responsible for filing information and tax returns and issuing tax and other payroll forms and reports with respect to wages paid to the employees employed by Buckeye and provided to MGM.
3. Fees and Expenses. All fees and expenses incurred by Buckeye under this Agreement for the benefit of MGM shall be reimbursed by MGM. Buckeye shall not be required to expend or advance its own funds in connection with the performance of services hereunder. However, should Buckeye advance any funds or incur any expenses, MGM shall reimburse Buckeye for all such advances, costs and expenses incurred by Buckeye in carrying out its obligations under this Agreement. In addition, MGM shall pay Buckeye for all costs and expenses incurred by Buckeye for employees, equipment, facilities and other items in connection with Buckeye performing services on behalf of MGM pursuant to this Agreement.
  4. Payments for Services. A deposit of \$43,200.00 shall be payable by MGM to Buckeye monthly, due on the first day of each month this Agreement is in effect. Within 30 days of each calendar quarter, Buckeye shall render a statement for actual expenses incurred. If such calculations differ from the deposit previously paid, the debtor party shall pay the outstanding balance within 60 days of the calendar quarter end. Such expenses will be allocated and apportioned in accordance with SSAP No. 70, "Allocation of Expenses". The books, accounts, and records shall be so maintained as to clearly and accurately disclose the nature and details of the transactions, including such accounting information [as is necessary to support the expenses allocated and apportioned to the respective parties.
  5. Access to Records. Each party shall own its general corporate accounts and records. The records maintained to account for the transactions governed by this agreement shall be the property of Buckeye. MGM, the Ohio Department of Insurance, the Georgia Department of Insurance or their duly authorized representatives, shall have the right to

examine at the offices of Buckeye at a reasonable time, all records of Buckeye and MGM that pertain to this agreement.

6. Termination. This Agreement may be terminated prior to the end of the initial term, or any renewal thereof, as follows:
  - a. By mutual agreement of the parties expressed in writing;
  - b. By MGM if Buckeye fails to comply with any term or provision of this Agreement and has not corrected such failure within 30 days after written notice of such failure, provided that no notice need be given prior to termination for failure to pay or reimburse any amounts if Buckeye has failed to comply with any term or provision of this Agreement and has not corrected such failure within 30 days after written notice of such failure from MGM.
  - c. By Buckeye if MGM has failed to comply with any term or provision of this Agreement and has not corrected such failure within 30 days after written notice of such failure, provided that no notice of default prior to termination has to be given where MGM fails to pay or reimburse any amounts to Buckeye if Buckeye has complied with all terms and provisions of this Agreement.
  - d. Notwithstanding the foregoing to the contrary, if a failure by its nature cannot be corrected within a 30-day period, then there shall be no right to terminate this Agreement pursuant to this paragraph if the correcting party substantially begins correction within such 30-day period and thereafter expeditiously prosecutes it to completion:
  - e. Upon 90 days written notice by either Buckeye or MGM; or
  - f. Automatically if either Buckeye or MGM files a voluntary petition in bankruptcy, applies for or consents to the appointment of a receiver, makes a general assignment for the benefit of creditors, admits in writing its inability to pay debts as they mature, files a petition or answer seeking a reorganization or arrangement with creditors under any insolvency law, files an answer admitting the material allegations of a petition filed in any bankruptcy or reorganization proceeding, or if a liquidation proceeding is commenced by any insurance regulatory authorities, or if a decree of any court is entered adjudging the party to be bankrupt or approving a reorganization or arrangement under any insolvency law (which decree is not set aside within 90 days after it is entered).
7. Responsibility. Buckeye shall not be liable or responsible for any actions or inactions taken at the direction or with the approval of or in accordance with policies or budgets or procedures established or approved by the board of directors of MGM (each a "Board Action"); but Buckeye shall only be responsible for its own negligence or intentional wrongdoing in connection with actions taken without prior Board Action or authorization. MGM hereby agrees to indemnify and hold Buckeye harmless from and

against any and all claims, actions, liabilities, damages or amounts paid in settlement or otherwise and costs and expenses (including without limitation reasonable attorneys' fees) incurred by Buckeye in performance of the terms of this Agreement.

8. Complete Agreement. This document contains the entire agreement among the parties and supersedes all prior or contemporaneous discussions, negotiations, representations or agreements relating to the subject matter of this Agreement. No changes to this Agreement shall be made or be binding on any party unless made in writing and signed by each party to this agreement.
9. Governing Law. All questions concerning the validity or meaning of this Agreement or relating to the rights and obligations of the parties with respect to performance under this Agreement shall be construed and resolved under the laws of Ohio. The parties to this Agreement hereby designate the Federal District Court for the Southern District of Ohio as the court of proper jurisdiction and venue for any actions or proceedings relating to this Agreement and hereby consent to such designation, jurisdiction or venue with respect to any action or proceeding initiated in such court.
10. No Third Party Benefit. This Agreement is intended for the exclusive benefit of the parties to this Agreement and their respective heirs, successors and assigns, and nothing contained in this Agreement shall be construed as creating any rights or benefits in or to any third party.
11. Severability. The intention of the parties to this Agreement is to comply fully with all laws and public policies, and this Agreement shall be construed consistently with all laws and public policies to the extent possible. If any court of competent jurisdiction determines it is impossible to construe any provision of this Agreement consistently with any law or public policy and consequently holds that provision to be invalid, such holding shall in no way affect the validity of the other provisions of this Agreement, which shall remain in full force and effect, provided that such result would not frustrate the intent of the parties in entering into this Agreement.
12. Non-waiver. Failure by any party to insist upon strict compliance with any term of this Agreement, to exercise any option, enforce any right, or seek any remedy upon any default of any other party shall not affect, or constitute a waiver of, the first party's right to insist upon such strict compliance, exercise that option, enforce that right, or seek that remedy with respect to that default or any prior, contemporaneous, or subsequent default; nor shall any custom or practice of the parties at variance with any provision of this Agreement affect, or constitute a waiver of, any party's right to demand strict compliance with all provisions of this Agreement.
13. Amendments. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.
14. Successors. No party may assign any of its rights or obligations under this Agreement without the written consent of the other party to this Agreement which consent may be

arbitrarily withheld by any such party. Except as otherwise provided in this Agreement, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the respective successors and assigns of each party to this Agreement.

15. Arbitration. If any dispute shall arise between Buckeye and MGM with respect to the interpretation of this Agreement of their rights with respect to any transaction involved hereunder, whether such dispute arises before or after termination of this Agreement, such dispute, upon the written request of either Buckeye or MGM, shall be submitted to binding arbitration before a panel of three arbitrators, one to be selected by Buckeye, one by MGM, and the third to be selected by agreement of the two selected arbitrators. If either Buckeye or MGM refuses or neglects to appoint an arbitrator within 30 days after the receipt of written notice from the other party requesting that it do so, the requesting party may appoint two arbitrators. If the two arbitrators fail to agree in the selection of a third arbitrator within 30 days of their appointment, then the third arbitrator shall be appointed by the presiding judge of the Federal District Court for the Southern District of Ohio. The third arbitrator shall be an attorney admitted to practice in the State of Ohio who has experience in insurance law. The rules of civil procedure with respect to depositions and requests for production of documents applicable in federal courts shall apply.

16. Notices. All notices and other communications required or desired to be given hereunder to any party shall be in writing and shall be deemed to have been duly given when (a) delivered personally to an executive officer of that party, or (b) deposited in the United States mail, first-class postage prepaid, addressed to that party at the following address or at any other address hereafter designated by that party in writing to the party giving notice:

If to: Buckeye State Mutual Insurance Company  
One Heritage Place  
Piqua, Ohio 45356

If to: Middle Georgia Mutual Insurance Company  
436 S. Hill Street  
Griffin, GA 30224-4226

17. Captions. The captions of the various sections of this Agreement are not part of the context of this Agreement, but are only labels to assist in locating those sections and shall be ignored in construing this Agreement.

Buckeye State Mutual Insurance  
Company:

By Doug Harris

Title PRESIDENT

Date 2-18-11

Middle Georgia Mutual  
Insurance Company:

By Timothy Andy

Title President

Date February 17, 2011

## **AFFILIATION AGREEMENT**

### **EXHIBIT C – BOARD OF DIRECTORS**

#### ***Initial Buckeye Director Designees:***

R. Douglas Haines, term expiring July 2013

Richard J. Seitz, term expiring July 2012

James A. Stahl, term expiring July 2011

#### ***Initial MGM Director Designees:***

Terry R. Gordy, term expiring July 2011

Robert J. Rooks, term expiring July 2013