

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

ANITA G. FOX, DIRECTOR OF THE
MICHIGAN DEPARTMENT OF
INSURANCE AND FINANCIAL SERVICES,

Petitioner,

v

PAVONIA LIFE INSURANCE
COMPANY OF MICHIGAN,

Respondent.

Case No. 19-504-CR

HON. WANDA M. STOKES

[IN REHABILITATION]

**JOINT MOTION FOR ENTRY OF STIPULATED ORDER
APPROVING SALE OF SUBSIDIARY ENTITY
AND ENTRY INTO RELATED SERVICES AGREEMENT**

Pursuant to this Court's instructions on June 2, 2021, Anita G. Fox, Director (the "**Director**") of the Michigan Department of Insurance and Financial Services ("**DIFS**") and Court-appointed and statutory Rehabilitator (the "**Rehabilitator**") of Pavonia Life Insurance Company of Michigan ("**Pavonia Life**"), and its wholly-owned subsidiary Global Bankers Insurance Group, LLC ("**ServiceCo**" or the "**Company**," and collectively with Pavonia Life, the "**Pavonia Entities**"), Aspida Holdco LLC ("**Aspida**"), and GBIG Holdings, Inc. ("**GBIG Holdings**") (each of the Rehabilitator, Aspida and GBIG Holdings is a "**ISA Party**" and are collectively the


“ISA Parties”), by and through their respective attorneys, jointly request the Court to enter the ISA Parties’ Stipulated Order attached hereto as Exhibit A.

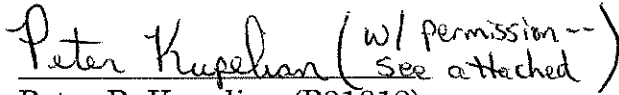
In summary, the Rehabilitator has reached an agreement for the sale of ServiceCo to Aspida, and for Pavonia Life’s entry into a related Services Agreement pursuant to which ServiceCo shall provide administrative and operational services for Pavonia Life reasonably necessary for its continued operation. Attached as Exhibit B for the Court’s review and approval is the LLC Unit Purchase Agreement effectuating the sale of ServiceCo to Aspida. Attached as Exhibit C for the Court’s review and approval is the Services Agreement.

WHEREFORE, the ISA Parties jointly request that the Court enter their
Stipulated Order attached hereto as Exhibit A.

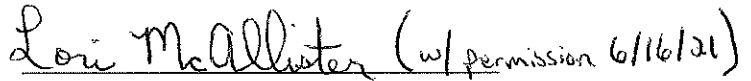
Respectfully submitted,

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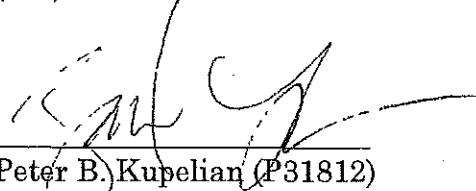
June 15, 2021

WHEREFORE, the ISA Parties jointly request that the Court enter their
Stipulated Order attached hereto as Exhibit A.

Respectfully submitted,

Dana Nessel
Attorney General

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Assistant Attorney General
Attorneys for Petitioner
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June 15, 2021

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STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

ANITA G. FOX, DIRECTOR OF THE
MICHIGAN DEPARTMENT OF
INSURANCE AND FINANCIAL SERVICES,

Petitioner,

Case No. 19-504-CR

HON. WANDA M. STOKES

v

PAVONIA LIFE INSURANCE
COMPANY OF MICHIGAN,

[IN REHABILITATION]

Respondent.

STIPULATED ORDER
APPROVING SALE OF SUBSIDIARY ENTITY
AND ENTRY INTO RELATED SERVICES AGREEMENT

At a session of said Court held in the Circuit Courtrooms
for the County of Ingham, State, of Michigan on the
____ day of _____ 2021.

PRESENT: HONORABLE WANDA M. STOKES, CIRCUIT COURT JUDGE

WHEREAS, Anita G. Fox, Director (the “**Director**”¹) of the Michigan
Department of Insurance and Financial Services (“**DIFS**”) and Court-appointed and
statutory Rehabilitator (the “**Rehabilitator**”) of Pavonia Life Insurance Company
of Michigan (“**Pavonia Life**”), and its wholly-owned subsidiary Global Bankers
Insurance Group, LLC (“**ServiceCo**” or the “**Company**,” and collectively with

¹ All initially capitalized terms shall have the meaning(s) ascribed to them in this
Order or the Court’s Order of June 25, 2020.

Pavonia Life, the “**Pavonia Entities**”), Aspida Holdco LLC (“**Aspida**”), and GBIG Holdings, Inc. (“**GBIG Holdings**”) (each of the Rehabilitator, Aspida and GBIG Holdings is a “**ISA Party**” and are collectively the “**ISA Parties**”), by and through their respective attorneys, have stipulated to the entry of this Order Approving Sale (the “**Sale**”) of Subsidiary Entity ServiceCo from the rehabilitation estate as contemplated by and pursuant to this Court’s Order (i) Approving Plan of Rehabilitation and Related Closing of Stock Purchase Agreement; (ii) Approving Actions of the Rehabilitator; and Upon Closing of Stock Purchase Agreement (iii) Terminating Rehabilitation; and (iv) Discharging the Rehabilitator and Granting Related Relief (the “**June 25 Order**”); provided that GBIG Holdings does not stipulate to paragraphs 15 and 21 hereof;

WHEREAS, the Court has reviewed this order (“**Order**”);

WHEREAS, the Court being otherwise fully advised; and

WHEREAS, if any of the following Findings constitute Conclusions, the Court deems them as such, and *vice versa*.

FINDINGS & CONCLUSIONS

1. The Rehabilitator prepared a Plan of Rehabilitation (“**Plan**”) to effectuate the reorganization and transformation of the Pavonia Entities for the protection and benefit of the companies, their policyholders, and creditors. The Plan proposed the sale of the Pavonia Entities by GBIG Holdings, Inc. (“**GBIG Holdings**”), as seller, to non-affiliated third party, Aspida, a Delaware holding company that is an affiliate of Ares Management Corporation, as buyer.

2. The Plan intended to effect a change in ownership, management, and control of the Pavonia Entities, and implemented a process for resolving claims for “**Unscheduled Liabilities**” as defined in the Plan.

3. The Plan was undertaken as part of and pursuant to the State of Michigan’s regulation of the business of insurance, in order to protect the interests of policyholders and to secure their contractual coverage.

4. Following entry of this Court’s June 25, 2020 Order and subsequent orders entered on July 9, 2020, and July 14, 2020, Seller sought and was granted leave to appeal the July 9 and 14 orders to the Michigan Court of Appeals, which subsequently issued a stay of all proceedings herein (“**Stay**”) and later vacated this Court’s July 9 and 14 orders.

5. The Rehabilitator, Aspida and GBIG Holdings have reached a partial resolution of certain disputes between them (“**Interim Settlement**”) and entered into an Interim Settlement Agreement (“**Interim Settlement Agreement**”), setting forth the terms of that agreement.

6. Pursuant to MCR 7.215(F), the Stay is of no further force or effect.

7. Upon the terms and conditions set forth in the Interim Settlement Agreement, the Rehabilitator, GBIG Holdings and Aspida seek to preserve the ongoing operations of ServiceCo, notwithstanding any delays resulting from pending litigation of disputes between them, and without any prejudice to such litigation and any ISA Party’s rights or positions as described in the Interim Settlement Agreement.

8. The terms for a sale of ServiceCo to Aspida are set forth in the Interim Settlement Agreement and have been definitively memorialized in an LLC Unit Purchase Agreement (the “**Sale Agreement**”). Under such terms, and subject to the approval of this Court and the Director, the Rehabilitator shall cause Pavonia Life to sell convey, assign, transfer, and deliver to Aspida, and Aspida shall purchase, acquire, and accept from the Rehabilitator, all of Pavonia’s right, title and interest in ServiceCo consisting of all of the outstanding membership units of ServiceCo (the “**Units**”), free and clear of all liens or other encumbrances, and ServiceCo shall resume its operations subject to the applicable “**Scheduled Liabilities**” as defined in the Plan and previously determined during these rehabilitation proceedings.

9. At the closing of the Sale (the “**Closing**”), Aspida shall pay \$5.5 million as the “**Purchase Price**” to the Pavonia Life rehabilitation estate, which the Parties agree is a fair and reasonable value for ServiceCo. Aspida will also pay certain long-term incentive agreements to ServiceCo management.

10. Aspida and the Rehabilitator also have negotiated, and Pavonia Life and ServiceCo shall enter into, a services agreement (“**Services Agreement**”), pursuant to which ServiceCo shall provide administrative and operational services for Pavonia Life reasonably necessary for its continued operation in consideration for a monthly fee to be paid to ServiceCo totaling \$9.11 million per year.

11. Closing on the Sale will effect the separation of ServiceCo from the “**NC Insurer Affiliates**” (as defined in the Plan) and Greg Lindberg, and will restore the operations of ServiceCo. Closing on the Sale will ensure the protection

of Pavonia Life's policyholders, creditors and the public. The separation will be achieved, at least in part: (i) by restoring to ServiceCo its applicable portion of the Scheduled Liabilities (the "**ServiceCo Scheduled Liabilities**") and the ServiceCo Assets (defined below), and (ii) based upon the fact that all Unscheduled Liabilities were adjudicated through the "**Claims Procedure**" as defined in the Plan, regardless whether a "**Claim**" was filed as defined and provided for in the Plan. (ServiceCo's liability or obligation for any Unscheduled Liabilities is "**Unscheduled ServiceCo Liabilities.**")

12. The restoration of its assets and liabilities, along with control of its business, to ServiceCo are express and integral conditions of, and will facilitate, the Sale. The Sale will facilitate the rehabilitation of the Pavonia Entities.

13. The terms and conditions of the Interim Settlement Agreement and the Sale Agreement (the "**Interim Settlement and Sale Agreements**") are consistent with the rehabilitation objectives of the Pavonia Entities and do not have a material adverse effect on the Plan or Pavonia Estate.

14. The Rehabilitator has determined that the Interim Settlement and Sale Agreements will further the purposes of this rehabilitation proceeding. The Rehabilitator has therefore requested that the Court enter this Order approving the Interim Settlement and Sale Agreements and directing that simultaneously with the Closing: (a) the applicable ServiceCo Scheduled Liabilities will be restored to ServiceCo and become the obligations of ServiceCo; (b) no other liabilities will be restored to ServiceCo, except as otherwise provided for herein (*i.e.*, the ServiceCo

Permitted Claims, as defined below); and (c) after Closing ServiceCo will not have any obligations for any other **Unscheduled Liabilities**. The Rehabilitator has further requested that, based on the adjudication of any and all filed claims for **Unscheduled Liabilities**, unless otherwise specifically addressed herein, the Court bar the assertion of any further **Unscheduled Liabilities** that could have been filed, but were not, and forever release, discharge, bar, and extinguish any liability for unfiled claims (if any) for **Unscheduled ServiceCo Liabilities**.

15. The Rehabilitator has also determined that the Services Agreement will further the purposes of this rehabilitation proceeding. The Rehabilitator has therefore requested that the Court enter this Order approving the Services Agreement.

16. The Rehabilitator has further requested that this Order provide for the release and discharge from, and extinguishment of, any pre-rehabilitation and pre-Closing liability or responsibility for ServiceCo, GBIG Holdings, Aspida, and their respective past, present and future parents, owners, members, equity holders, subsidiaries, affiliates, directors, officers, managers, employees, successors, agents or assignees in such capacities (collectively, “**Affiliates**”), and their representatives in the transaction for any **Unscheduled ServiceCo Liabilities**; and include injunctions issued in favor of ServiceCo, GBIG Holdings, their **Affiliates**, and their representatives in the transaction precluding the assertion against them of any claims for **Unscheduled ServiceCo Liabilities** by any and all “**Unscheduled Liabilities Claimants**” and “**Unscheduled Liabilities Potential Claimants**,”

except for such Permitted Claims as are described or defined in the Plan and in the Court's June 25 Order and are applicable to ServiceCo (the "**ServiceCo Permitted Claims**").

17. Aspida has represented that it would not enter into the Interim Settlement or Sale transactions or proceed with the Closing without the restoration provisions, releases, discharges and extinguishment of liability, and injunctive relief that are set forth in this Order. Such restoration provisions, releases, discharges and extinguishment of liability, and injunctions are provided for in MCL 500.8105(1) and 500.8121, are narrowly tailored to effectuate the Sale transaction and further the rehabilitation, and are fair, equitable, and just under the facts and circumstances of this case where a plan of rehabilitation has been approved and a claims procedure effected.

18. The Sale is proposed in partial achievement of the Plan, and the balance of the Plan remains subject to further ruling by this Court.

19. Pursuant to MCL 500.8104(3), the Court has the power to enter this Order related to the rehabilitation of Pavonia Life.

20. Upon Closing, neither Greg Lindberg nor any other "**Global Group**" controlling person (as defined in the Plan) will have, nor may they exercise, any control whatsoever over ServiceCo.

21. Aspida has represented, and the Rehabilitator believes, that Aspida acted in good faith in the Sale transaction.

22. No evidence has been presented to the Rehabilitator or the Director that the Sale will render either of the Pavonia Entities insolvent.

23. The Sale does not involve payments on account of antecedent debt and is not made with intent to hinder, defraud, or delay any creditor of GBIG Holdings, the Pavonia Entities, or the Estate. Upon Closing, ServiceCo will have been acquired in compliance with applicable law.

24. The consideration that Aspida is providing is (a) fair and constitutes reasonably equivalent value for the Units it is acquiring in ServiceCo from the Rehabilitator; and (b) good, valid, and valuable and allows for the transaction to close and protects the Estate which receives the Purchase Price.

25. The release, discharge, and extinguishment of Aspida's liability from all Unscheduled ServiceCo Liabilities, reinforced by injunctive relief, are necessary and appropriate to facilitate and protect the transaction.

26. Restoration of the ServiceCo Assets (as defined below) to ServiceCo effective upon the Closing will not violate any applicable fraudulent transfer, voidable preference, voidable transaction, or other avoidance statute under federal (including title 11 of the United States Code) or state law.

27. The Rehabilitator has requested that the Court declare, order, and decree that upon Closing, Aspida shall be the owner of legal and beneficial title to the acquired Units, and that such Units be free and clear of any liens, claims, interests, charges, and any other encumbrances, including but not limited to Unscheduled ServiceCo Liabilities.

28. The terms and conditions of the Sale Agreement and the relief requested by the Rehabilitator in the Motion are consistent with, further and enforce the terms of this Court's June 25 Order.

29. The Sale will accomplish the restoration of ServiceCo within the meaning of MCL 500.8116(1).

30. This rehabilitation, the Interim Settlement, the Sale transaction, and this Order are all undertaken as part of and pursuant to the State of Michigan's regulation of the business of insurance, and thus to protect the interests of policyholders to secure their contractual coverage, and to protect the interests of creditors and the public.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

- A. The Court ACCEPTS this Stipulation.
- B. The Court approves the Services Agreement as requested by the Rehabilitator in Paragraph 15 above.
- C. The Court authorizes the Parties to enter into and execute the termination of intercompany agreements as described by Section 2.07 of the Interim Settlement Agreement.
- D. Upon Closing, the terms of the Sale Agreement are and forever will be binding on and enforceable against the Estate, the Rehabilitator, Pavonia Life's policyholders, all actual and potential creditors of the Pavonia Entities, GBIG Holdings, Aspida, all other potentially interested persons, and their respective

parents, owners, members, equity holders, subsidiaries, affiliates, directors, officers, managers, employees, successors, agents or assignees in such capacities, even if: (i) the transaction, the Sale Agreement, the Plan or this rehabilitation proceeding is later deemed to have affected or impaired any rights or claims of such person; or (ii) such person makes a later demand for payment of any claim or has made (or attempted to make) an appearance in this rehabilitation proceeding at any time.

E. For purposes of Closing and effective prior to Closing, and with this Court's express approval, ServiceCo liabilities and assets will be restored to the Company, such that, effective upon Closing:

ServiceCo's "**Post-Closing Liabilities**" shall include only ServiceCo Scheduled Liabilities and ServiceCo Permitted Claims, if any.

ServiceCo shall be restored with, and vested in, and hold all right, title and interest in and to its respective properties and assets, including, without limitation, all of the rights, title, and interest in any and all: (i) owned and leased real property; (ii) accounts and notes receivable; (iii) all tangible personal property; (iv) contracts to which ServiceCo is a party; (v) intellectual property; (vi) licenses, permits, franchises, approvals, registrations, authorizations, and consents; (vii) books and records, ledgers, files, documents, correspondence, and business and accounting records of every kind (including all financial, business, and marketing plans), all advertising, marketing, and promotional materials, all invoices, bills of sale, and other instruments and documents; (viii) claims (including insurance benefits), causes of action, choses in action, rights of recovery, rights of recoupment, and rights of set-off; (ix) guarantees, warranties, indemnities, and similar rights in favor of ServiceCo; (x) goodwill as going concerns and all other intangible property; (xi) all prepaid expenses, credits, advance payments, security, deposits, charges, sums, and fees; (xii) cash, cash equivalents, securities, and investments; (xiii)

prepayments, prepaid expenses (including, without limitation, prepaid insurance premiums), deferred charges, advance payments, and security deposits; (xiv) insurance, reserves, and deposits; and (xv) all other property not referred to above which is either represented on ServiceCo's balance sheets or acquired by ServiceCo thereafter (collectively, "**ServiceCo Assets**").

F. Effective upon Closing, the restoration of the ServiceCo Assets to ServiceCo and the sale of the Units to Aspida shall be made free and clear of all Unscheduled Liabilities (including, but not limited to, liens, encumbrances, claims, charges, and other interests of any nature, type, or kind whatsoever, whether arising under any contract, common law, statute, law, in equity, or otherwise) that have or could have been asserted against ServiceCo at any time before or during the Rehabilitation or when such company and its assets and liabilities were within the title, possession, or control of the Rehabilitator or were part of the Estate, except for the ServiceCo Permitted Claims.

G. Upon Closing, ServiceCo shall be vested with good, valid, and marketable title in and to all ServiceCo Assets, free of any and all liens, security interests, or encumbrances of whatever kind or nature, adverse claims, defenses (including, without limitation, rights of setoff and recoupment), and interests of third parties of any kind or nature, other than the Scheduled ServiceCo Liabilities and ServiceCo Permitted Claims, if any.

H. Effective upon Closing, ServiceCo, GBIG Holdings, Inc., Aspida, their Affiliates, and their representatives in the transaction shall be fully and unconditionally released and discharged from, and have absolutely no responsibility

or liability whatsoever for any Unscheduled ServiceCo Liabilities, except as provided herein in relation to any ServiceCo Permitted Claims, and the assets of the Pavonia Entities shall not be chargeable for any Unscheduled ServiceCo Liabilities. No person or entity shall have a valid claim or cause of action against the ServiceCo Assets, GBIG Holdings, Aspida, their Affiliates, or their representatives in the transaction for any claim related to, or arising in connection with, directly or indirectly, any Unscheduled ServiceCo Liabilities, except as provided herein in relation to any ServiceCo Permitted Claims, and neither ServiceCo, GBIG Holdings, Aspida, their Affiliates, or their representatives in the transaction shall have any future responsibility or liability whatsoever for Unscheduled ServiceCo Liabilities, and are hereby fully released and discharged therefrom, except as provided herein in relation to any ServiceCo Permitted Claims.

I. Effective upon Closing, to protect the transaction and in support of the rehabilitation of the Pavonia Entities, and consistent with MCL 500.8105(1)(c), (f), and (k), the Court issues the following injunctions, which complement the Rehabilitation Order's injunctions and the injunctions in the Court's June 25, 2020 Order entered previously in these proceedings:

All persons and entities, including, but not limited to, Estate creditors, contract counterparties, and other interested persons, and without limitation their respective parents, owners, members, equity holders, subsidiaries, affiliates, directors, officers, managers, employees, successors, agents or assignees in such capacities, and all persons in active concert or participation with any of them, whether in the State of Michigan or elsewhere, except as permitted by this Order, are permanently restrained and enjoined from: (i)

pursuing in any manner any claim or commencing or continuing in any manner or in any place any suit, action, or other proceeding, whether legal, equitable, administrative, or otherwise, whatsoever relating directly or indirectly to Unscheduled ServiceCo Liabilities (except for any ServiceCo Permitted Claims) as defined or described in the Rehabilitator's Plan, submissions to the Court, and this Court's Orders, against GBIG Holdings, the acquired Units, the Assets of the Pavonia Entities, the Pavonia Entities, Aspida, any of their respective Affiliates, or their respective representatives in the transaction; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the acquired Units, the Seller, the Assets of the Pavonia Entities, the Pavonia Entities, Aspida, or their respective Affiliates or representatives in the transaction relating directly or indirectly to Unscheduled ServiceCo Liabilities (except for the Permitted Claims) as defined in the Rehabilitator's Plan, submissions to the Court, and this Court's Orders; or (iii) creating, perfecting, or enforcing any lien or encumbrance with respect to the acquired units or the Assets of the Pavonia Entities relating directly or indirectly to Unscheduled ServiceCo Liabilities (except for any Permitted Claims) as defined or described in the Rehabilitator's Plan, submissions to the Court, and this Court's Orders.

All persons and entities are hereby forever prohibited and enjoined from taking any action or omitting to act that would adversely affect or interfere with the ability of the Rehabilitator to effect this Sale transaction or that would interfere with the transaction in any way.

Any person or entity attempting to pursue a claim or commence or continue any action or proceeding in violation of these injunctions in this Order shall cause such persons and/or entities to be subject to contempt proceedings before this Court, applicable fines, and other sanctions.

J. Effective upon Closing, each of Aspida and GBIG Holdings, for itself and its respective Affiliates, shall be deemed to have released all claims, rights, or causes of action that any of them have or could have asserted, or that could in the

future be asserted, against GBIG LLC, the Rehabilitator, the Director, the Department of Insurance and Financial Services (“DIFS”), or any of their respective officers, employees, attorneys, or agents, including Unscheduled Liabilities, to the extent relating to or arising from GBIG LLC.

K. Effective upon Closing, Aspida shall hold harmless and indemnify the Rehabilitator and her officers, employees, attorneys, or agents, from and against all losses arising from or related to the assertion of any claim that is the subject of the release provided in the foregoing Paragraph (I).

L. The Sale Agreement (and each of the instruments or agreements contemplated by it and delivered pursuant to it) may be modified, amended, or supplemented in a writing signed by the parties to the Sale Agreement and in accordance with its terms and with notice to the Director, but without notice to or order of this Court; provided, however, that any such modification, amendment, or supplement will not have a material adverse effect on the Plan or the Estate unless such modification, amendment or supplement is submitted to and approved by separate order of this Court.

M. The Court will retain exclusive jurisdiction over this matter for all purposes necessary to effectuate and enforce its orders, including this Order. Without limiting the generality of the above, the Court’s continuing jurisdiction will include:

The right to hear and determine all claims, controversies, disputes, and demands arising out of or relating to this Order and the Pavonia Entities’ rehabilitation proceedings; and

The taking of any action necessary to ensure the continued vitality and legality of the Sale Agreement, the transaction, the Plan, and this Order.

Authorization of Service

N. The Court authorizes the Rehabilitator's service of this Order upon:

- GBIG Holdings, Inc., c/o counsel Zachary Larsen
- Aspida Holdco LLC, c/o counsel Stephen Schwab
- Any other potentially interested individuals or entities by posting electronic copies on the DIFS website www.michigan.gov/difs, under the section "Who We Regulate," the subsection "Receiverships," and the sub-subsection "Pavonia Life Insurance."

O. The Court finds that service in the foregoing manner is reasonably calculated to give the listed individuals and entities, together with any other potentially interested individuals or entities, actual notice of the Order and is otherwise reasonable under the circumstances.

Additional Provisions

P. This Order shall be binding on all persons that may have an interest in the Pavonia Entities and all persons that received actual or constructive notice of the Motion, and while specifically excepting claims by the U.S. Internal Revenue Service, include without limitation the United States and its agencies (other than the U.S. Internal Revenue Service), all parties in interest, all federal, state, and local governmental entities and fiscal intermediaries thereof, and any other holders of Unscheduled Liability claims of any kind, whether known or unknown, asserted or unasserted, disputed or undisputed, matured or unmatured, liquidated or unliquidated, fixed or contingent, arising in law or equity. This Order and the foregoing terms hereof shall bind each and every one of the foregoing persons or

entities, without limitation, regardless of whether or not: (a) this Order is later deemed to have impaired any rights or claims of such persons or entities; (b) such persons or entities have responded to the Motion or participated in any hearing thereon; and/or (c) such persons or entities make a later demand for payment of any claim or have made (or attempted to make) an appearance in the rehabilitation proceeding at any time.

Q. This Order is without any prejudice to the ongoing litigation between the parties concerning the disposition of Pavonia and any ISA Party's rights or positions in that litigation as described in the Interim Settlement.

R. GBIG Holdings, Aspida, and the Rehabilitator have fully participated through counsel in the drafting of this Order and hereby waive any right to appeal this Order once entered.


IT IS SO ORDERED.

This Order does not resolve the last pending claim and does not close this case.

Honorable Wanda M. Stokes
Circuit Court Judge

STIPULATED AND AGREED this 16th day of June 2021, by:

Pavonia Life Insurance Company of Michigan, in Rehabilitation

DocuSigned by:

By: _____
Name: Jim Gerber
Title: Special Deputy Rehabilitator

GBIG Holdings, Inc.

By: _____
Name:
Title:

Aspida Holdco, LLC

By: _____
Name:
Title:

IT IS SO ORDERED.

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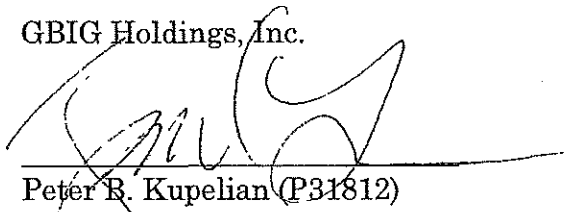
Honorable Wanda M. Stokes
Circuit Court Judge

STIPULATED AND AGREED this 16th day of June 2021, by:

Pavonia Life Insurance Company of Michigan, in Rehabilitation

By: /s/ Jim Gerber
Name: Jim Gerber
Title: Special Deputy Rehabilitator

GBIG Holdings, Inc.



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Counsel for GBIG Holdings, Inc.

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Circuit Court Judge

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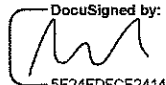
Pavonia Life Insurance Company of Michigan, in Rehabilitation

By: _____
Name:
Title:

GBIG Holdings, Inc.

By: _____
Name:
Title:

Aspida Holdco, LLC

By:  _____
Name: Anton Feingold
Title: Authorized Signatory

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This LLC UNIT PURCHASE AGREEMENT, dated as of June [●], 2021 (this "Agreement"), is made by and among ASPIDA HOLDCO, LLC, a Delaware limited liability company ("Buyer"), and PAVONIA LIFE INSURANCE COMPANY OF MICHIGAN, in Rehabilitation ("Pavonia").

PRELIMINARY STATEMENTS

A. GBIG Holdings, Inc., a Delaware corporation ("GBIG Holdings") owns all of the issued and outstanding Equity Interest(s) of Pavonia.

B. Global Bankers Insurance Group, LLC (the "Company") is a wholly owned subsidiary of Pavonia that provides all executive, management, regulatory oversight review, and administrative services for Pavonia's operations;

C. Pavonia and the Company are parties to that certain Cost Sharing Agreement by and among the Company, Colorado Bankers Life Insurance Company, Southland National Holdings, Inc., Bankers Life Insurance Company and Preferred Financial Corporation, LLC, effective January 1, 2017, as amended by that certain Joinder Agreement by and between the Company and PLICMI, effective January 1, 2018 (the "Cost Sharing Agreement"), pursuant to which the Company provided certain operational and administrative services to Pavonia;

D. GBIG Holdings and Buyer previously entered into that certain Stock Purchase Agreement, dated as of July 9, 2019, pursuant to which GBIG Holdings agreed to sell, and Buyer agreed to purchase, all of the Equity Interest(s) of Pavonia.

E. On July 9, 2019, the GBIG Holdings and Pavonia entered into a stipulated petition and order placing Pavonia into rehabilitation under chapter 81 of the Michigan Insurance Code, M.C.L. §§ 500.8101, *et seq.*, and thereby placed Pavonia into rehabilitation in the Rehabilitation Court;

F. Disputes have arisen among the GBIG Holdings and Buyer, including litigation in the Michigan Appeal and the New York Action;

G. To preserve the ongoing operations of the Company notwithstanding delays occasioned by the pending litigation, and without prejudice to any Party's rights or positions in that litigation, Buyer, GBIG Holdings and Anita G. Fox, Director of the Michigan Department of Insurance and Financial Services in her capacity as the statutory and court-affirmed rehabilitator of Pavonia (the "Rehabilitator"), entered into that certain Interim Settlement Agreement dated as of May 4 2021 (the "Interim Settlement Agreement"), pursuant to which, among other things, the parties thereto agreed that, (i) the Rehabilitator shall cause Pavonia to sell, convey, assign, transfer, and deliver to Buyer, free and clear of all liens or other encumbrances, and Buyer shall purchase, acquire, and accept from the Rehabilitator, all of Pavonia's right, title, and interest in the Units (the "Sale") for the Purchase Price; and (ii) the Sale shall be governed by an agreement to be entered into between Buyer and the Rehabilitator on or before the Closing;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties to this Agreement agree as follows:

ARTICLE I DEFINITIONS

Section 1.01 Certain Defined Terms. Capitalized terms used in this Agreement have the meanings specified or referred to in this Section 1.01.

“Action” means any claim, action, suit, litigation, investigation, mediation, arbitration or other proceeding by or before any Governmental Authority or arbitrator or arbitration panel or similar Person or body.

“Affiliate” means, with respect to any specified Person, any other Person that, at the time of determination, directly or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with such specified Person; provided, that for the avoidance of doubt following the Closing, the Company shall not be an Affiliate of Pavonia. Notwithstanding the foregoing, no investment fund, account or vehicle managed, advised, serviced or sponsored by Buyer or any of its Affiliates or any portfolio company or investment of any such funds, accounts or vehicles shall be deemed to be an Affiliate of Buyer.

“Agreement” shall have the meaning set forth in the preamble hereto.

“Allocation” shall have the meaning set forth in Section 7.10.

“Books and Records” means originals or copies of the books, records, documents and data of every kind (whether written, electronic, or otherwise embodied) of, or maintained by or on behalf of, the Company to administer, evidence or record information relating to its existence or the operations of the Business, including financial records, books, ledgers, databases, management plans, advertising materials, and manuals, in each case, insofar as such items relate to the Business, and all original corporate records of the Company relating to the legal existence, ownership and corporate governance of the Company and all Permits of the Company.

“Business” means the business of the Company as conducted as of the date hereof.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in the City of New York, New York are required or authorized by Law to be closed.

“Buyer” shall have the meaning set forth in the preamble hereto.

“Buyer Material Adverse Effect” means a material adverse effect on the ability of Buyer to perform its material obligations under this Agreement, including consummation of the Transactions.

“CARES Act” means The Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136 (2020).

“Closing” shall have the meaning set forth in Section 2.02.

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

"Company" shall have the meaning set forth in the preliminary statements hereto.

"Company Benefit Plan" means each Employee Benefit Plan (a) that is sponsored, maintained, or contributed to by the Company, (b) with respect to which the Company makes or is obligated to make contributions or has any liability, whether contingent or otherwise, including by reason of an ERISA Affiliate, or (c) in which one or more Company Employees (or their dependents and beneficiaries) participate.

"Company Employee" means each individual who is employed by the Company.

"Company Privacy Policy" shall have the meaning set forth in Section 3.12(i).

"Company Registered Intellectual Property" means all of the Registered Intellectual Property owned by, or filed in the name of, the Company.

"Company Material Adverse Effect" means a material adverse effect on the assets, liabilities, financial condition, business, or results of operations of the Company or the ability of Pavonia to perform its obligations under this Agreement, including consummation of the Transactions.

"Consent" means any consent, license, permission, permit, approval, authorization, registration, declaration, notice, filing, waiver, or exemption.

"Contract" means any agreement, license, lease, instrument or other legally binding arrangement, understanding, commitment or obligation.

"Control" means, with respect to any Person, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The terms "Controlled," "Controlled by," "under common Control with" and "Controlling" shall have correlative meanings.

"Cost Sharing Agreement" shall have the meaning set forth in the preliminary statements hereto.

"Employee Benefit Plan" means a written or unwritten plan, policy, program, agreement or arrangement, whether covering a single individual or a group of individuals, that is (a) an "employee benefit plan" within the meaning of Section 3(3) of ERISA, (b) a stock bonus, stock purchase, stock option, restricted stock, stock appreciation right or similar equity-based plan or (c) any other employment, compensation, severance, change of control, retention, deferred-compensation, retirement, health- or welfare-benefit, bonus, incentive, commission, vacation, leave of absence, or fringe benefit plan, policy, program, agreement or arrangement.

"Equity Interest" means any equity or ownership interest in, a Person, including (a) membership interests or "profits interests", (b) any instruments convertible into or exchangeable for, or whose value is determined by reference to, any such interests and (c) any other rights, warrants or options to acquire or dispose of any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any trade or business, whether or not incorporated, that together with the Company would be deemed a "single employer" within the meaning of Section 4001(b) of ERISA or Section 414 of the Code.

"Governmental Approval" means any consent, approval, license, Permit, order, qualification, authorization of, or registration, waiver or other action by, or any filing with or notification to, any Governmental Authority.

"Governmental Authority" means any United States or non-United States federal, state or local or any supra-national, political subdivision, governmental, legislative, tax, regulatory or administrative authority, instrumentality, agency, body or commission, self-regulatory organization or any court, tribunal, or judicial or arbitral body.

"Governmental Order" means any binding and enforceable order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"IP Contracts" shall have the meanings set forth in Section 3.12(c).

"Law" means any United States or non-United States federal, state or local statute, law, common law, ordinance, regulation, code, Governmental Order or other requirement or rule of law.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, security interest, option, claim, encroachment, restriction, exclusive license or other similar encumbrance, lien, or adverse right.

"Michigan Appeal" means the appeal styled *GBIG Holdings, Inc. v. Anita G. Fox, Director of the Michigan Department of Insurance and Financial Services*, No. 354182, pending in the Michigan Court of Appeals, and any further appeal or petition for review taken therefrom.

"New York Action" means the action styled *GBIG Holdings, Inc. v. Aspida Holdco, LLC*, Index No. 652863/2020, pending in the Commercial Division of the Supreme Court of the State of New York for the County of New York, and any appeal taken therefrom.

"Pavonia" shall have the meaning set forth in the preamble hereto.

"Permit" means any qualification, registration, license, permit or authorization from or with any Governmental Authority.

"Person" means any natural person, general or limited partnership, corporation, limited liability company, limited liability partnership, firm, Governmental Authority, association or organization or other legal entity.

"Pre-Closing Taxes" means (i) all Taxes of the Company for any Pre-Closing Tax Period, (ii) Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Company is or was a member on or prior to the Closing, including pursuant to Treasury Regulations 1.1502-6 or any analogous or similar state, local or foreign Law, (iii) any and all Taxes

of any Person imposed on the Company as a transferee or successor, by contract or pursuant to any Law, as a result of an event or transaction occurring prior to the Closing, (iv) all Taxes of Pavonia for any Tax Period, and (v) Transfer Taxes.

"Pre-Closing Tax Period" means, collectively, all taxable periods beginning before and ending before or on the Closing Date, and in the case of all Straddle Periods, the portion of the Straddle Period through and including the Closing Date.

"Purchased Assets" shall have the meaning set forth in Section 7.10.

"Purchase Price" means five million five hundred thousand dollars (\$5,500,000).

"Registered Intellectual Property" means all United States, international and foreign (i) patents and patent applications (including provisional applications); (ii) registered trademarks and applications to register trademarks (including intent-to-use applications, or other registrations or applications related to trademarks); and (iii) registered copyrights and applications for copyright registration.

"Rehabilitation" means placement of Pavonia into rehabilitation pursuant to Mich. Comp. Stat. §500.8113 and proceedings under Chapter 81 of the Insurance Code of 1956, Mich. Comp. Stat. §500.8101 et. seq.

"Rehabilitation Court" means the Circuit Court for Ingham County having sole jurisdiction of the Rehabilitation proceeding in respect of Pavonia commenced under chapter 81 of the Insurance Code of 1956, Mich. Comp. Stat. §500.8101 et seq.

"Rehabilitation Order" shall have the meaning set forth in Section 6.01(d).

"Rehabilitator" shall have the meaning set forth in the preliminary statements hereto.

"Sale" shall have the meaning set forth in the preliminary statements hereto.

"Services Agreement" means that certain Services Agreement dated as of the date hereof between the Company and Buyer.

"Solvent" means, with respect to a Person as of a specified time, (a) that the "fair value" of the "property" of such Person, including interests in Subsidiaries, will exceed the sum of all "debts" of such Person, (b) such Person will not have an unreasonably small amount of capital for the operation of the businesses in which it is engaged or about to be engaged, and (c) such Person will be able to pay its liabilities that it intends or believes that it will incur as they mature or otherwise come due. For purposes of this definition, the terms "fair value" and "property" of a Person will be determined in accordance with applicable federal bankruptcy Laws and state insurance Laws governing determinations of the insolvency of debtors and the phrases "not have an unreasonably small amount of capital for the operation of the businesses in which it is engaged or about to be engaged" and "able to pay its liabilities as they mature" shall have the meaning given to such or similar terms under applicable federal bankruptcy Laws and state insurance Laws governing preferential, voidable or fraudulent transfers.

"Straddle Period" means each taxable period beginning on or before and ending after the Closing Date. For purposes of this Agreement, whenever it is necessary to determine the portion of any Taxes imposed on or with respect to the Company for a Straddle Period, (i) in the case of ad valorem real estate Taxes and property Taxes (and any other ad valorem Taxes which are imposed on a periodic basis), such Taxes shall be allocated ratably on a per diem basis and (ii) in the case of any other Taxes, such Taxes shall be allocated based on an "interim closing of the books" of the Company as of the close of business on the Closing Date.

"Taxes" means all taxes, however denominated, including any interest, penalties or other additions to tax, whether disputed or not and including any obligation to indemnify or otherwise assume or succeed to the tax liability of any other Person, imposed by any federal, territorial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and state income taxes), value added, alternative or add-on minimum, estimated, employment, disability, payroll and employee withholding taxes, social security taxes, sales and use taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, environmental taxes, unclaimed property and escheat, workers' compensation, and other obligations of the same or of a similar nature to any of the foregoing, which the Company is required to pay, withhold or collect.

"Tax Return" means any return, information report or filing with respect to Taxes, including any schedules attached thereto and including any amendment thereof.

"Transfer Taxes" shall mean all sales, use, transfer, recording, value added, documentary, registration, conveyance, stamp, deed or similar Taxes arising out of, in connection with or attributable to the transactions effectuated pursuant to this Agreement.

"Transactions" means the transactions contemplated by this Agreement and the Services Agreement.

"Units" means units of membership interests having the privileges, preference, duties, liabilities, obligations and rights specified in the Company's limited liability company agreement.

"User PII" shall have the meaning set forth in Section 3.12(i).

ARTICLE II PURCHASE AND SALE

Section 2.01 Purchase and Sale of the Units. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Pavonia shall sell, convey, assign, transfer and deliver to Buyer, free and clear of all Liens, and Buyer shall purchase, acquire and accept from Pavonia, all of Pavonia's right, title and interest in and to the Units, for the Purchase Price.

Section 2.02 Closing. The closing of the purchase and sale of the Units contemplated by this Agreement (the "Closing") shall take place at 10:00 a.m., New York City time, on the date hereof following and subject to the satisfaction or waiver of the conditions set

forth in Article VI (other than conditions which, by their nature, are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing). The date on which the Closing takes place shall be the "Closing Date."

Section 2.03 Payments. At the Closing, Buyer shall deliver to Rehabilitator payment, by wire transfer to a bank account as separately communicated in writing by PLICMI from time to time, of immediately available funds in an amount equal to the Purchase Price.

Section 2.04 Pavonia's Closing Date Deliveries. At the Closing, Pavonia shall deliver, or cause to be delivered, to Buyer:

(a) duly executed counterparts of the Services Agreement executed and delivered by Pavonia and the Company;

(b) the Books and Records; and

(c) a properly completed and duly executed certificate pursuant to Treasury Regulations Section 1.1445-2(b) from each of the Rehabilitator and Pavonia that provides that each is not a foreign person within the meaning of Section 1445 of the Code.

Section 2.05 Admission as Member. Pavonia hereby consents to the admission of Buyer as the sole member of the Company, and the withdrawal of Pavonia as sole member of the Company, in each case effective as of the Closing.

Section 2.06 Termination of Intercompany Agreements. Effective as of the Closing, the Parties hereby agree to terminate (i) all agreements, licenses, leases, instruments or other legally binding arrangements, understandings, commitments or obligations (whether or not reduced to writing), between the Company, on the one hand, and Pavonia or any of its Affiliates, on the other hand, and (ii) that certain Cost Sharing Agreement as between the parties hereto in accordance with Section 13(a) thereof. On or prior to the Closing, Pavonia or the Company, as applicable, shall on or prior to the date hereof make final payment due under the Cost Sharing Agreement of the net amount due thereunder, or that would be due thereunder, with the passage of time or the giving of notice. Such final payment shall be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein, which shall be the responsibility of the paying party. For so long as Pavonia remains in rehabilitation, all amounts due to the Company under this Agreement shall be deemed and paid out of the assets of the Pavonia estate as a Class 1 claim for the costs and expenses of administration of Pavonia and its estate within the meaning of and pursuant to MCL § 500.8142(a).

Section 2.07 Withholding. The Buyer shall be entitled to deduct and withhold from amounts otherwise payable pursuant to this Agreement to any Person such amounts as are required by applicable Law to be deducted and withheld with respect to the making of such payment under the Code, or any provision of state, local or foreign Law. To the extent that amounts are so deducted and withheld, such deducted and withheld amounts shall be treated for

all purposes of this Agreement as having been paid to such Person in respect of which such deduction and withholding was made.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF PAVONIA

Pavonia hereby represents and warrants to Buyer that:

Section 3.01 Organization. The Company (i) is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of North Carolina, (ii) is duly qualified as a foreign corporation or other organization to do business and is in good standing in each jurisdiction where the character of its owned, operated or leased properties or the nature of its activities makes such qualification necessary, and (iii) has the requisite limited liability company power and authority to operate its business as now conducted. Pavonia has made available to Buyer copies of the organizational documents of the Company as amended and in effect as of the date hereof. The Company is not in material violation of any of the provisions of its organizational documents. Pavonia has provided to Buyer a true and complete copy of its certificate of formation and operating agreement of the Company. Pavonia is a corporation duly incorporated, validly existing and in good standing under the laws of Michigan, and has the requisite corporate power and authority to execute and deliver this Agreement and perform its obligations hereunder.

Section 3.02 Due Execution. This Agreement has been duly executed and delivered by Pavonia, and (assuming due authorization, execution and delivery by Buyer of this Agreement) this Agreement constitutes (and at Closing, will constitute) the legal, valid and binding obligation of Pavonia, enforceable against Pavonia in accordance with its terms.

Section 3.03 No Conflict. The execution, delivery and performance by Pavonia, and, as applicable, the Company, of, and the consummation by Pavonia and the Company of the Transactions, this Agreement and the Services Agreement, do not (a) violate, conflict with or require a Consent under the organizational documents of Pavonia or the Company, (b) violate or conflict with any Law, Permit or other Governmental Order applicable to Pavonia or the Company or by which either of them or any of their respective properties or assets is bound or subject in any material respect, or (c) result in any breach of, or constitute a default (or event which, with the giving of notice or lapse of time, or both, would become a default) under, give any Person a right of termination or acceleration under, or result in the creation of any Lien on any of the assets or properties of Company pursuant to, any material Contract to which the Company or its properties or assets are bound.

Section 3.04 Capitalization. The authorized membership interests and sole Equity Interests of the Company consist of 100 Units. There are 100 Units issued and outstanding, all of which are held of record and beneficially owned by Pavonia, free and clear of all Liens other than restrictions under applicable federal and state securities Laws and this Agreement, and (ii) no other membership interests, shares of capital stock or other voting or equity interests of the Company are issued, reserved for issuance or outstanding. All of the outstanding Units of the Company have been duly authorized and validly issued, are fully paid and nonassessable and were not issued in violation of any option, right of first refusal, preemptive, subscription, or any similar

rights. There are no (A) drag-along rights, tag-along rights, options, calls, warrants or convertible or exchangeable securities, or conversion, preemptive, subscription, exchange or other rights, or related or similar agreements, arrangements or commitments, with respect to the Company, its Equity Interests or the Units, (B) units of Equity Interests of the Company reserved for issuance for any purpose, (C) capital appreciation rights, restricted stock units, phantom stock plans, securities with participation rights or features, or similar obligations or commitments of any of the Company, (D) voting trusts, stockholder agreements, proxies, rights of first refusal, transfer restrictions or other rights or agreements in effect with respect to the voting, transfer or dividend rights of, or otherwise relating to, the Equity Interests of the Company, (E) bonds, debentures, notes or other indebtedness of the Company having voting rights (or convertible into securities having voting rights), (F) contractual obligations or commitments providing for rights to dividends, registration, redemption, repurchase or disposition of, or that restrict the transfer of, any Equity Interest of the Company, or (G) contractual obligations or commitments restricting the right of the owner thereof to transfer any shares of Equity Interest(s) of the Company. Upon delivery of and payment for the Units at the Closing as herein provided, good and valid title to the Units will pass to Buyer, free and clear of all Liens (other than restrictions on transfer imposed by federal and state securities Laws).

Section 3.05 Consents and Approvals. The execution and delivery by Pavonia of this Agreement, and the execution and delivery by Pavonia and the Company of the Services Agreement does not, and the consummation by Pavonia and the Company of the Transactions, do not, require any material Governmental Approval to be obtained or made by Pavonia or the Company prior to the Closing, other than entry of an Order of the Rehabilitation Court approving the Sale of the Company and further approving the Services Agreement between the Company and Buyer.

Section 3.06 Sufficiency of Assets. The assets, properties and rights of the Company comprise all of the assets, properties and rights reasonably required to permit Buyer to conduct the Business and to perform its obligations immediately following the Closing Date in all material respects in substantially the same manner as the Business as previously conducted. Legal title to all Company assets are held in the name of the Company.

Section 3.07 Books and Records. The Books and Records are true, complete and correct in all material respects and have been maintained in accordance with reasonable business practices and, in all material respects, in accordance with applicable Law.

Section 3.08 Taxes. The Company has (a) timely filed or caused to be filed with the appropriate taxing authority all Tax Returns required to have been filed by or with respect to it under applicable Law and (b) timely and fully paid, or caused to be timely and fully paid, all Taxes required to have been paid by the Company (whether or not shown on any Tax Returns), in each case, taking into account any applicable extension periods. Since its formation, the Company has been classified as a disregarded entity for U.S. federal income tax purposes. The Company is not currently the subject of any Tax audit or other Tax proceeding and no Tax audit or other Tax proceeding is pending or threatened against the Company. The Company has not received any notice of deficiency or demand for proposed adjustment for any amount of Tax proposed, asserted or assessed by any taxing authority against the Company that has not been fully resolved and paid in full. The Company has in all material respects (i) withheld from all employees, customers,

independent contractors, creditors, members and any other applicable payees proper and accurate amounts for all taxable periods in compliance with all Tax withholding provisions of applicable Law and (ii) remitted such amounts to the appropriate taxing authority. The Company has not received any written notification from a taxing authority in a jurisdiction where the Company does not file Tax Returns that the Company is or may be subject to taxation by that jurisdiction. There are no liens for Taxes upon the assets of the Company, other than liens for Taxes not yet due and payable. The Company has not entered into any transaction that is or would be part of any "reportable transaction" within the meaning of Section 6707A of the Code or Treasury Regulations Section 1.6011-4(b) (or any similar provision of state, local or foreign Law). The Company has not (i) deferred the employer's share of any "applicable employment taxes" under Section 2302 of the CARES Act, (ii) otherwise deferred any Taxes (including the employee portion of any payroll Taxes) or changed any material Tax practice or filed an amended Tax Return under, or in response to, any legislation or executive order enacted or issued in response to COVID-19, (iii) claimed any Tax credits under Sections 7001 through 7005 of the Families First Coronavirus Response Act or Section 2301 of the CARES Act, or (iv) sought (nor has any Affiliate that would be aggregated with the Company and treated as one employer for purposes of Section 2301 of the CARES Act sought) a covered loan under paragraph (36) of Section 7(a) of the Small Business Act (15 U.S.C. 636(a)), as added by Section 1102 of the CARES Act.

Section 3.09 Absence of Litigation.

(a) Schedule 3.09 sets forth each material Action pending or, to the knowledge of Pavonia, threatened in writing against or affecting any of the Company or any of its managers or officers in their capacities as such or otherwise relating to the assets, business or properties of the Company.

Section 3.10 Compliance with Laws.

(a) Since July 9, 2019, the Company has not (i) been in material violation of any Laws or Governmental Orders or any agreement with any Governmental Authorities, in each case, applicable to the Company or the Company's assets, properties or businesses or (ii) received any notice of any alleged violation of Law from a Governmental Authority, and there are no pending or, to the knowledge of Pavonia, threatened hearings or investigations with respect to any such violation.

(b) The Company is not a party to, or bound by, any material Governmental Order or material agreement with any Governmental Authorities, in each case, applicable to the Company or the Company's assets, properties or businesses, other than the Rehabilitation Order.

Section 3.11 Governmental Licenses and Permits. Schedule 3.11(a) sets forth each Permit held by the Company. Except as set forth in Schedule 3.11(b), (i) all Permits are valid and in full force and effect, (ii) the Company is not in default or violation, in any material respect, of any Permit, (iii) the Company is not the subject of any pending or, to the knowledge of Pavonia, threatened Action seeking, and has not received any written notice from a Governmental Authority regarding, the revocation, suspension, limitation, termination, modification, impairment or non-renewal of any Permit.

Section 3.12 Intellectual Property.

(a) Registered Intellectual Property; Proceedings. Schedule 3.12(a) sets forth a true, correct and complete list as of the date of this Agreement of all items of Company Registered Intellectual Property. The Company has maintained all material items of Company Registered Intellectual Property in the ordinary course consistent with reasonable business practices, and, to the Knowledge of the Company, such items are not invalid or unenforceable. None of the material Company Registered Intellectual Property is jointly owned with any third Person, and the Company is the sole owner of the Company Registered Intellectual Property, free and clear of all Liens.

(b) No Order. No material Company Intellectual Property is subject to any Action or outstanding order to which the Company is bound, including restricting in any manner the use, transfer, or licensing thereof by the Company of such Company Intellectual Property or any of the Company's products or services.

(c) IP Contracts. Schedule 3.12(c) sets forth a true, correct and complete list of all material Contracts to which the Company is a party (i) with respect to Company Intellectual Property that is licensed, or to which rights are granted or transferred to any third Person other than any non-disclosure agreements and non-exclusive licenses granted by the Company in the ordinary course of business or in connection with the provision or sale of any Company product or service; or (ii) pursuant to which a third Person has licensed, granted rights or transferred any Intellectual Property to the Company that is material to the operation of the business of the Company and excluding any non-disclosure agreements, any non-exclusive licenses of commercially available technology and any licenses to software and materials licensed as open-source, public-source or freeware (all such Contracts, the "IP Contracts").

(d) Changes. The consummation of the Transactions will not under any IP Contract result: (i) in the termination of any license or grant of rights of Intellectual Property to the Company by a third Person; (ii) in the granting by the Company, Buyer or any of their Affiliates of any license or rights to their Intellectual Property; or (iii) the release from escrow of any material Company technology or software.

(e) No Government Funding. The Company is not under any obligation to license any material Company Intellectual Property to any Governmental Authority because it has received funding to develop such Company Intellectual Property from a Governmental Authority.

(f) No Infringement. The operation of the business of the Company as such business is currently conducted as of the date of this Agreement does not infringe, misappropriate or violate the patent, copyright, trade secret or other intellectual property rights of any third Person or constitute unfair competition or unfair trade practices pursuant to the Laws of any jurisdiction in a manner that has or would reasonably be expected to result in a material liability to the Company; provided that, with respect to patents, the foregoing representation is being made to the knowledge of Pavonia as of the date of this Agreement.

(g) No Notice of Infringement. Since January 1, 2015, neither the Company nor Pavonia or any of its Affiliates has received written notice (including cease and desist letters and invitations to take a patent license that would reasonably be construed as notice of infringement) from any third Person alleging that the operation of the business of the Company or of the Company's products or services infringes or misappropriates the patent, copyright, trade secret or other intellectual property rights of any third Person or constitutes unfair competition or unfair trade practices pursuant to the Laws of any jurisdiction in a manner that has or would reasonably be expected to result in a material liability to the Company.

(h) Proprietary Information. The Company has exercised reasonable business discretion to protect its rights in its confidential information and trade secrets and any trade secrets or confidential information of third Persons provided to the Company, in each case that are material to the business of the Company. All Persons who have contributed to the creation, invention, development of any material Company Intellectual Property have assigned to the Company their rights and interests therein that do not vest with the Company initially by operation of law.

(i) Privacy and Data Security. The Company (i) has adopted and published from time to time privacy policies (each, the "Company Privacy Policy"); and (ii) is in compliance in all material respects with (A) each Company Privacy Policy and (B) all applicable Laws and regulations and material contractual requirements pertaining to personally identifiable information of its customers and users of its products and services ("User PII"). The Company has taken commercially reasonable steps to protect the User PII from unauthorized access and use. Neither the Company nor its Affiliates have suffered any security breach with respect to any User PII that would reasonably be expected to result in a material liability to the Company.

Section 3.13 Employees and Benefit Plans.

(a) Schedule 3.13(a) includes a complete and correct list of all material Company Benefit Plans as of the date hereof. Pavonia has delivered or made available to Buyer true, correct and complete copies of each such Company Benefit Plan.

(b) Except as disclosed in Schedule 3.13(b), there are no material claims or disputes pending or, to the knowledge of Pavonia, threatened with respect to any Company Benefit Plan or any trusts thereto, other than claims for benefits in the ordinary course of business.

(c) Schedule 3.13(l) sets forth a list as of the date hereof of Company Employees by position and I.D. number. Pavonia has provided or made available to Buyer, as of the date hereof, for each Company Employee, such employee's title, wages, salary or hourly rate of pay and current bonus opportunity. To the knowledge of Pavonia, as of the date hereof, all Company Employees have established valid, current U.S. employment authorization or other applicable authorization to work in the jurisdiction in which they work.

Section 3.14 Adequacy of Consideration. The consideration to be paid by Buyer under the terms and conditions of this Agreement is fair and reasonable, and constitutes reasonably equivalent value and fair and reasonable consideration in exchange for the sale of the Company.

Section 3.15 Pavonia Solvency. As of the Closing Date, Pavonia is, and immediately after the Closing, Pavonia will be, Solvent.

ARTICLE IV REPRESENTATIONS AND WARRANTIES REGARDING BUYER

Buyer hereby represents and warrants to Pavonia that:

Section 4.01 Formation; Authority and Due Execution.

(a) Buyer is a limited liability company duly incorporated, organized, validly existing and in good standing under the Laws of the State of Delaware.

(b) Buyer has all requisite power to enter into, consummate the Transactions, and carry out its obligations under, this Agreement. The execution and delivery by Buyer of this Agreement, the consummation by Buyer of the Transactions, and the performance by Buyer of its obligations under this Agreement have been duly authorized by all requisite action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by Pavonia) this Agreement constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency, moratorium, rehabilitation, liquidation, fraudulent conveyance or similar Laws relating to or affecting creditors' rights generally and subject, as to enforceability, to the effect of general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 4.02 No Conflict. Except in the case of clauses (b) and (c) below as may result from any facts or circumstances solely relating to Pavonia or its Affiliates (as opposed to any other third party), the execution, delivery and performance by Buyer of, and the consummation by Buyer of the Transactions, of this Agreement do not (a) violate, conflict with or require a Consent under the organizational documents of Buyer, (b) violate or conflict with any Law, Permit or other Governmental Order applicable to Buyer or by which Buyer or its properties or assets is bound or subject or (c) result in any breach of, or constitute a default (or event which, with the giving of notice or lapse of time, or both, would become a default) under, result in the loss of any right, entitlement or obligation in, or give to any Person any rights of termination, acceleration, or cancellation of, or result in the creation of any Lien (other than a Permitted Lien) on any of the assets or properties of Buyer pursuant to, any material note, bond, mortgage, indenture or Contract to which Buyer is a party or by which any of such assets or properties is bound, other than, in the case of clauses (b) and (c), any such conflicts, violations, breaches, defaults, rights or Liens that, individually or in the aggregate, do not have, and would not reasonably be expected to have, a Buyer Material Adverse Effect.

Section 4.03 Consents and Approvals. The execution and delivery by Buyer of this Agreement does not, and the performance by Buyer of, and the consummation by Buyer of the Transactions and this Agreement do not, require any Governmental Approval to be obtained or made by Buyer prior to the Closing, except for such Governmental Approvals as have been obtained or as would not reasonably be expected to have a Buyer Material Adverse Effect if not obtained.

Section 4.04 Absence of Litigation. There are no Actions pending or, to the Knowledge of Buyer, threatened in writing, against Buyer that question the validity of, seek injunctive relief with respect to, this Agreement or the right of Buyer to enter into this Agreement, and would reasonably be expected to have a Buyer Material Adverse Effect.

ARTICLE V ADDITIONAL AGREEMENTS

Section 5.01 Further Action. Pavonia and Buyer (i) shall execute and deliver, or shall cause to be executed and delivered, such documents and other papers and shall take, or shall cause to be taken, such further actions as may be reasonably required to carry out the provisions of this Agreement and give effect to the Transactions, (ii) shall refrain from taking any actions that would reasonably be expected to impair, delay or impede the Closing and (iii) without limiting the foregoing, shall use their respective reasonable best efforts to cause all the conditions to the obligations of the other party hereto to consummate the Transactions to be met as soon as reasonably practicable.

Section 5.02 Access to Information. After the Closing Date, Buyer shall cause the Company to, preserve, in accordance with the Company's then-standard document retention policies (but for not less than six (6) years from the Closing Date or such later date as may be required by applicable Law), all pre-Closing books and records of the Company and the Business possessed or controlled by such Person, in each case relating to Tax matters relating exclusively to the Company during the taxable year or period that ends on or before the Closing Date and, with respect to any Straddle Period, the portion of such Straddle Period ending on and including the Closing Date. During such period, upon any reasonable request from Pavonia, Buyer or any of its Affiliates holding such books and records shall provide to Pavonia reasonable access to such books and records during normal business hours and permit Pavonia to make copies of such books and records; provided, that such access shall not unreasonably interfere with the conduct of the business of the Company. Nothing herein shall (A) require the Company to disclose any information to Pavonia if such disclosure would jeopardize any attorney-client privilege, the work product immunity or any other legal privilege or similar doctrine or contravene any applicable Law, Governmental Order or any fiduciary duty (it being understood that Buyer shall cause the Company to use commercially reasonable efforts to obtain, any appropriate and non-prejudicial waivers, and to make other appropriate arrangements (including redacting information; provided, that the Company shall not be required to enter into joint defense agreements), in each case, that would enable otherwise required disclosure to Pavonia to occur without so jeopardizing privilege or contravening such applicable Law, Governmental Order or fiduciary duty or agreement) or (B) require Buyer or the Company to disclose its Tax records (except for Tax records relating exclusively to the Company during the taxable year or period that ends on or before the Closing Date and, with respect to any Straddle Period, the portion of such Straddle Period ending on and including the Closing Date). Such books and records may be requested under this Section 5.03 for any reasonable business purpose, including to the extent reasonably required in connection with accounting, litigation, financial reporting, federal securities disclosure, compliance with contractual obligations of Pavonia or other similar purpose. Notwithstanding the foregoing, upon the expiration of such retention period, any and all such books and records may be destroyed by the Company.

Section 5.03 Books and Records. Except as otherwise required by applicable Law, Pavonia shall have the right to retain copies of all books and records of the Company and the Business relating to periods ending on or prior to the Closing Date. For six (6) years after the Closing Date, Pavonia shall, upon any request from Buyer, provide to Buyer reasonable access during normal business hours to any books and records to the extent pertaining to the Company or the Business not transferred to Buyer on or prior to the Closing and permit Buyer to make copies of such books and records; provided, that such access shall not unreasonably interfere with the conduct of the business of Pavonia. Nothing herein shall (A) require Pavonia to disclose any information to Buyer or its Affiliates if such disclosure would jeopardize any attorney-client privilege, the work product immunity or any other legal privilege or similar doctrine or contravene any applicable Law, Governmental Order or any fiduciary duty (it being understood that Pavonia shall (x) at Buyer's sole expense, cooperate with any requests for, and use their commercially reasonable efforts to obtain, any waivers, and use their commercially efforts to make other arrangements (including redacting information or entering into joint defense agreements), in each case, that would enable otherwise required disclosure to Buyer or its Affiliates to occur without so jeopardizing privilege or contravening such applicable Law, Governmental Order or fiduciary duty or agreement) or (B) require Pavonia to disclose its Tax records (except for Tax records relating exclusively to the Company during the taxable year or period that ends on or before the Closing Date and, with respect to any Straddle Period, the portion of such Straddle Period ending on and including the Closing Date). Such books and records may be requested under this Section 5.03 for any reasonable business or legal purpose.

Section 5.04 Insurance. From and after the Closing, the Company shall cease to be insured under Pavonia's insurance policies on a going-forward basis, and Company is responsible to secure its own insurance coverage on the Company and the Business. Notwithstanding the foregoing, Pavonia shall not take any action to impair coverage for the Company under the insurance policies held or controlled by Pavonia with respect to occurrences or events occurring prior to Closing (for occurrence- or event-based policies) or claims or circumstances noticed prior to Closing (for claims-made policies). Pavonia shall cooperate to a commercially reasonable extent to allow Company to pursue coverage for such matters, with Company being responsible for any external expenses of Pavonia in providing such cooperation.

ARTICLE VI

CONDITIONS TO CLOSING AND RELATED MATTERS

Section 6.01 Conditions to Obligations of Pavonia. The obligation of Pavonia to consummate the Transactions shall be subject to the fulfillment or waiver by Pavonia, at or prior to the Closing, of each of the following conditions:

(a) Representations and Warranties; Covenants. (i) The representations and warranties of Buyer contained in Article IV shall be true and correct in all material respects as of the Closing Date, and (ii) each covenant contained in this Agreement to be complied with by Buyer at or before the Closing shall have been complied with in all material respects.

(b) No Governmental Order. There shall be no Law or Governmental Order in existence that prohibits the consummation of the Transactions, and no Action by any

Governmental Authority seeking the imposition of any such Law or Governmental Order shall be pending.

(c) Litigation. No action, suit or proceeding shall be pending, and no preliminary or permanent injunction, order, decree or ruling shall be in effect, seeking to restrain or prohibit, or to obtain damages or other relief in connection with, the execution and delivery of this Agreement or the consummation of the Transactions.

(d) Rehabilitation Order. The Rehabilitation Court shall have entered an order (the "Rehabilitation Order") approving the Transactions substantially in the form of Exhibit A to the Interim Settlement Agreement.

Section 6.02 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the Transactions shall be subject to the fulfillment or waiver by Buyer, at or prior to the Closing, of each of the following conditions:

(a) Representations and Warranties; Covenants. (i) The representations and warranties of Pavonia contained in Article III shall be true and correct in all material respects as of the Closing Date, and (ii) each covenant contained in this Agreement to be complied with by Pavonia on or before the Closing shall have been complied with in all material respects.

(b) No Governmental Order. There shall be no Law or Governmental Order in existence that prohibits the consummation of the Transactions, and no Action by any Governmental Authority seeking the imposition of any such Law or Governmental Order shall be pending.

(c) Litigation. No action, suit or proceeding shall be pending, and no preliminary or permanent injunction, order, decree or ruling shall be in effect, seeking to restrain or prohibit, or to obtain damages or other relief in connection with, the execution and delivery of this Agreement or the consummation of the Transactions.

(d) Rehabilitation Order. The Rehabilitation Court shall have entered the Rehabilitation Order.

ARTICLE VII GENERAL PROVISIONS

Section 7.01 Survival. The covenants and agreements of Pavonia or Buyer that by their terms are to be fully performed on or before the Closing and the representations and warranties of Pavonia and Buyer contained in or made pursuant to this Agreement or in any certificate furnished pursuant to this Agreement shall survive the Closing and terminate on the date that is twelve (12) months following the Closing Date. Any covenants or agreements of Pavonia or Buyer that by their terms are to be performed after the Closing shall survive for twelve (12) months after they are fully performed.

Section 7.02 Notices. All notices, requests, consents, claims, demands and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier

service, by facsimile or electronic mail with receipt confirmed or if no failure message is generated (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 7.02):

- (a) if to Pavonia during Rehabilitation:

By First Class Mail:

State of Michigan
Department of Insurance and Financial Services
Attention: James Gerber, Director of Receiverships
P.O. Box 30220
Lansing, MI 48909-7720
Email: gerberj@michigan.gov

Or

By Overnight Mail:

State of Michigan
Department of Insurance and Financial Services
Attention: James Gerber, Director of Receiverships
530 W. Allegan Street, 7th Floor
Lansing, MI 48933
Email: gerberj@michigan.gov

With a copy (during Rehabilitation) to (which shall not constitute notice):

Department of Attorney General
G. Mennen Williams Building
Corporate Oversight Division
Attention: Christopher Kerr and James Long, Counsel for the Rehabilitator
P.O. Box 30736
Lansing, MI 48909
Email: KerrC2@michigan.gov
LongJ@michigan.gov

- (b) if to Buyer:

2000 Avenue of the Stars
12th Floor
Los Angeles, CA 90067
Attention: Anton Feingold
E-mail: afeingold@aresmgmt.com

with a copy to:

DLA Piper LLP (US)
1251 Avenue of the Americas
New York, New York
10020-1104
Attention: David D. Luce
Tel: (212) 335 4735
Facsimile: (917) 778 8877
E-mail: david.luce@dlapiper.com

Section 7.03 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner so that the Transactions be consummated as originally contemplated to the greatest extent possible.

Section 7.04 Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter of this Agreement and supersedes all prior agreements and undertakings, both written and oral between or on behalf of Pavonia, on the one hand, and Buyer, on the other hand, with respect to the subject matter of this Agreement.

Section 7.05 Assignment. This Agreement shall not be assigned by any party hereto without the prior written consent of the other party hereto; provided that Buyer may assign this Agreement to any Affiliate after the Closing. Any attempted assignment in violation of this Section 7.05 shall be void.

Section 7.06 Amendment. No provision of this Agreement may be amended, supplemented or modified except by a written instrument signed by all the parties hereto.

Section 7.07 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan without regard to principles of conflicts of law thereunder.

Section 7.08 Rules of Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (a) defined terms in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include all other genders as the context clearly requires; (b) references to Articles, Sections, paragraphs, Exhibits and Schedules are references to the Articles, Sections, paragraphs, Exhibits and Schedules to this Agreement unless otherwise specified; (c) references to "\$" shall mean United States Dollars; (d) the word "*including*" and words of similar import when used in this Agreement shall mean "*including without limiting the generality of the foregoing*," unless otherwise specified; (e) the word "*or*" shall not be exclusive, unless the context clearly otherwise requires; (f) the articles, titles and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (g) this Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted; (h) unless the context otherwise requires, the

words “*hereof*,” “*herein*” and “*hereunder*” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; and (i) references to any Person include such Person’s predecessors or successors, whether by merger, consolidation, amalgamation, reorganization or otherwise.

Section 7.09 Counterparts. This Agreement may be executed in two (2) or more counterparts, and by the different parties to this Agreement in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or electronic means, including DocuSign, shall be as effective as delivery of a manually executed counterpart of this Agreement.

Section 7.10 Tax Treatment. For U.S. federal income Tax purposes, the Buyer, Rehabilitator and Pavonia agree that Buyer’s acquisition of the Units shall be treated as a purchase and sale of the assets of the Company (the “Purchased Assets”) by the Buyer, in an acquisition governed by Section 1001 of the Code. The Buyer, Rehabilitator, and Pavonia shall prepare and file or cause to be prepared and filed all Tax Returns in all respects and for all purposes consistent with such Tax treatment. The Buyer shall prepare an allocation of the Purchase Price (and all other capitalized costs) among the Purchased Assets in accordance with Section 1060 of the Code and the Treasury Regulations thereunder (and any similar provision of state, local, or non-U.S. Law, as appropriate) (the “Allocation”). The Buyer, Rehabilitator, and Pavonia shall report, act and file all required Tax Returns (including, without limitation, IRS Form 8594) in all respects and for all purposes consistent with such Allocation. Neither the Buyer, Rehabilitator, nor Pavonia shall take any position (whether in audits, Tax Returns or otherwise) that is inconsistent with such Allocation unless required to do so by applicable Law. Any adjustments to the components of the Purchase Price pursuant to this Agreement shall be allocated in a manner consistent with such Allocation.

Section 7.11 Pre-Closing Taxes. Pavonia shall be solely responsible for, and shall timely pay in full, all Pre-Closing Taxes.

Section 7.12 Expenses. All costs and expenses, including fees and disbursements of counsel, financial advisers and independent accountants, incurred in connection with this Agreement and the Transactions shall be paid by the party hereto incurring such costs and expenses.

Section 7.13 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties to this Agreement and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 7.14 Submission to Jurisdiction.

(a) Pavonia and Buyer irrevocably and unconditionally submits for itself and its property in any Action arising out of or relating to this Agreement, the Transactions, the formation, breach, termination or validity of this Agreement or the recognition and enforcement of any judgment in respect of this Agreement, to the exclusive jurisdiction of the Rehabilitation

Court during the Rehabilitation, and thereafter, of the state and federal courts located in the state of Michigan.

(b) Any such Action may and shall be brought in such courts and each of Pavonia and Buyer irrevocably and unconditionally waives any objection that it may now or hereafter have to the venue or jurisdiction of any such Action in any such court or that such Action was brought in an inconvenient court and shall not plead or claim the same.

(c) Service of process in any Action may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at its address as provided in Section 7.02.

(d) Nothing in this Agreement shall affect the right to effect service of process in any other manner permitted by the Laws of the State of Michigan.

Section 7.15 Waiver of Jury Trial. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, OR ITS PERFORMANCE UNDER OR THE ENFORCEMENT OF THIS AGREEMENT. ANY PARTY HERETO MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT BY AND AMONG THE PARTIES TO WAIVE IRREVOCABLY THEIR RIGHT TO TRIAL BY JURY IN ANY SUCH ACTION. EACH PARTY HERETO CERTIFIES AND ACKNOWLEDGES THAT (a) NO REPRESENTATIVE OF ANY OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF ANY ACTION, SEEK TO ENFORCE THE FOREGOING WAIVER, (b) EACH PARTY HERETO UNDERSTANDS AND HAS CONSIDERED THE IMPLICATION OF THIS WAIVER, (c) EACH PARTY HERETO MAKES THIS WAIVER VOLUNTARILY, AND (d) EACH PARTY HERETO HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.15.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

**PAVONIA LIFE INSURANCE COMPANY OF
MICHIGAN, IN REHABILITATION**

By _____

Name: James Gerber

Title: Special Deputy Rehabilitator

ASPIDA HOLDCO, LLC

By _____

Name: Anton Feingold

Title: Authorized Person

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SERVICES AGREEMENT

THIS SERVICES AGREEMENT (this "Agreement") is made and entered into effective this ____ day of June, 2021 (the "Effective Date"), by and between Global Bankers Insurance Group, LLC, a North Carolina limited liability company ("GBIG"), and Pavonia Life Insurance Company of Michigan, a Michigan insurance company currently in rehabilitation ("PLICMI"). GBIG and PLICMI are individually referred to in this Agreement as a "Party," and collectively as the "Parties."

RECITALS

WHEREAS, the Parties entered into that certain Cost Sharing Agreement by and among GBIG, Colorado Bankers Life Insurance Company, Southland National Holdings, Inc., Bankers Life Insurance Company and Preferred Financial Corporation, LLC, effective January 1, 2017, as amended by that certain Joinder Agreement by and between GBIG and PLICMI, effective January 1, 2018 (the "Cost Sharing Agreement"), pursuant to which GBIG provided certain operational and administrative services to PLICMI;

WHEREAS, PLICMI is currently in statutory and court-supervised rehabilitation in the Circuit Court for the 30th Judicial Circuit, Ingham County, Michigan (the "Rehabilitation Court"), in the matter styled as *Anita G. Fox, Director of the Michigan Department of Insurance and Financial Services v. Pavonia Life Insurance Co. of Michigan*, Case No. 19-504-CR (the "Rehabilitation");

WHEREAS, Anita G. Fox, Director (the "Director") of the Michigan Department of Insurance and Financial Services ("DIFS") is the statutory and court-affirmed rehabilitator (the "Rehabilitator") of PLICMI, and James Gerber is the court-affirmed deputy rehabilitator (the "Deputy Rehabilitator") of PLICMI;

WHEREAS, the Rehabilitation Court has approved of this Agreement and the transactions contemplated hereby;

WHEREAS, the Parties desire to terminate the Cost Sharing Agreement in accordance with Section 13(a) thereof; and

WHEREAS, the Parties desire to have GBIG provide to PLICMI certain operational services and certain administrative services.

AGREEMENT

In consideration of the foregoing and the mutual agreements and covenants contained in this Agreement, the Parties agree as follows:

1. Termination of Existing Services Agreement. The Parties hereby terminate the Cost Sharing Agreement as between the Parties hereto. On or prior to the date hereof, PLICMI or GBIG, as applicable, shall on or prior to the date hereof make final payment due under the Cost Sharing Agreement of the net amount due thereunder, or that would be due thereunder, with the

passage of time or the giving of notice. Such final payment shall be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein, which shall be the responsibility of the paying party.

2. Services. Services provided to PLICMI by GBIG (collectively, the “Services”).

(a) Operational Services. Unless addressed by a separate agreement and other than the Excluded Services, GBIG shall perform or provide personnel to perform some or all of the following operational services on behalf of PLICMI, to the extent historically provided by GBIG over the twelve (12) months prior to the date of this Agreement (“Historically Provided”):

- (i) Policy processing and administration services;
- (ii) Claims adjustment, claims administration and other loss adjustment services;
- (iii) Data processing services;
- (iv) Cyber security protection services;
- (v) Accounting services;
- (vi) Actuarial services; and
- (vii) Other necessary operational services or functions.

(b) Administrative Services. Unless addressed by a separate agreement and other than the Excluded Services, GBIG shall perform or provide personnel to perform some or all of the following administrative services on behalf of PLICMI, to the extent Historically Provided:

- (i) Payroll administration;
- (ii) Benefits administration;
- (iii) Legal and compliance administration;
- (iv) Human resource administration;
- (v) Communications administration;
- (vi) Financial administration (including, but not limited to, treasury services, financial reporting, management reporting, financial planning, budgeting, tax planning, consulting and reporting);
- (vii) Cash administration services (including, but not limited to, the collection of cash, the transfer of premium receivables, the payment of claims and other expenses and the establishment of bank accounts for such purposes); and

(viii) Other necessary administrative services.

(c) Excluded Services. GBIG shall not perform or provide personnel to perform those services set forth on Schedule A hereto (the "Excluded Services").

(d) Ultimate Control. The Parties acknowledge and agree that with respect to PLICMI receiving services under this Agreement and subject to the terms and conditions hereunder, PLICMI shall have ultimate control and responsibility for the functions being delegated hereunder and will monitor services annually for quality assurance; provided, however, that for so long as PLICMI remains in Rehabilitation, the Rehabilitator and her Deputy Rehabilitator shall retain and may exercise all right, title, interest and control of PLICMI, subject to the supervision of the Rehabilitation Court.

(e) Permits. GBIG shall maintain throughout the term of this Agreement all consents, permits, registrations and licenses required by a regulatory authority of any jurisdiction or otherwise necessary to provide the Services in such jurisdiction without violating applicable law (the "Required Permits") in all jurisdictions in which the Services are required, except with respect to the Nonpermitted States (as defined below), in which case GBIG shall use commercially reasonable efforts to obtain all Required Permits in each Nonpermitted State as promptly as reasonably practicable following the Effective Date and thereafter shall maintain such Required Permits throughout the remainder of the term of this Agreement. GBIG shall not provide any Service in any jurisdiction in which GBIG does not possess in full force all Required Permits to perform the Services therein, except to the extent GBIG has obtained and maintained appropriate assurances from the applicable regulatory authority that GBIG may provide the Services in such regulatory authority's jurisdiction notwithstanding GBIG's failure to possess all Required Permits for such jurisdiction. For so long as PLICMI remains in Rehabilitation, GBIG shall obtain from the Rehabilitation Court all Required Permits for which the Rehabilitator determines that Court approval is required.

(f) Nonpermitted States. Without limiting the generality of Section 2(e), GBIG shall not provide any Services in [the State of Alaska, State of Florida, State of Iowa, State of Nevada and shall limit the Services provided in North Dakota to those legally permitted to be performed] (each, a "Nonpermitted State" and, collectively, the "Nonpermitted States") until such time as GBIG has obtained all Required Permits with respect to any such Nonpermitted State (in each case, the "Permit Receipt Date"), and until the Permit Receipt Date with respect to each such Nonpermitted State, GBIG shall second personnel to PLICMI as required for the Services to be performed by PLICMI, without increase or reduction in the fees payable to GBIG.

(g) Subcontracting. With PLICMI's consent which shall not be unreasonably withheld, conditioned or delayed, GBIG may subcontract or delegate performance of the Services hereunder to a third party (a "Subcontractor") if GBIG enters into a written agreement with such Subcontractor that binds the Subcontractor to terms that are at least as protective of the access to information and confidentiality rights of PLICMI as are contained in this Agreement; (y) such subcontracting shall not relieve GBIG from any of its obligations or liabilities hereunder, and GBIG shall remain responsible for all obligations and liabilities hereunder, with respect to any Service provided by any Subcontractor; and (z) all Subcontractors maintain all Required Permits under applicable law for the Services provided by such Contractor, if any. PLICMI shall be

deemed to have given its consent to the subcontracting of Services to GBIG's current Subcontractors, a true and correct list of which is set forth on Schedule B.

(h) No Advancement of Funds. The Parties acknowledge and agree that PLICMI shall not advance funds to GBIG hereunder except to pay for services hereunder.

3. Management of Employees. GBIG's employees shall at all times operate under the management control of the executive officers of GBIG. The executive officers of GBIG shall maintain the right to hire additional employees and to otherwise commence any and all necessary and appropriate management action with respect to GBIG's employees performing services on behalf of PLICMI.

4. [Reserved.]

5. Maintenance and Payment of Expenses.

(a) PLICMI shall pay GBIG a monthly fee of \$759,166.67, as pro-rated to reflect any initial or final period of service hereunder which is less than a calendar month. Such payments shall be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein, which shall be the responsibility of PLICMI. For the avoidance of doubt, GBIG will have no obligation to pay, and PLICMI will remain solely responsible for paying, all vendors PLICMI has directly engaged, including, without limitation, Andesa Services, P1, Xybernet, Goldman Sachs Asset Management, PaymentVision, Deloitte and certain other professional services firms.

(b) GBIG shall invoice PLICMI monthly for all charges incurred by PLICMI under this Agreement within thirty (30) days after the end of the month, and payment shall be due within five (5) business days of receipt by PLICMI, except as to any portions of the invoice reasonably disputed by PLICMI in good faith. GBIG shall provide PLICMI with written notice and twenty-one (21) calendar days to cure any nonpayment. PLICMI shall reimburse GBIG for any costs or attorneys' fees reasonably incurred by GBIG to collect any overdue amounts, after such cure period. Neither the failure of GBIG to deliver an invoice for charges incurred hereunder nor any error in the amount billed by GBIG for such charges shall constitute a waiver by GBIG of PLICMI's obligations to pay such charges after properly invoiced and billed. PLICMI shall pay the undisputed portion of all invoices when due.

(c) For so long as PLICMI remains in Rehabilitation, all fees and charges due to GBIG for services provided to PLICMI shall be deemed and paid out of the assets of the PLICMI estate as a Class 1 claim for the costs and expenses of administration of PLICMI and its estate within the meaning of and pursuant to MCL § 500.8142(a).

(d) All amounts collected by GBIG on behalf of PLICMI during the term of this Agreement shall be held by GBIG in a fiduciary capacity until paid over to PLICMI pursuant to this Agreement; provided that any premiums collected by GBIG on behalf of PLICMI shall be paid to PLICMI within sixty (60) days of the end of the month in which such amounts were received by GBIG.

6. Disputes; Arbitration.

(a) As a precondition to any cause of action hereunder, in the event that any dispute, controversy or claim arising out of, relating to or in connection with this Agreement, including any dispute regarding allocation of expenses, the validity, termination, performance or breach of this Agreement, or any statutory claims relating hereto (collectively, "Dispute") arises between the Parties and cannot be resolved between the Parties, the executive officers of the Parties may, at their option, negotiate a settlement related thereto.

(b) For so long as PLICMI remains in Rehabilitation:

(i) Any Dispute that cannot be resolved between the Parties within ten (10) business days shall be submitted to the Rehabilitation Court. PLICMI and GBIG irrevocably and unconditionally submits for itself and its property in any Dispute arising out of or relating to this Agreement, the formation, breach, termination or validity of this Agreement or the recognition and enforcement of any judgment in respect of this Agreement, to the exclusive jurisdiction of the Rehabilitation Court.

(ii) Any such Dispute may and shall be brought in the Rehabilitation Court and each of PLICMI and GBIG irrevocably and unconditionally waives any objection that it may now or hereafter have to the venue or jurisdiction of any such Dispute in the Rehabilitation Court or that such Dispute was brought in an inconvenient court and shall not plead or claim the same.

(iii) Service of process in any Dispute may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at its address as provided in Section 26.

(iv) Nothing in this Agreement shall affect the right to effect service of process in any other manner permitted by the Laws of the State of Michigan.

(c) When the Rehabilitation of PLICMI is concluded and no longer in effect:

(i) Any Dispute that cannot be resolved between the Parties within ten (10) business days shall be submitted to binding arbitration before a panel of three (3) arbitrators. Within thirty (30) days of a written request for arbitration by either GBIG or PLICMI, each Party will choose an arbitrator. If the two (2) arbitrators are unable to agree within one (1) month upon the third arbitrator, such arbitrator shall at the request of either Party be selected by the American Arbitration Association in accordance with its rules and procedures.

(ii) The Parties shall submit their cases to the panel by written and oral evidence at a hearing time and place selected by the third arbitrator. The panel shall be relieved of all judicial formality, shall not be obligated to adhere to the strict rules of law or of evidence, shall seek to enforce the intent of the parties hereto and may refer to, but are not limited to, relevant legal principles. The decision of at least two (2) of the three (3) panel members shall be binding and final and not subject to

appeal except for grounds of fraud and gross misconduct by the arbitrators. The award will be issued within thirty (30) days of the close of the hearings. Each Party shall bear the expenses of its designated arbitrator and shall jointly and equally share with the other the expense of the third arbitrator and of the arbitration.

(iii) The arbitration proceedings shall take place in or in the vicinity of Durham, North Carolina. The procedural rules applicable to this arbitration shall, except as provided otherwise herein, be in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

(iv) The award rendered by the panel shall be in the form of a written, reasoned opinion and shall be final and binding on the parties to the arbitration. The award shall not be appealable to the panel nor in a court of law, except to the extent provided under Sections 10 and 11 of the Federal Arbitration Act, 9 U.S.C.A. §§ 1-14. In no event shall any award include special, indirect, consequential or punitive damages or any form of relief in excess of or inconsistent with the provisions of this Agreement. Judgment on the award may be enforced in any court of competent jurisdiction.

(v) By agreeing to arbitration, the parties do not intend to deprive any court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and/or the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a court, the panel shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award damages for the failure of any Party to respect the panel's orders to that effect.

(vi) Each Party shall bear its own expenses, including attorney's fees, in connection with any arbitration proceeding initiated hereunder. Each Party to the arbitration shall be responsible for the panel's fees and costs, including those of the Arbitrators, in the same proportion as (i) the aggregate dollar amount of items submitted to the panel that are unsuccessfully disputed by each such Party (as finally determined by the panel) bears to (ii) the aggregate dollar amount of disputed items so submitted.

7. Term. The term of this Agreement shall commence on the Effective Date and shall remain in effect unless otherwise terminated pursuant to Section 11 hereof. Notwithstanding the foregoing, the Parties agree to use their commercially reasonable efforts to renegotiate the terms of this Agreement at least once every two (2) years during the term of this Agreement.

8. Amendments. This Agreement may be amended, modified, or supplemented at any time by mutual consent of the Parties; provided, however, that any such amendment, modification or supplement must be in writing, executed by the Parties.

9. Entire Agreement. This Agreement and any and all addenda, schedules or exhibits attached to this Agreement constitute the entire agreement among the Parties with respect to the

subject matter of this Agreement and supersede all previous proposals, negotiations, representations, commitments, writings and all other communications among the Parties with respect to the subject matter of this Agreement, both oral and written. For the sake of clarity, this Agreement supersedes the Cost Sharing Agreement in its entirety, which has been, and is, terminated as of the date hereof. In the event of any conflict between this Agreement and any other prior agreements or understandings, including the Cost Sharing Agreement, the terms of this Agreement shall control.

10. Non-Assignability. The rights, obligations, duties, and authority under this Agreement are not assignable by the Parties, provided that GBIG may assign its rights and obligations hereunder to an affiliate with the prior written consent of PLICMI, such consent not to be unreasonably withheld, conditioned or delayed.

11. Termination.

(a) This Agreement may be terminated by the mutual agreement of the Parties.

(b) The participation of a Party in this Agreement may be terminated by any such Party (i) upon at least thirty (30) days prior written notice by the terminating Party to the other Party, effective on the last day of a calendar month or (ii) at an earlier time, upon the mutual agreement of both Parties.

12. Governing Law. This Agreement and all claims or causes of action (whether in contract or tort) arising out of, in relation to, or that may be based upon this Agreement shall be governed, interpreted and construed in accordance with the laws of the State of Michigan, regardless of the laws that might otherwise govern under applicable principles of conflicts of law thereof. Subject to Section 6 above, while the Rehabilitation remains pending, any action, suit or proceeding arising out of or in connection in any way with this Agreement shall be within the exclusive jurisdiction of, and shall be adjudicated by, the Rehabilitation Court; provided, however, that at any time after the Rehabilitation is concluded, and subject to Section 6 above, any action, suit or proceeding arising out of or in connection in any way with this Agreement not required to be arbitrated hereunder shall take place in a state or federal court of competent jurisdiction in the County of Ingham, State of Michigan. The Parties accordingly submit to the exclusive jurisdiction of the foregoing courts and waive any defense of inconvenient forums which may otherwise be available. THE PARTIES HEREBY AGREE, ON BEHALF OF THEMSELVES AND THEIR RESPECTIVE REPRESENTATIVES, TO WAIVE IRREVOCABLY ANY RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY CLAIM ARISING OUT OF OR RELATED TO THIS AGREEMENT.

13. Records. All books and records of PLICMI's business (including all books and records developed or maintained under or related to this Agreement) are owned by, held for the benefit of, and are the property of, PLICMI and shall remain under the control of PLICMI. As a general matter, PLICMI and all appropriate regulatory authorities shall have access to all records relating to the business within a reasonable time, such timeframe to depend upon the nature and complexity of the request and the physical location of such records at the time of the request.

14. Confidentiality.

(a) For the purposes of this Section 14, with respect to a Party, "Confidential Information" means any and all information provided by, made available by or obtained on behalf of, such Party, including Non-Public Personal Information (as defined below) and all data relating to policyholders (including their rights and obligations under the policies) which is maintained, processed or generated by the disclosing Party; provided, that Confidential Information does not include information that (a) is generally available to the public, other than as a result of a disclosure by the receiving Party in violation of its confidentiality obligation, (b) is independently developed by the receiving Party without use or access to the disclosing Party's Confidential Information, or (c) is rightfully obtained by the receiving Party from a third party without, to the knowledge of the receiving Party, breach by such third party of a duty of confidentiality of any nature to the disclosing Party; provided, further, that the foregoing exceptions shall not supersede the obligations of the receiving Party with respect to any Non-Public Personal Information.

(b) For the purposes of this Section 14, "Non-Public Personal Information" means any (a) personally identifiable information or data (including medical, financial and other personal information) concerning or relating to the disclosing Party's past, current or prospective applicants, customers, clients, employees, agents, producers, suppliers, vendors, policyholders, contract holders, insureds, claimants, owners, and beneficiaries of the policies issued by PLICMI, (b) any such personally identifiable information or data that the receiving Party collect or derive from interactions with the disclosing Party's past, current or prospective applicants, customers, clients, employees, agents, producers, suppliers, vendors, policyholders, contract holders, insureds, claimants, owners, and beneficiaries of the policies, or (c) an aggregation or a derivation thereof; provided, that information that is otherwise publicly available shall not be considered "Non-Public Personal Information."

(c) The Parties agree to hold each other's Confidential Information in strictest confidence and to take all reasonable steps to ensure that Confidential Information is not disclosed in any form by any means by such Party to third parties of any kind, other than the representatives performing services for such Party who need access to such Confidential Information in the course and scope of providing such services, except as is authorized by the other Party in advance and in compliance with all applicable law. If any Confidential Information needs to be disclosed as required by applicable law or governmental order, the disclosing Party shall (if permitted by applicable law) provide prompt notice to the other Party prior to such disclosure so that such other Party may (at its expense) seek a protection order or other appropriate remedy which is necessary to protect its interest.

(d) GBIG may disclose PLICMI's Confidential Information to GBIG's Subcontractors with a reasonable need to know, subject to such Subcontractor first being obligated to information security, confidentiality and limited use restrictions no less protective of PLICMI's Confidential Information than the provisions in this Agreement. Further, PLICMI will negotiate in good faith and diligently to agree to additional confidentiality and limited use terms and conditions as may reasonably be required by GBIG's subcontractors whose confidential information may be disclosed to PLICMI in connection with the Services. Until such time as such additional confidentiality terms and conditions are agreed to in writing by PLICMI, GBIG may be limited by its contractual obligations with its subcontractors in sharing certain Confidential Information with PLICMI.

(e) GBIG (and its subcontractors) may use PLICMI's Confidential Information; provided, that such Party shall establish and maintain safeguards against the unauthorized access, destruction, loss or alteration of PLICMI's Confidential Information which are no less protective of PLICMI's Confidential Information than the provisions in this Agreement.

(f) Further to the foregoing, GBIG shall protect the confidentiality of PLICMI's Confidential Information (including Non-Public Personal Information) by:

(i) holding all such information transmitted to them by or on behalf of PLICMI in strict confidence;

(ii) maintaining appropriate measures that are designed to protect the security, integrity and confidentiality of such information;

(iii) using such information solely in connection with carrying out GBIG's obligations under this Agreement and in compliance with PLICMI's consumer privacy notice;

(iv) disclosing such information to third parties only as necessary to perform the Services and in compliance with PLICMI's consumer privacy notice; and

(v) disclosing such information as may be required by applicable law or governmental order; provided, that GBIG (or its subcontractors), as applicable, shall (if permitted by applicable law) provide prompt notice to PLICMI prior to such disclosure so that PLICMI may (at its expense) seek a protection order or other appropriate remedy which is necessary to protect its interest;

(g) Each Party shall (i) notify the other Party promptly of any unauthorized possession, use, or knowledge of any Confidential Information by any Person which shall become known to it, any attempt by any person to gain possession of Confidential Information without authorization or any attempt to use or acquire knowledge of any Confidential Information without authorization (collectively, "Unauthorized Access"), (ii) promptly furnish to the other Party full details of the Unauthorized Access and use commercially reasonable efforts to assist the other Party in investigating or preventing the reoccurrence of any Unauthorized Access, (iii) cooperate with the other Party in any litigation and investigation against third parties deemed necessary by such Party to protect its proprietary rights, and (iv) use commercially reasonable efforts to prevent a recurrence of any such Unauthorized Access. To the extent that a Party inadvertently obtains access to any Confidential Information of the other Party to which it was otherwise not intended to have access, such Party shall immediately notify the other Party when they are aware that they have received such Confidential Information or upon notice from the other Party, they shall maintain confidentiality of such information until such time that it is either destroyed or returned to the other Party, and shall promptly destroy any such Confidential Information and instruct its employees not use or otherwise act on such Confidential Information.

(h) This Section 14 shall survive the termination or expiration of this Agreement.

15. Limitation of Liability. Except with respect to liability arising from GBIG's intentional misconduct, GBIG's liability hereunder shall not exceed the aggregate amount of the fees received by GBIG hereunder.

16. Limitation of Authority. Notwithstanding anything herein to the contrary, the performance of the Services by GBIG under this Agreement shall in all events be subject to the direction and control of PLICMI's authorized persons and officers, as applicable.

17. Independent Contractor. In the performance of this Agreement, it is mutually understood and agreed that GBIG is at all times acting and performing as an independent contractor of PLICMI. No act, or failure to act by any Party hereto shall be construed to make or render the other Party its partner, joint venturer, employee or associate. GBIG is engaged to provide the Services provided in this Agreement as an independent contractor and not as a "plan provider" or other "named fiduciary" as defined under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). No Party or its employees shall have any claim under this Agreement or otherwise against the other Party for workers' compensation, unemployment compensation, sick leave, vacation pay, pension or retirement benefits, coverage for health, accident, disability or life insurance or payment of any federal, state or local taxes.

18. Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties to this Agreement and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

19. Standard of Performance. GBIG agrees to perform all Services pursuant to the terms and subject to the conditions and limitations set forth in this Agreement. GBIG shall perform the Services in a professional and competent manner (a) with the skill, diligence and expertise that would be expected from experienced and qualified personnel performing such duties in like circumstances, (b) in compliance with applicable law, this Agreement, and the terms of the underlying policies, and (c) with substantially the same priority, diligence and care as they accord to similar business for its own account (the "Standard of Performance"). GBIG acknowledges that the performance of the Services in a professional and competent manner is a material issue for PLICMI.

20. Insurance. GBIG is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the business in which GBIG is engaged. GBIG shall maintain all such insurance, including any purchase of tail or similar coverages, at its sole cost and expense. PLICMI currently has certain insurance coverages as a named insured under GBIG's policies, and such coverages will continue until each of these policies expire by its terms, after which PLICMI will purchase its own insurance coverages at its sole cost and expense.

21. Notification to Policyholders. To the extent required by applicable law or as required for the efficient performance of the Services, GBIG agrees to send to policyholders and any applicable service providers, reinsurers, custodians, or other contractual counterparties a written notice prepared by GBIG and approved in writing by PLICMI to the effect that GBIG has been engaged by PLICMI to provide the Services; provided, however, that GBIG shall not send

any such notice to a policyholder residing in a Nonpermitted State until the Permit Receipt Date for such Nonpermitted State. GBIG shall provide such notice at a time and in a manner reasonably acceptable to PLICMI and GBIG and in all events in accordance with applicable law.

22. Regulatory Complaints and Proceedings. Unless a claim, action, suit, litigation, investigation, mediation, audit, arbitration or other proceeding by or before any government body, regulatory authority, arbitrator or arbitration panel or similar person, entity or body (each, a "Proceeding") relates to the breach by GBIG of this Agreement made in connection with the Services, GBIG shall have no responsibility in respect of such Proceeding other than to (i) notify PLICMI in writing promptly of any such Proceeding of which GBIG becomes aware as promptly as practicable after becoming aware thereof, and (ii) provide PLICMI (and any third party that PLICMI may designate in writing) copies of any files or other documents that PLICMI may reasonably request in connection with its review of such matters, at PLICMI's expense, in each case, other than such files, documents and other information as would reasonably be expected to, in the judgment of counsel to GBIG, lead to the loss or waiver of GBIG's rights in respect of legal privilege. GBIG shall not be obligated to take any further action with respect to any Proceeding unless such Proceeding relates to the breach by GBIG of this Agreement made in connection with the Services. If the Governmental Authority seeks any files, documents, or other information upon which GBIG asserts a legal privilege, GBIG shall assert such legal privilege directly to the Governmental Authority through a privilege log or otherwise, if requested. PLICMI shall reimburse GBIG for any reasonable costs and expenses incurred by GBIG in respect of any such Proceeding, unless such Proceeding relates to the actual breach of GBIG of this Agreement made in connection with the Services. For so long as PLICMI remains in Rehabilitation, all such costs and expenses shall be deemed and paid out of the assets of the PLICMI estate as a Class 1 claim for the costs and expenses of administration of PLICMI and its estate within the meaning of and pursuant to MCL § 500.8142(a).

23. Legally Required PLICMI Actions; PLICMI Responsibilities; Disclaimer of GBIG Responsibility. The Parties hereby agree that, notwithstanding anything to the contrary herein, PLICMI or its affiliates shall, for the term of this Agreement, retain exclusive authority and responsibility to perform any actions related to the Services that solely PLICMI (or its Rehabilitator) is required by applicable law or regulatory authorities to take without GBIG or a Subcontractor acting on its behalf. Without limiting the foregoing, GBIG shall have no responsibility or liability for, and as between GBIG and PLICMI, PLICMI shall continue to be, at all times, solely responsible for, each of the following: (a) determining all coverage benefits, premium rates, non-guaranteed elements, underwriting criteria and claims payment procedures applicable to the policies, and for and securing reinsurance, if any; (b) fulfilling, or failing to fulfill, all payment obligations of PLICMI arising under the policies (except to the extent the failure to fulfill such obligations is attributable to the acts, errors or omissions of GBIG); (c) except as set forth herein in connection with the performance of the Services, the preparation of any prospectuses, advertisements and other solicitation materials, training programs and materials, insurance contracts, amendments, endorsements and other forms provided by, used by or required by PLICMI, if any; (d) insurance risk or liability relating to any of the policies or their respective policyholders, or whether any claim satisfies the requirements of, or should be allowed or disallowed in connection with, in whole or in part, any proof of claim procedure instituted in the receivership, rehabilitation or liquidation proceedings of PLICMI; (e) the accuracy and completeness of all data and information provided by PLICMI (except to the extent any such

inaccuracy or incompleteness is attributable to the errors or omissions of GBIG hereunder); or (f) any failure to perform any obligation to the extent such failure is caused by an action or omission of PLICMI.

24. Bank Account.

(a) Bank Account. PLICMI shall do all things reasonably necessary to enable GBIG to access PLICMI's bank accounts as needed for GBIG to provide the Services (collectively, the "Bank Accounts" and each, a "Bank Account"). As between PLICMI and GBIG, PLICMI shall own all funds deposited in the Bank Accounts, shall be entitled to all interest and earnings credits thereon and shall pay all applicable bank fees and costs. GBIG shall direct payments concerning the policies to be made from funds in the Bank Accounts and in accordance with applicable law and as necessary to fulfill the duties and responsibilities of PLICMI. GBIG agrees that without PLICMI's prior written consent it shall not make any changes to any Bank Account-related services. Upon termination of this Agreement, GBIG shall promptly return to PLICMI all unused check stock and other documents held by it in connection with this Agreement as provided under this Section 24. In no event shall GBIG commingle funds of PLICMI with any other funds, including, without limitation, those of GBIG and PLICMI's affiliates.

(b) Remittance, Deposits and Withdrawals. Unless otherwise instructed by PLICMI, GBIG shall promptly deposit all premiums and other remittances to it on behalf of PLICMI in a claims-paying Bank Account owned by PLICMI. GBIG shall be entitled to direct funds from a Bank Account as required to perform a Service requiring payment to a policyholder or beneficiary of PLICMI. All such payments shall be paid only on drafts or checks of, and as authorized by, PLICMI. If there are not sufficient funds in the Bank Account to fund such a payment, GBIG shall immediately notify PLICMI and shall not be obligated to make the payment until PLICMI provides the necessary funds; provided, that on at least a monthly basis, GBIG shall provide to PLICMI a report of the funds needed to pay amounts then due or which are reasonably expected to become due during the next month for the policies, and GBIG may request that PLICMI deposit such amounts to the Bank Account. PLICMI shall, at all times, maintain sufficient funds in the Bank Accounts to pay all policies as they become due.

25. Force Majeure. If GBIG or any Subcontractor is prevented from or delayed in complying, either totally or in part, with any of the terms or provisions of this Agreement by reason of fire, flood, storm, delays by suppliers or carriers, shortages of fuel, power, raw materials or components, pandemic, epidemic, any law, order, proclamation, regulation, ordinance, demand, seizure or requirement of any governmental body or regulatory authority, riot, civil commotion, war, rebellion, acts of terrorism, nuclear accident or other causes beyond the reasonable control of any such person or entity or other acts of God, then upon written notice to PLICMI, the affected Services, provisions and/or other requirements of this Agreement shall be suspended during the period of such disability and GBIG and its authorized Subcontractor shall have no liability to PLICMI, its affiliates, or any other person or entity in connection therewith; provided, however, that delays in performance or non-performance, either totally or in part, by GBIG or any Subcontractor of the terms or provisions of this Agreement caused by any strike, walkout, lockout or other labor dispute shall be excluded from this Section 25; and, provided further, that GBIG and its Subcontractors shall use all diligent efforts to remove and overcome the effects of the disability and resume full performance under this Agreement as soon as practically possible. If a disability

under this Section 25 persists for sixty (60) calendar days after PLICMI's written receipt of notice of such disability, PLICMI may immediately terminate this Agreement by providing written notice to GBIG.

26. Notices. Any notice, demand or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered, when received by telegraphic or other electronic means (including email or facsimile) or overnight courier, or five (5) calendar days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

If to PLICMI during Rehabilitation:

By First Class Mail:

State of Michigan
Department of Insurance and Financial Services
Attention: James Gerber, Director of Receiverships
P.O. Box 30220
Lansing, MI 48909-7720
Email: gerberj@michigan.gov

Or

By Overnight Mail:

State of Michigan
Department of Insurance and Financial Services
Attention: James Gerber, Director of Receiverships
530 W. Allegan Street, 7th Floor
Lansing, MI 48933
Email: gerberj@michigan.gov

With a copy (during Rehabilitation) to (which shall not constitute notice):

Department of Attorney General
G. Mennen Williams Building
Corporate Oversight Division
Attention: Christopher Kerr and James Long, Counsel for the Rehabilitator
P.O. Box 30736
Lansing, MI 48909
Email: KerrC2@michigan.gov
LongJ@michigan.gov

If to GBIG:

Global Bankers Insurance Group, LLC

2327 Englert Drive
Durham, NC 27713
Attention: Chief Legal Officer, Tamre Edwards
Telephone No.: (919) 246-3358
E-mail: legal.notices@globalbankers.com

with a copy (which shall not constitute notice) to:

DLA Piper LLP (US)
1251 Avenue of the Americas
New York, NY 10020-1104
Attention: David D. Luce
Telephone No.: (212) 335 4735
Facsimile: (917) 778 8877
E-mail: david.luce@dlapiper.com

27. Severability. Except as otherwise provided in this Agreement, in the event that any provision of this Agreement is declared null and void by any court of law, the remainder of the provisions of this Agreement shall remain in full force and effect.

28. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which shall together constitute one agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or electronic means, including DocuSign, shall be as effective as delivery of a manually executed counterpart of this Agreement.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date set forth below their respective signatures.

GLOBAL BANKERS INSURANCE GROUP, LLC

By: _____

Name:

Title:

Date:

**PAVONIA LIFE INSURANCE COMPANY
OF MICHIGAN, in Rehabilitation**

By: _____

Name: James Gerber

Title: Special Deputy Rehabilitator

Date:

SCHEDULE A

Excluded Services

Legal services including, without limitation, regulatory matters currently pending with the Louisiana Department of Insurance and the Office of the Superintendent of Financial Institutions in Canada.

Any services provided by Andesa Services, P1 or any other third party policy administrators or service providers.

Investment management services including those provided by Goldman Sachs Asset Management.

Any tax or auditing services including those provided by Johnson Lambert and Deloitte.

Any services provided directly by the Deputy Rehabilitator or his delegees.

Notwithstanding the foregoing, in connection with acting as a liaison with Goldman Sachs Asset Management, Johnson Lambert and Deloitte, GBIG shall provide reasonable assistance to PLICMI and the Deputy Rehabilitator in connection therewith as reasonably requested by the Deputy Rehabilitator relating to the coordination of (i) investment management services provided by Goldman Sachs Asset Management and (ii) any tax or auditing services for the US or Canada provided by Johnson Lambert and Deloitte; provided GBIG shall not provide investment management, tax or auditing advice.

SCHEDULE B

Subcontractors

Ambius
Alston & Bird LLP
Apps Associates LLP
Axway, Inc.
BlackLine Systems, Inc.
Bloomberg Finance LP
Canon Solutions America, Inc.
Ceridian HCM, Inc.
Charles River Associates
Chrome River Technologies Inc.
Cognizant Worldwide Limited
Collabera, Inc.
Computer Technologies U.S.A. LLC
Corporation Service Company
Cozen O'Connor
CUSIP Global Services
Davis Polk & Wardwell LLP
Deloitte, Ltd.
ePlus Technologies, Inc.
eQuest
Ernst & Young LLP
Fasken, Martineau DuMoulin LLP
Finastra Technology
Fox Montgomery Ltd.
Fragomen, Del Rey, Bernsen & Loewy, LLP
Frasco, Inc.
Frontier Communications of America, Inc.
GGYAXIS Inc.
Goldman Sachs Asset Management L.P.
GTB Technologies
Holland, Miller & Read LLC
Iron Mountain
Johnson Lambert LLP
Language Line Services, Inc.
Leighton, Kristi
Lewis & Ellis, Inc.
LexisNexis Risk Solutions, Inc.
LL Global Services, Inc.
Markit North America Inc.
Mayer Brown PLLC
Microsoft Corporation
Milliman, Inc.

Oracle America, Inc.
Oracle Corporation
PaymentVision
Piper Companies, LLC
PricewaterhouseCoopers, SC
Red Hat
Rogue Services and Solutions, LLC
S&P Global Market Intelligence LLC
Scribner, Hall & Thompson, LLP
Schiffer Law & Consulting PLLC
Sovos Compliance, LLC
The Bank of New York Mellon
Thomson Reuters
Tillinghast, a Towers Perrin Company
Tindall Associates Inc.
Towers Watson Delaware Inc.
Trintech UK Ltd.
UHY Advisors GA, Inc.
Vaco Consulting Services
Vibons Inc.
VMware, Inc.
Williams Overman Pierce, LLP
Wolters Kluwer
XyberNET, Inc.
Zendesk

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

ANITA G. FOX, DIRECTOR OF THE
MICHIGAN DEPARTMENT OF
INSURANCE AND FINANCIAL SERVICES,

Petitioner,

v

PAVONIA LIFE INSURANCE
COMPANY OF MICHIGAN,

Respondent.

Case No. 19-504-CR

HON. WANDA M. STOKES

[IN REHABILITATION]

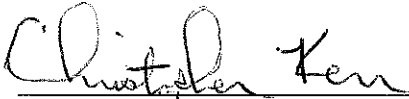
PROOF OF SERVICE

The undersigned certifies that a copy of the **Joint Motion for Entry of Stipulated Order Approving Sale of Subsidiary Entity and Entry into Related Services Agreement**, together with **Exhibits A - C and this Proof of Service**, was served upon the individuals listed below by electronic mail at the addresses indicated on the 16th day of June, 2021:

Stephen Schwab
Counsel for Aspida Holdco LLC
stephen.schwab@dlapiper.com

Zachary Larsen
Counsel for GBIG Holdings, Inc.
ZLarsen@clarkhill.com

In addition, electronic copies of the foregoing documents will be provided to the Department of Insurance and Financial Services, which will provide courtesy notice to other potentially interested individuals/entities by posting the documents on its website, www.michigan.gov/difs, under the section "Who We Regulate," the subsection "Receiverships," and the sub-subsection "Pavonia Life Insurance."


Christopher L. Kerr