

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

R. KEVIN CLINTON, COMMISSIONER
OF THE OFFICE OF FINANCIAL AND
INSURANCE REGULATION,

Petitioner,

v

AMERICAN FELLOWSHIP MUTUAL
INSURANCE COMPANY,

Respondent.

Case No. 12-1173-CR

HON. WILLIAM E. COLLETTE

[IN LIQUIDATION]

Christopher L. Kerr (P57131)
Assistant Attorney General
Attorney for Petitioner
Corporate Oversight Division
P. O. Box 30755
Lansing, MI 48909
(517) 373-1160

**EX PARTE PETITION FOR APPROVAL OF INPOINT'S COMPENSATION
AS REINSURANCE COMMUTATION VALUATION CONSULTANT**

Annette E. Flood, Director of the Michigan Department of Insurance and
Financial Services,¹ as Liquidator of American Fellowship Mutual Insurance
Company (the "Liquidator"), by and through her attorneys, Bill Schuette, Attorney

¹ Pursuant to Executive Order No. 2013-1 effective March 18, 2013, the Michigan Office of Financial and Insurance Regulation ("OFIR") was renamed the Michigan Department of Insurance and Financial Services ("DIFS") and all the authority, powers, duties, functions, and responsibilities of the former Commissioner of OFIR were transferred to the newly-created position of the Director of DIFS. Governor Snyder duly appointed Annette E. Flood as the Director of DIFS effective November 1, 2013, making her the Liquidator of American Fellowship as of that date.

General, and Christopher L. Kerr, Assistant Attorney General, petitions this Court pursuant to MCL 500.8121(1)(b) to approve the compensation to be paid to Paragon Strategic Solutions Inc. operating as Inpoint (“Inpoint”) in connection with its employment as an independent contractor consultant providing reinsurance commutation valuation services to American Fellowship Mutual Insurance Company (“American Fellowship”). In support of this Ex Parte Petition, the Liquidator states as follows:

1. On June 12, 2013, this Court entered an Order placing American Fellowship into Liquidation, appointing the Commissioner/Director as Liquidator, and appointing James Gerber as Special Deputy Liquidator of American Fellowship.

2. MCL 500.8121(1)(b) authorizes the Liquidator “[t]o employ employees and agents, legal counsel, actuaries, accountants, appraisers, consultants, and such other personnel as he or she considers necessary to assist in the liquidation.”

3. MCL 500.8121(1)(c) further authorizes the Liquidator to fix, with the Court’s approval, the reasonable compensation of any employees and agents, legal counsel, actuaries, accountants, court’s appraisers, and consultants that she employs.

4. Under the Liquidation Order and MCL 500.8121(1)(a), the Special Deputy Liquidator possesses all the powers of the Liquidator granted under Chapter 81 of the Insurance Code, subject to the supervision and direction of the Liquidator and this Court. (Liquidation Order, p 12, ¶ 20.)

5. In order to advance this liquidation toward closure, it is necessary to resolve the liability of American Fellowship's reinsurers for outstanding automobile personal injury protection (PIP) claims that carry lifetime medical benefits. To do this, the Liquidator must enter into commutation agreements with American Fellowship's reinsurers that allow the Liquidator to receive present value in final settlement of the reinsurers' liability on outstanding PIP claims. These commutation agreements allow the Liquidator to finalize the collection of future PIP reinsurance recoverables that would otherwise extend far into the future, thereby expediting closure of the liquidation estate.

6. Evaluating the fairness and adequacy of commutation offers received from American Fellowship's reinsurers requires outside evaluation and expertise. Accordingly, the Liquidator and Special Deputy Liquidator have decided to employ Inpoint as an independent contractor consultant to provide reinsurance commutation valuation services in the ongoing liquidation of American Fellowship.

7. Inpoint is a leading global management consulting firm focused exclusively on the insurance and reinsurance industry, and is therefore well-qualified to provide these commutation valuation services. (See www.inpoint.com.) In addition, the Special Deputy Liquidator has previously contracted with Inpoint to provide similar commutation valuation services in another insurance company receivership (Lincoln Mutual Casualty Company) with successful results.

8. The Liquidator and Special Deputy Liquidator have agreed upon the terms of Inpoint's overall engagement and have fixed the reasonable compensation

to be paid to Inpoint for its commutation valuation services pursuant to the Master Services Agreement and corresponding Work Order No. 1 attached as Exhibit A to this Petition, and request the Court to approve Inpoint's compensation pursuant to MCL 500.8121(1)(c).

9. Specifically, under Work Order No. 1, American Fellowship will pay Inpoint for commutation valuation services that it performs at the hourly rate of \$120 to \$495, depending upon the job classification of the employee performing the services. (Exhibit A.) In addition, under the Master Services Agreement, American Fellowship will reimburse Inpoint for any necessary and reasonable travel-related expenses incurred in connection with its services, after obtaining prior approval to incur such expenses. (*Id.*) Either party may terminate the Agreement at any time without cause upon providing 60-day advance written notice. (*Id.*) In the event of termination, American Fellowship will pay Inpoint for any accrued but unpaid services performed prior to the termination. (*Id.*)

10. Pursuant to MCL 500.8121(1)(d) and Paragraph 22 of the Liquidation Order, and upon the Court's approval, the compensation of Inpoint shall be paid as it becomes due from the available funds and assets of American Fellowship. Although it is not expected to occur, in the event that American Fellowship does not possess sufficient cash or liquid assets to pay this compensation, the Liquidator may advance (but is not required to advance) the necessary amounts out of DIFS funds, which shall be repaid out of the first available money of American Fellowship. MCL 500.8121(1)(d).

11. The Liquidator and Special Deputy Liquidator have retained Inpoint as American Fellowship's reinsurance commutation valuation consultant based on the company's expertise, work quality, and prior, positive working relationship with Mr. Gerber.

12. The Liquidator and Special Deputy Liquidator have determined that Inpoint's employment, together with the compensation to be paid to Inpoint in exchange for its services, are necessary and appropriate for the effective and efficient administration of this liquidation proceeding and will assist in providing the maximum protection to creditors, policyholders, and the public.

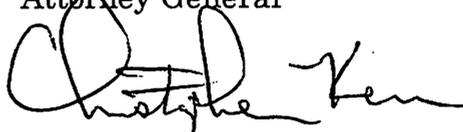
13. Providing personalized notice of this Ex Parte Petition and any resulting Order to all parties that may have a general interest in American Fellowship's ongoing liquidation would be time-intensive and costly to American Fellowship's Liquidation Estate. For this reason, the Liquidator requests this Court to authorize and ratify service of this Ex Parte Petition and any resulting Order by posting electronic copies on the DIFS website, www.michigan.gov/difs, under the section "Who We Regulate" and the subsection "American Fellowship Mutual." Service in this manner is reasonably calculated to give interested parties actual notice of these proceedings and is otherwise reasonable under the circumstances.

WHEREFORE, for the reasons stated above, the Liquidator respectfully requests this Court to approve the compensation to be paid to Inpoint, as fixed by the Liquidator in the attached Master Services Agreement and corresponding Work

Order No. 1, in connection with its employment as reinsurance commutation valuation consultant to American Fellowship. In addition, the Liquidator requests the Court to authorize and ratify service of this Ex Parte Petition and any resulting Order by posting electronic copies on the "American Fellowship Mutual" section of the DIFS website.

Respectfully submitted,

Bill Schuette
Attorney General

A handwritten signature in black ink, appearing to read "Christopher Kerr", written over the typed name below.

Christopher L. Kerr (P57131)
Assistant Attorneys General
Attorneys for Petitioner
Corporate Oversight Division
P. O. Box 30755
Lansing, MI 48909
(517) 373-1160

Dated: December 18, 2013

E

X

H

I

B

I

T

A

MASTER SERVICES AGREEMENT

This Master Services Agreement, including all Work Orders and attachments (the "Agreement"), is effective as of July 1, 2013 assuming Court approval provided in Section 4.1 ("Effective Date"), by and between Paragon Strategic Solutions Inc. operating as Inpoint, with its principal place of business at 8200 Tower – Normandale Lake Office Park, 5600 West 83rd Street, Suite 1100, Bloomington, MN 55437 (including its affiliates, "Inpoint"), and American Fellowship Mutual Insurance Company in Liquidation, by and through its court-appointed Special Deputy Liquidator, James Gerber, Director of Receiverships of the State of Michigan Department of Insurance and Financial Services, with an address at 611 W Ottawa St., 3rd Floor, Lansing, MI 48933 ("Client").

1. SERVICES

1.1 Inpoint shall perform the services ("Services") and provide reports, data, information, and other materials from time to time produced or provided by or on behalf of Inpoint in connection with the provision of Services ("Deliverables") for Client as specified per the various numbered work orders incorporated into this Agreement from time to time upon written agreement of the parties ("Work Orders"); provided however, that nothing herein shall require either party to execute any particular Work Order. Each Work Order shall, upon execution, become attached to and form part of this Agreement.

1.2 Client understands and agrees that Inpoint shall not be responsible for providing any legal, accounting, taxation, regulatory, or similar specialist advice that may be required as a result of the Services or in respect of any transaction or other issue arising therefrom.

1.3 This Agreement is subject to OFAC Compliance or similar regulations to the extent applicable, and any request for services in violation of OFAC Compliance is outside the scope of this Agreement. For purposes of this Agreement "OFAC Compliance" shall mean any of the laws or regulations enforced by the United States Office of Foreign Assets Control and Inpoint's compliance policies related to those regulations.

1.4 Client shall promptly provide or procure the provision to Inpoint of all the information concerning the business and affairs of Client which is relevant to Inpoint for the proper provision of Services and all such further information as Inpoint may reasonably request.

2. FEES

2.1 As compensation for the services provided under each Work Order, Client shall pay to Inpoint the amounts specified on that Work Order at the times and in the manner specified thereon ("Fee"). Unless otherwise agreed, all invoices shall be paid within thirty (30) days of receipt of invoice. In the event any Fee or expense amount(s) not disputed in good faith are paid after 30 days of receipt of invoice, Client will pay Inpoint interest calculated at the rate of 1.5% per month from the payment due date of any overdue amount(s) until the actual date of payment to Inpoint. Client will promptly notify Inpoint in writing of any questions or disputes regarding invoices so that Inpoint can expect timely payment. In the event of Client's non-payment of Fees or expenses not disputed in good faith, Client agrees to be responsible for all collection expenses, including attorney's fees, interest and court costs.

2.2 Client shall be responsible for the payment of all applicable taxes (other than Inpoint's net income taxes), duties, import deposits, assessments and other governmental charges, however designated, which are now or hereafter imposed under or by any governmental authority or agency, by reason of the performance by Inpoint of its obligations hereunder or the payment of any amounts pursuant to this Agreement.

3. EXPENSES

Client will reimburse Inpoint for the following expenses, if any, incurred by Inpoint during the performance of Services: coach class airfare, lodging, ground transportation, meals, and any other reasonable expenses related to the Services. Inpoint will inform Client of any anticipated expenses of this nature and

CONFIDENTIAL

L:\INPOINT\PSG\AMERICAN FELLOWSHIP MSA 06-26-13.DOC

obtain approval from Client prior to incurring such expenses. Inpoint will invoice Client monthly for expenses incurred to date. Client shall pay Inpoint within thirty (30) days following receipt of invoice.

4. TERM AND TERMINATION

4.1 The parties understand and agree that this Agreement is entered into within the context of the Liquidation of American Fellowship Mutual Insurance Company, and is therefore conditioned on and subject to the express prior approval of the Judge overseeing the Liquidation, the Honorable William E. Collette of the Ingham County, Michigan, Circuit Court ("Liquidation Court"). Approval of this Agreement by the Liquidation Court is a condition precedent to its enforceability, and if the Liquidation Court does not approve this Agreement it is null and void. Assuming Liquidation Court approval provided by this Section, this Agreement will take effect as of the Effective Date, and will remain in effect until terminated in accordance with the terms of this Agreement.

4.2 Except as provided in, and subject to the terms of, any existing Work Order(s) or any order of the Liquidation Court, either party may terminate this Agreement and/or any Work Order(s): (1) without cause at any time by giving sixty (60) days advance written notice to the other party; (2) immediately by either party upon the fraud, willful misconduct or gross negligence of the other party; or (3) immediately in the event of a material breach of this Agreement by the other party not cured within ten days following written notice stating, with particularity and in reasonable detail, the nature of the claimed breach; provided however, that Inpoint may terminate this Agreement and/or Work Order(s) by giving five (5) days advance written notice to Client for nonpayment by Client of any outstanding Inpoint invoice for Services Fees due and payable. If an uncured material breach is related to a specific Work Order, the non-breaching party may, in its sole discretion, terminate the applicable Work Order, with this Agreement continuing in full force and effect with respect to all other Work Orders.

4.3 Except as provided in any Work Order(s) or any order of the Liquidation Court, in the event of termination, expiration, or nonrenewal of this Agreement and/or Work Order(s) for any reason: (a) Client shall have no further obligation to Inpoint except for payments due for Services performed prior to the date of termination, expiration, or nonrenewal; (b) Inpoint shall have no further obligation hereunder to provide Services after the date of termination, expiration, or nonrenewal; and (c) notwithstanding Sections 4.3(a) and 4.3(b), all other provisions of this Agreement shall continue in full force and effect.

5. WARRANTIES AND LIMITATION OF LIABILITY

5.1 Subject to Client's fulfillment of its payment obligations hereunder, Inpoint warrants that its work will be performed in a professional and workmanlike manner and all deliverables shall be free from material defects in material, workmanship and design and conform to Client's commercially reasonable requirements.

5.2 THE FOREGOING IS INPOINT'S SOLE AND EXCLUSIVE WARRANTY WITH RESPECT TO THE SERVICES PROVIDED HEREUNDER. ALL OTHER WARRANTIES WITH RESPECT TO THE SERVICES PROVIDED HEREUNDER, EXPRESS OR IMPLIED, ARE HEREBY DISCLAIMED AND EXCLUDED BY INPOINT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR USE, OR OTHERWISE.

5.3 The cumulative liability of either party to the other for all claims related to the Services provided in a particular calendar year shall not exceed the total amount of Fees paid to Inpoint during such calendar year for the applicable Work Order(s). This limitation of liability shall apply without regard to whether other provisions of this Agreement have been breached or have proven ineffective.

5.4 INPOINT SHALL HAVE NO LIABILITY FOR ANY LOSS OR DAMAGE ARISING OUT OF OR RELATING TO THE SERVICES, WORK PRODUCT, OR DELIVERABLES PROVIDED HEREUNDER OR THEIR USE BY CLIENT, OR ANY OTHER PERFORMANCE UNDER OR PURSUANT TO THIS AGREEMENT (INCLUDING LIABILITY FOR NEGLIGENCE) EXCEPT FOR THE GROSS NEGLIGENCE OR WILLFUL, FRAUDULENT, OR CRIMINAL MISCONDUCT OF INPOINT. IN NO EVENT WILL EITHER PARTY'S LIABILITY OF ANY KIND INCLUDE ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, OR EXEMPLARY LOSSES OR DAMAGES, EVEN IF SUCH PARTY

WILL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH POTENTIAL LOSS OR DAMAGE.

6. OWNERSHIP OF MATERIALS

6.1. Inpoint has created, acquired, possesses, or otherwise has rights in, and may, in connection with the performance of Services, employ, provide, modify, create, acquire, or otherwise obtain rights in, various concepts, ideas, methods, methodologies, procedures, processes, know-how, and techniques (including analytical methods, certain computer software programs, statistical methodologies, and other methods and analyses that have been independently developed or obtained by Inpoint prior to the date of this Agreement without the benefit of any information provided by Client); templates; software systems, user interfaces, and screen designs; general purposes consulting and software tools; websites; reinsurance systems and data models; and data, documentation, and proprietary information and processes (collectively, "Inpoint Materials"). As between Inpoint and Client, Inpoint owns and shall retain all right, title, and interest in and to the Inpoint Materials. To the extent Inpoint utilizes any of its property, including, without limitation, Inpoint Materials, in connection with the performance of Services, such property shall remain the property of Inpoint, and except for the license expressly granted in Section 6.2, Client shall acquire no right or interest in such property.

6.2. As between Inpoint and Client, Client owns and shall retain all right, title and interest in and to all such data, information, software, systems, documents, and other materials that Client provides to Inpoint hereunder (collectively, "Client Materials"). Upon full and final payment to Inpoint hereunder, the Deliverables (excluding Inpoint Materials), if any, shall become the property of Client. To the extent any Inpoint Materials are contained in any of the Deliverables, Inpoint hereby grants to Client a perpetual, worldwide, paid-up, royalty-free, nonexclusive license to use such Inpoint Materials solely for Client's internal use in connection with the Deliverables.

6.3. At the completion or termination of the Services under this Agreement, Inpoint shall deliver to Client, or destroy, all Client Materials, in such form as such Client Materials are then currently in the possession of Inpoint, except for archival and backup copies that are not readily available for use and business records required by law to be retained.

6.4. Except as expressly set forth herein, neither party, by virtue of entering into this Agreement or taking action hereunder, transfers to the other party any right or license, either express or implied, under any existing patent, copyright, or other proprietary right.

6.5. Subject to the obligations of confidentiality in this Agreement, during and after termination of this Agreement, Inpoint is free to perform similar services for other clients, using general knowledge, skills and experience along with concepts, techniques, and know-how used in performing Services under this Agreement. Inpoint is free to use the concepts, techniques and know-how brought by Inpoint during the term of this Agreement.

7. CONFIDENTIALITY

7.1. During the term of this Agreement, each party ("Disclosing Party") may make available to the other party ("Recipient"), either directly or indirectly, information about its business practices and plans, including, but not limited to, business strategies, marketing strategies, claim data technical information, systems information, consumer research, information processing, delivery systems, product development, and service development, collection processes and information related thereto, the terms and conditions of this Agreement, and/or certain information and material specifically identified by the Disclosing Party as "Confidential" ("Confidential Information"). Confidential information may be written, oral, recorded, electronic, on tapes or any other medium. Recipient will maintain in confidence, during and after the term of this Agreement, all Confidential Information, and will safeguard against the disclosure of Confidential Information to third parties using the same degree of care to prevent such disclosure that Recipient uses to protect Recipient's own confidential and proprietary information, but at least reasonable care. Recipient will not, and will not permit any of its affiliates, officers, directors, employees, agents or representatives to, directly or indirectly, report, publish, distribute, disclose, or otherwise disseminate Confidential Information, or any portion thereof, to any third party for any purpose, except as necessary to perform or support the performance of Services or as expressly authorized in writing by Disclosing Party.

Confidential information shall not include information which (a) is or becomes generally available to the public other than as a result of a disclosure by Recipient in violation of this Agreement, (b) was known to Recipient on a nonconfidential basis prior to its disclosure by Disclosing Party, (c) is developed by Recipient independently of any information acquired from Disclosing Party, or (d) becomes available to Recipient on a nonconfidential basis from a source other than Disclosing Party. For purposes of this Article 6, Inpoint shall include all its subsidiaries, whether direct or indirect, and all other of its related or affiliated companies. Notwithstanding anything to the contrary in this Section 7, both parties shall have the right to identify Client as an Inpoint client.

7.2 If Recipient is legally compelled (whether by deposition, interrogatory, request for documents, subpoena, civil investigation, demand or similar process) to disclose Confidential Information, Recipient shall notify Disclosing Party of such requirement so that Disclosing Party may seek a protective order or other appropriate remedy and/or waive compliance with all or part of this Agreement. Recipient will use its reasonable efforts, at Disclosing Party's expense, to obtain or assist Disclosing Party in obtaining a protective order. If a protective order or a waiver of the terms of this Agreement cannot be obtained after reasonable effort by Recipient, Recipient may disclose Confidential Information that Recipient is legally compelled to disclose.

7.3 Upon termination, expiration, or nonrenewal of this Agreement or Disclosing Party's written request, Recipient shall return or destroy Confidential Information, except for Recipient may keep a copy for archival purposes, backup copies that are not readily available for use and business records required by law to be retained, provided however, such information remains subject to the confidentiality terms and conditions of this Agreement. The confidentiality and nondisclosure obligations set forth in this Agreement shall survive the termination of this Agreement until such time as the Confidential Information disclosed hereunder becomes publicly known and generally available through no fault of Recipient.

8. NONSOLICITATION

During the term of this Agreement, and for a period of one (1) year following the termination, expiration, or nonrenewal of this Agreement, neither party shall directly or indirectly solicit, hire, employ, or otherwise engage any of the other party's employees who are directly related to the performance of this Agreement, except upon prior written consent of the other party. Notwithstanding the foregoing, no written consent shall be required and neither party shall be restricted from hiring any employee who: (i) responds on their own initiative to any public advertisement, or general solicitations of employment not specifically targeted at such employee, placed by the hiring party, or (ii) was terminated by the non-hiring party.

9. ACCESS TO RECORDS

9.1 Either party, by its duly appointed representatives, shall have the right, at any reasonable time, to examine all papers in the possession of the other party relating to the business described in this Agreement including all Work Orders.

9.2 For as long as Inpoint continues to provide Services under this Agreement, Inpoint shall keep a copy (either hard copy or imaged copy, in Inpoint's sole discretion) of the original records pertaining to the business administered. At any time, either before or after termination, Client may obtain from Inpoint a copy of the records concerning its business. If Inpoint is no longer required by the terms of this Agreement to retain possession of any or all original or copied records, Inpoint shall relinquish possession of these records upon receipt of instructions from Client. If Inpoint does not receive instructions for disposition of records from Client within 60 days of a request by Inpoint for instructions, Inpoint may ship the original records, COD, to Client. Inpoint shall be permitted to keep copies of Client's records that it may be required to retain for compliance purposes. Electronic records pertaining to Client's business will be provided in a mutually agreed format at no additional charge to Client.

10. GENERAL

10.1 The parties are independent contractors and no partnership, joint venture, employment, or agency relationship is created. This Agreement does not make either party the agent, principal, master, servant, or legal representative of the other for any purpose whatsoever, and neither party has any

general authority to enter into any contract, assume any obligations or to make any warranties or representations on behalf of the other.

10.2 All covenants, representations, warranties, and agreements of the parties contained herein shall be binding upon and inure to the benefit of the parties, their successors and assigns and legal representatives. Client may not assign or otherwise transfer its rights and obligations under this Agreement to any third party except with the prior written consent of Inpoint. Inpoint may assign or otherwise transfer its rights and obligations under this Agreement to an affiliate, any successor in interest by merger, by operation of law, assignment, purchase or otherwise of all or substantially all of its business. Any prohibited assignment shall be null and void.

10.3 Any notice or other communication required or permitted to be given under this Agreement shall be made in writing and shall be deemed properly delivered when (a) served personally on the party to whom notice is being given or (b) sent by first class mail, registered or certified mail, return receipt requested, with first class postage prepaid, by facsimile with a copy by first class mail, or by a recognized overnight carrier (such as, without limitation, FedEx), and properly addressed to the party at its address as written above (or to such other address designated in writing by one party to the other).

10.4 Client will not dispose of any software, services know-how, technical data, documentation or other materials or deliverables furnished to it pursuant to this Agreement, to any party or in any manner which would constitute a violation of the export control laws of the United States.

10.5 If for any reason any provision of this Agreement, or portion thereof, shall be determined to be invalid or unenforceable, that portion of the Agreement will be enforced to the maximum extent permissible so as to effect the intent of the parties, and the remainder of the Agreement shall be valid and enforceable to the maximum extent possible.

10.6 No term or provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have so waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute consent to, waiver of, or excuse for any subsequent breach.

10.7 The validity, construction, performance, enforcement, and remedies of or relating to this Agreement, and the rights and obligations of the parties hereunder, shall be governed by the laws of the State of Michigan (without regard to the conflict of laws, rules, or statutes of any jurisdiction). Inpoint and Client consent to jurisdiction in the State of Michigan and agree that all issues arising under this Agreement shall be within the sole jurisdiction of and venued in the Liquidation Court.

10.8 Neither party shall be liable to the other for its failure to perform any of its obligations under this Agreement or any Work Order, except for payment obligations, during any period in which such performance is delayed because rendered impracticable or impossible due to circumstances beyond its reasonable control, provided that the party experiencing the delay notifies the other party of the delay as soon as reasonably practicable.

10.9 Client acknowledges that Inpoint may provide similar services on reinsurance contracts placed by Aon Benfield Inc. or an affiliated company, as a reinsurance intermediary-broker on behalf of the ceding companies under such contracts.

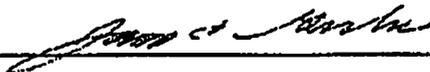
10.10 This Agreement shall be binding on the parties hereto and their respective successors and assigns. No modification, amendment, rescission, or cancellation of this Agreement or any of its provisions, in whole or in part, shall be binding upon either party unless made in writing and signed by each party. This Agreement, including referenced Work Orders and attachments, constitutes the entire agreement between the parties, and supersedes all prior understandings, agreements or arrangements, oral or written, between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed, by their respective duly authorized representatives, as indicated below.

PARAGON STRATEGIC SOLUTIONS INC.
(INPOINT)

AMERICAN FELLOWSHIP MUTUAL
INSURANCE COMPANY IN LIQUIDATION
(CLIENT)

By: 
Name: PATRICK VAN WERT
(Please Print or Type)
Title: PRESIDENT
Date: 7/5/13

By: 
Name: JAMES E GERBER
(Please Print or Type)
Title: Deputy Liquidator
Date: JUNE 28, 2013

WORK ORDER NO. 1
attached to the
MASTER SERVICES AGREEMENT
between

Paragon Strategic Solutions Inc. operating as Inpoint Services
and
American Fellowship Mutual Insurance Company in Liquidation
c/o James Gerber, Special Deputy Liquidator and Director of Receiverships,
State of Michigan, Department of Insurance and Financial Services

This Work Order No. 1 ("Work Order"), effective July 1, 2013 is entered into in accordance with the terms and conditions of the Master Services Agreement by and between Paragon Strategic Solutions Inc. operating as Inpoint ("Inpoint") and American Fellowship Mutual Insurance Company in Liquidation, by and through its court-appointed Special Deputy Liquidator, James Gerber, Director of Receiverships of the State of Michigan Department of Insurance and Financial Services with an address at 611 W Ottawa St., 3rd Floor, Lansing, MI 48933 ("Client") dated July 1, 2013 (the "Agreement").

1. SERVICES AND DELIVERABLES

1.1 Inpoint shall provide Services to Client from time to time during the term hereof, as follows:

1.1.1 Inpoint will assist Client with determining the valuation of commutation offers received by Client.

1.1.2 Inpoint will provide Client with other consulting services as requested by Client and agreed upon by Inpoint.

1.1.3 Each instance in which Inpoint shall provide Services to Client pursuant to the above shall be referred to as a "Work Assignment." For each instance in which Client shall desire Inpoint to perform a Work Assignment, Client shall provide Inpoint with reasonable notice of the nature and scope of the Work Assignment, including the amount of time Inpoint is expected to devote to the Work Assignment and any budget associated with the Work Assignment.

1.2 Both Inpoint and Client agree that nothing contained herein shall be deemed as a guarantee, representation or warranty to a volume, revenue, or recovery guaranty or otherwise and specifically acknowledge that no such guaranty, representation or warranty has been given either directly or indirectly, verbally or in writing.

2. DATES OF SERVICE

The performance of Services under this Work Order shall begin shall begin after execution of this Work Order and end on upon mutual agreement or termination in accordance with Section 4.2 of the Agreement.

3. FEES

3.1 Client shall pay Inpoint for all services provided hereunder at the hourly rates specified below.

JOB TITLE	HOURLY RATE
Senior Vice President and Actuary (FCAS)	\$495
Senior Solutions Specialist (ACAS)	\$320
Actuarial Student	\$215
Administrative Support	\$120

4. **PREVAILING TERMS**

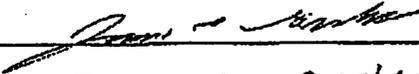
In the event of any inconsistency between the terms of the Agreement and the terms of this Work Order, this Work Order shall prevail in all respects.

IN WITNESS WHEREOF, the parties have caused this Work Order to be executed, by their respective duly authorized representatives, as indicated below.

**PARAGON STRATEGIC SOLUTIONS INC.
(INPOINT)**

**AMERICAN FELLOWSHIP MUTUAL
INSURANCE COMPANY IN LIQUIDATION
(CLIENT)**

By: 

By: 

Name: PATRICK VAN WERT
(Please Print or Type)

Name: JAMES E GAIDNER
(Please Print or Type)

Title: PRESIDENT

Title: DEPUTY LIQUIDATOR

Date: 7/5/13

Date: 6-28-2013