

REGULATORY SETTLEMENT AGREEMENT

Preamble

This Regulatory Settlement Agreement (“Agreement”) is entered into this 1st day of August 2017, by and between: (i) QBE Holdings, Inc. (together with its affiliates, “QBE” or the “Company”) and (ii) the Delaware Department of Insurance; Florida Office of Insurance Regulation; Indiana Department of Insurance; Massachusetts Division of Insurance; Missouri Department of Insurance, Financial Institutions & Professional Registration; Pennsylvania Insurance Department; and Rhode Island Department of Business Regulation (the “Lead States”) and the insurance-related regulatory bodies of such other jurisdictions as choose to adopt, agree to, and approve this Agreement (together with the Lead States, the “Subscribing Jurisdictions”), hereby resolving the insurance regulatory matters described herein.

1. Recitals

a. QBE Holdings, Inc., is an intermediate insurance holding company in a group that was, at one point, the nation’s second largest writer of force-placed property insurance. The QBE insurers writing force-placed property insurance coverage included QBE Insurance Company (NAIC #10219), QBE Specialty Insurance Company (NAIC #11515), and Praetorian Insurance Company (NAIC #37257). In October of 2015, QBE sold its force-placed property insurance operations to the National General Holding Corporation (“National General”) and is now completing its withdrawal from the market.

b. The Indiana Department of Insurance, as Managing Lead State, advised QBE on January 16, 2015, that a multistate targeted market conduct examination (“Examination”) had been called regarding its writing of force-placed property insurance during the period January 1, 2008 to December 31, 2014 (“Examination Period”).

c. In addition to Indiana, the other Lead States in the Examination are Delaware, Florida, Massachusetts, Missouri, Pennsylvania, and Rhode Island. There are presently forty-four jurisdictions participating in the Examination including the seven Lead States and thirty-seven other states (collectively, the “Participating Jurisdictions”). A list of these jurisdictions may be found at Exhibit A.

d. The Examination built on the work of prior regulatory activity by California, Delaware, Florida, Indiana, Minnesota, New York, Rhode Island, and the National Association of Insurance Commissioners (with Mississippi taking principal responsibility) that indicated significant national issues in the force-placed insurance market.

e. The Examination was conducted in parallel with a separate examination of the largest writer of force-placed property insurance in the United States during the Examination Period – Assurant, Inc.

f. The Examiner-in-Charge has now completed review of the Company's force-placed insurance operations in the Participating Jurisdictions during the Examination Period. Preliminary findings have been presented to the Lead States and Participating Jurisdictions. A final examination report will be issued on or after the Final Effective Date. No such preliminary finding is, and no statement in the final examination report will have been, subjected to adversary proceedings in which QBE was accorded due process rights, including the opportunity to cross-examine witnesses and present expert and other testimony and reports, and no such finding or statement represents the finding or conclusion of a neutral tribunal following a due process hearing or adversary proceeding.

g. The Company denies any wrongdoing or activities that violate any insurance laws or regulations.

h. Following the Examiner-in-Charge's preliminary findings, the Lead States have engaged in discussions with the Company with respect to regulatory concerns raised by the Examination. In view of the foregoing facts and circumstances, the Subscribing Jurisdictions find it to be in the public interest and are willing to accept this Agreement to settle all insurance regulatory matters within the scope of the Examination as set forth in the January 16, 2015 examination warrant (which scope has not changed). The Company believes that such a settlement is in its best interest.

2. Location of Definitions

The terms listed below shall have either the meaning given in this section or the definition given elsewhere in the Agreement at the specified location.

- a. "Agreement" is defined in the preamble paragraph on page 1.
- b. "Applicable Consent Order" is defined in section 7.a(i) on page 4.
- c. "Company" is defined in the preamble paragraph on page 1.
- d. "Conditional Effective Date" is defined in section 6.a on page 4.
- e. "Examination" is defined in section 1.b on page 1.
- f. "Examination Period" is defined in section 1.b on page 1.
- g. "Examiner-in-Charge" shall mean J. David Leslie of Rackemann, Sawyer & Brewster, P.C.
- h. "Final Effective Date" is defined in section 6.b on page 4.
- i. "Lead States" is defined in the preamble paragraph on page 1.
- j. "Multistate Expense Payment" is defined in section 5.a on page 3.
- k. "National General" is defined in section 1.a on page 1.
- l. "Participating Jurisdictions" is defined in section 1.c on page 1.

- m. "Parties" is defined as the Company and the Subscribing Jurisdictions collectively.
- n. "QBE" is defined in the preamble paragraph on page 1.
- o. "Subscribing Jurisdictions" is defined in the preamble paragraph on page 1.

3. List of Exhibits

Exhibit A..... Table of Participating Jurisdictions

Exhibit B..... Subscribing Jurisdiction Adoption Form

4. Withdrawal from Market

- a. QBE will submit requests to the Subscribing Jurisdictions to withdraw its force-placed property insurance rate and form filings within the later of: i) sixty (60) days after the Final Effective Date; or, ii) the earliest date permitted by the law of the Subscribing Jurisdiction.
- b. No insurer affiliated with the Company shall submit a force-placed property insurance rate or form filing to the Subscribing Jurisdictions for three years after the Final Effective Date. If QBE should acquire an insurer with active force-placed property insurance rate or form filings during that three year period, it shall promptly submit requests to withdraw such filings in the Subscribing Jurisdictions.

5. Multistate Expense Payment & Release

- a. QBE will pay \$20,283,000 to the Subscribing Jurisdictions for the examination, compliance and monitoring costs incurred in connection with the Examination, no part of which shall constitute a fine or penalty. This payment will be allocated among the Subscribing Jurisdictions as they agree. QBE will also make a \$881,000 payment in respect of Indiana-specific issues pursuant to a companion agreement with the Indiana Department of Insurance, which, too, shall constitute a reimbursement of examination, compliance and monitoring costs and not, in any part, a fine or penalty. Collectively, the payments set forth in this paragraph shall be referred to as the "Multistate Expense Payment".
- b. The Multistate Expense Payment shall be the sole amount charged, assessed or collected by the Subscribing Jurisdictions on QBE with respect to the writing of force-placed property insurance prior to the Conditional Effective Date.
- c. The Company shall pay the Multistate Expense Payment within 30 days of the Final Effective Date. Once paid by the Company, the Multistate Expense Payment is final and non-recoverable under any circumstances including termination of this Agreement.

6. Effectiveness

a. The "Conditional Effective Date" shall be the date on which it has been signed by QBE and adopted by each of the seven Lead States.

b. The "Final Effective Date" shall be the date on which the Examiner-in-Charge provides QBE with a copy of the Agreement adopted, agreed to, and approved by Participating Jurisdictions representing no less than 90% of QBE's written premium on force-placed insurance in the Participating Jurisdictions during the Examination Period as set forth in Exhibit A.

c. Regulators may adopt, agree to, or approve the Agreement by means of the Subscribing Jurisdiction Adoption Form attached as Exhibit B and through Applicable Consent Orders as described in section 7.a(i).

d. If the Final Effective Date does not occur within 120 days of the Conditional Effective Date, this Agreement shall be deemed terminated nunc pro tunc. The Lead States and QBE may agree in writing to extend this 120 day period.

7. Miscellaneous

a. Representations of Authority.

(i) *Subscribing Jurisdictions.* Each person signing on behalf of a Subscribing Jurisdiction gives his or her express assurance that under applicable state laws, regulations, and judicial rulings, he or she has authority to enter into this Agreement. If a Subscribing Jurisdiction finds that, under applicable state law, regulation, judicial ruling, or procedure, the preparation and execution of a consent order or other document is legally required in order to carry out the terms of this Agreement (the "Applicable Consent Order"), such Applicable Consent Order shall be prepared by the Subscribing Jurisdiction. For purpose of this Agreement, an Applicable Consent Order must: (A) (1) incorporate by reference and attach via exhibit a copy of this Agreement, (2) expressly provide that each party thereto adopts and agrees to the provisions of this Agreement and (3) include only those other terms that may be legally required in the state of the applicable Subscribing Jurisdiction; or (B) otherwise be acceptable to the Company as evidenced by a written certification to that effect signed by an executive officer of the Company.

(ii) *Company.* The Company expressly represents and warrants as of the date of its execution of this Agreement that: (A) it is duly organized and validly existing and subsisting under the laws of the state of its organization, it is in good standing in such jurisdiction, and neither the execution, delivery, nor performance of this Agreement will violate any law binding on the Company; (B) it has the full right and power to enter into this Agreement on behalf of the Company and to perform all obligations hereunder; and (C) it has obtained all necessary authorizations, approvals, or consents of any governmental entity required in connection with the execution, delivery, or performance by it of this Agreement.

b. Choice of Law. This Agreement, any disputes which may arise in connection with the interpretation or enforcement of the Agreement, and the rights and obligations of the Parties, shall be governed by the laws of the State of Delaware without regard or reference to choice or conflict of law rules.

c. Waiver. Any agreement on the part of any party hereto to any extension or waiver shall be valid only if in writing signed by the party granting such waiver or extension and, unless it expressly provides otherwise, shall be a one-time waiver or extension only, and any such waiver or extension or any other failure to insist on strict compliance with any duty or obligation herein shall not operate as a waiver or extension of, or estoppel with respect to, any continuing, subsequent, or other failure to comply with this Agreement.

d. Release. Each Subscribing Jurisdiction agrees to – and, as of the Final Effective Date does – release the Company from all claims, demands, interest, penalties, actions or causes of action that each Subscribing Jurisdiction may have by reason of any matter, cause or thing whatsoever, regarding or relating to the writing of force-placed property insurance prior to the Conditional Effective Date.

e. Rights and Remedies. Except as otherwise provided in this Agreement, the rights, powers, remedies, and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies, and privileges provided by applicable law.

f. Entire Understanding; Modification. This Agreement represents the entire understanding between the parties with respect to the subject matter hereof and supersedes any and all prior understandings, agreements, plans, and negotiations, whether written or oral, with respect to the subject matter hereof. All modifications to this Agreement must be in writing and signed by each of the parties hereto.

g. Time of the Essence. The Parties hereto hereby agree that time shall be of the essence with respect to performance of this Agreement.

h. Execution in Counterparts. This Agreement may be executed in one or more counterparts, any of which shall be deemed an original and all of which taken together shall constitute one and the same Agreement. Execution and delivery of this Agreement may be evidenced by facsimile transmission (including but not limited to .pdf or other image files transmitted by email).

[Signature Page Follows]

DELAWARE DEPARTMENT OF INSURANCE

By: Trinidad Navarro
Commissioner

Date: _____

FLORIDA OFFICE OF INSURANCE REGULATION

By: David Altmaier
Commissioner

Date: _____

INDIANA DEPARTMENT OF INSURANCE

By: Stephen W. Robertson
Superintendent

Date: _____

MASSACHUSETTS DIVISION OF INSURANCE

By: Gary D. Anderson
Acting Commissioner

Date: _____

MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGULATION

By: Chlora Lindley-Myers
Director

Date: _____

PENNSYLVANIA INSURANCE DEPARTMENT

By: Teresa D. Miller
Commissioner

Date: 8-7-17

RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, INSURANCE DIVISION

By: Elizabeth K. Dwyer
Superintendent

Date: _____

QBE HOLDINGS, INC.

By: _____
Name:
Position:

Date: _____

DELAWARE DEPARTMENT OF INSURANCE

By: _____
Trinidad Navarro
Commissioner

Date: _____

FLORIDA OFFICE OF INSURANCE REGULATION

By: _____
David Altmaier
Commissioner

Date: _____

INDIANA DEPARTMENT OF INSURANCE

By: _____
Stephen W. Robertson
Superintendent

Date: _____

MASSACHUSETTS DIVISION OF INSURANCE

By: _____
Gary D. Anderson
Acting Commissioner

Date: _____

MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGULATION

By: _____
Chlora Lindley-Myers
Director

Date: _____

PENNSYLVANIA INSURANCE DEPARTMENT

By: _____
Teresa D. Miller
Commissioner

Date: _____

RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, INSURANCE DIVISION

By: Elizabeth K. Dwyer
Elizabeth K. Dwyer
Superintendent

Date: 9-1-17

QBE HOLDINGS, INC.

By: _____
Name:
Position:

Date: _____

DELAWARE DEPARTMENT OF INSURANCE

By: _____
Trinidad Navarro
Commissioner

Date: _____

FLORIDA OFFICE OF INSURANCE REGULATION

By: _____
David Altmaier
Commissioner

Date: _____

INDIANA DEPARTMENT OF INSURANCE

By: _____
Stephen W. Robertson
Superintendent

Date: _____

MASSACHUSETTS DIVISION OF INSURANCE

By: _____
Garg D. Anderson
Acting Commissioner

Date: _____

MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGULATION

By: _____
Chlora Lindley-Myers
Director

Date: _____

PENNSYLVANIA INSURANCE DEPARTMENT

By: _____
Teresa D. Miller
Commissioner

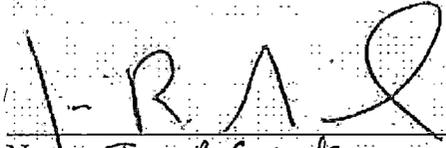
Date: _____

RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, INSURANCE DIVISION

By: _____
Elizabeth K. Dwyer
Superintendent

Date: _____

QBE HOLDINGS, INC.

By: 
Name: Jose R. Gonzalez
Position: Chief Legal Officer

Date: 8/3/17

DELAWARE DEPARTMENT OF INSURANCE

By: _____
Trinidad Navarro
Commissioner

Date: _____

FLORIDA OFFICE OF INSURANCE REGULATION

By: David Altmaier
David Altmaier
Commissioner

Date: 10-25-17

INDIANA DEPARTMENT OF INSURANCE

By: _____
Stephen W. Robertson
Superintendent

Date: _____

MASSACHUSETTS DIVISION OF INSURANCE

By: _____
Garg D. Anderson
Acting Commissioner

Date: _____

MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGULATION

By: _____
Chlora Lindley-Myers
Director

Date: _____

PENNSYLVANIA INSURANCE DEPARTMENT

By: _____
Teresa D. Miller
Commissioner

Date: _____

RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, INSURANCE DIVISION

By: _____
Elizabeth K. Dwyer
Superintendent

Date: _____

QBE HOLDINGS, INC.

By: J. R. A. Q
Name: Jose R. Gonzalez
Position: Chief Legal Officer

Date: 8/3/17

DELAWARE DEPARTMENT OF INSURANCE

By: _____
Trinidad Navarro
Commissioner

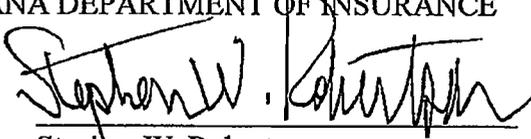
Date: _____

FLORIDA OFFICE OF INSURANCE REGULATION

By: _____
David Altmaier
Commissioner

Date: _____

INDIANA DEPARTMENT OF INSURANCE

By: 
Stephen W. Robertson
Commissioner

Date: 8-7-17

MASSACHUSETTS DIVISION OF INSURANCE

By: _____
Gary D. Anderson
Acting Commissioner

Date: _____

MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGULATION

By: _____
Chlora Lindley-Myers
Director

Date: _____

PENNSYLVANIA INSURANCE DEPARTMENT

By: _____
Teresa D. Miller
Commissioner

Date: _____

RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, INSURANCE DIVISION

By: _____
Elizabeth K. Dwyer
Superintendent

Date: _____

QBE HOLDINGS, INC.

By: _____
Name:
Position:

Date: _____

DELAWARE DEPARTMENT OF INSURANCE

By: _____
Trinidad Navarro
Commissioner

Date: _____

FLORIDA OFFICE OF INSURANCE REGULATION

By: _____
David Altmaier
Commissioner

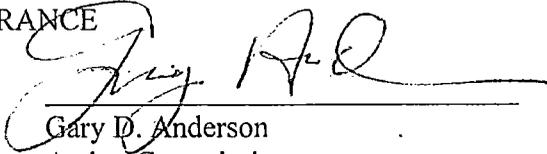
Date: _____

INDIANA DEPARTMENT OF INSURANCE

By: _____
Stephen W. Robertson
Superintendent

Date: _____

MASSACHUSETTS DIVISION OF INSURANCE

By: _____

Gary D. Anderson
Acting Commissioner

Date: _____

MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGULATION

By: _____
Chlora Lindley-Myers
Director

Date: _____

PENNSYLVANIA INSURANCE DEPARTMENT

By: _____
Teresa D. Miller
Commissioner

Date: _____

RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, INSURANCE DIVISION

By: _____
Elizabeth K. Dwyer
Superintendent

Date: _____

QBE HOLDINGS, INC.

By: _____
Name:
Position:

Date: _____

Exhibit A
Table of Participating Jurisdictions

Jurisdiction	Written Premium*	Share
AK	\$ 1,697,575	0.07%
AL	\$ 28,697,968	1.24%
AR	\$ 11,700,102	0.50%
AZ	\$ 24,957,244	1.08%
CA	\$ 154,110,905	6.64%
CO	\$ 17,230,887	0.74%
CT	\$ 26,486,472	1.14%
DC	\$ 4,838,453	0.21%
DE	\$ 6,515,949	0.28%
FL	\$ 1,043,667,119	45.0%
GA	\$ 69,439,320	2.99%
HI	\$ 7,369,153	0.32%
IA	\$ 5,565,234	0.24%
ID	\$ 4,173,161	0.18%
IL	\$ 67,376,999	2.91%
IN	\$ 29,027,415	1.25%
KS	\$ 6,382,992	0.28%
KY	\$ 10,480,029	0.45%
LA	\$ 51,608,237	2.23%
MA	\$ 46,521,925	2.01%
MD	\$ 39,516,418	1.70%
ME	\$ 8,646,001	0.37%

Jurisdiction	Written Premium*	Share
MO	\$ 19,064,744	0.82%
MS	\$ 14,425,118	0.62%
MT	\$ 2,021,584	0.09%
NC	\$ 60,142,040	2.59%
ND	\$ 457,939	0.02%
NE	\$ 2,204,632	0.10%
NH	\$ 5,861,283	0.25%
NJ	\$ 120,419,698	5.19%
NV	\$ 21,575,675	0.93%
OH	\$ 37,974,978	1.64%
OK	\$ 14,859,302	0.64%
PA	\$ 62,205,427	2.68%
RI	\$ 7,175,042	0.31%
SC	\$ 31,617,440	1.36%
TN	\$ 33,871,551	1.46%
TX	\$ 143,050,391	6.17%
UT	\$ 8,572,328	0.37%
VA	\$ 31,099,447	1.34%
VT	\$ 2,862,357	0.12%
WA	\$ 32,679,830	1.41%
WY	\$ 1,102,844	0.05%
Total	\$ 2,319,253,208	100%

* Force-placed hazard insurance written premium for the subject QBE companies during the Examination Period (1/1/08 to 12/31/14)

Exhibit B

Multistate Targeted Market Conduct Examination

of

QBE Holdings, Inc.

Regulatory Settlement Agreement

SUBSCRIBING REGULATOR ADOPTION

On behalf of _____ [Insert Name of Insurance Regulatory Agency] _____,

I, [Insert Name of Official Signing Agency], hereby adopt, agree to and approve the QBE Regulatory Settlement Agreement executed by QBE on August __, 2017.

[NAME OF INSURANCE REGULATORY AGENCY]

By: _____

Title: _____

Date: _____

Multistate Targeted Market Conduct Examination

of

QBE Holdings, Inc.

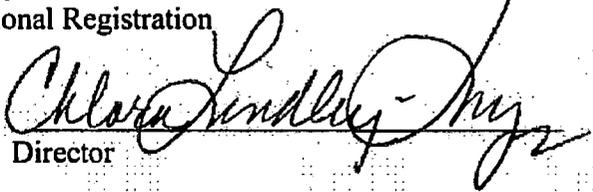
Regulatory Settlement Agreement

SUBSCRIBING REGULATOR ADOPTION

On behalf of the Missouri Department of Insurance, Financial Institutions and Professional Registration, I, Chlora Lindlëy-Myers, hereby adopt, agree to and approve the QBE Regulatory Settlement Agreement executed by QBE on August 4, 2017.

Missouri Department of Insurance, Financial Institutions
and Professional Registration

By:
Title:


Director

Date:

08/23/2017

Exhibit B

Multistate Targeted Market Conduct Examination

of

QBE Holdings, Inc.

Regulatory Settlement Agreement

SUBSCRIBING REGULATOR ADOPTION

On behalf of the Delaware Department of Insurance,

I, Commissioner Trinidad Navarro, hereby adopt, agree to and approve the QBE Regulatory Settlement Agreement executed by QBE on August 4, 2017.

Delaware Department of Insurance

By:

Trinidad Navarro

Title:

Insurance Commissioner

Date:

AUGUST 4, 2017

Exhibit B

Multistate Targeted Market Conduct Examination

of

QBE Holdings, Inc.

Regulatory Settlement Agreement

SUBSCRIBING REGULATOR ADOPTION

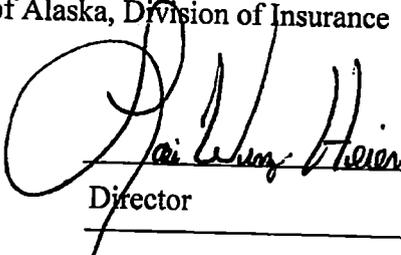
On behalf of State of Alaska, Division of Insurance

I, Lori Wing-Heier hereby adopt, agree to and approve the QBE Regulatory Settlement Agreement executed by QBE on August 3, 2017.

State of Alaska, Division of Insurance

By:

Title:



Director

Date: November 13, 2017