

**POLICY TRANSFER AGREEMENT**

Between

**Sunderland Marine Insurance Co. Ltd. (U.S. Branch)**  
(hereinafter referred to as the "Transferor")

and

**Sunderland Marine Insurance Company Limited**  
(hereinafter referred to as the "Transferee")

## TABLE OF CONTENTS

|  | Page |
|--|------|
| ARTICLE I PREAMBLE.....                                      | 1    |
| ARTICLE II TRANSFER .....                                    | 1    |
| 2.01. Transfer Process .....                                 | 1    |
| 2.02. Option Letter .....                                    | 2    |
| 2.03. Transfer Date.....                                     | 2    |
| 2.04. Transferor’s Continuing Obligations.....               | 2    |
| 2.05. Rights and Obligations Upon Transfer.....              | 2    |
| ARTICLE III GENERAL PROVISIONS.....                          | 3    |
| 3.01. Termination by Mutual Consent.....                     | 3    |
| 3.02. Audit.....   | 3    |
| 3.03. Forum and Venue .....                                  | 3    |
| 3.04. Nonwaiver .....  | 3    |
| 3.05. Counterparts .....                                     | 3    |
| 3.06. Schedules and Paragraph Headings.....                  | 3    |
| 3.07. Financial Reports.....                                 | 3    |
| 3.08. Survival .....   | 3    |
| 3.09. Notices.....   | 4    |
| 3.10. Construction .....                                     | 4    |
| 3.11. Entire Agreement .....                                 | 4    |
| 3.12. Severability.....                                      | 4    |
| ARTICLE IV REPRESENTATIONS AND WARRANTIES OF TRANSFEREE..... | 4    |
| 4.01. Organization and Standing of Transferee.....           | 4    |
| 4.02. Authorization.....                                     | 4    |
| 4.03. No Conflict or Violation.....                          | 4    |
| 4.04. Litigation Against Transferee.....                     | 5    |
| ARTICLE V REPRESENTATIONS AND WARRANTIES OF TRANSFEROR.....  | 5    |
| 5.01. Organization and Standing of Transferor .....          | 5    |
| 5.02. Authorization.....                                     | 5    |
| 5.03. No Conflict or Violation.....                          | 5    |
| 5.04. Litigation Against Transferor .....                    | 5    |
| ARTICLE VI CONFIDENTIALITY .....                             | 5    |
| 6.01. Confidentiality.....                                   | 5    |

**TABLE OF CONTENTS**  
(continued)

**Page**

ARTICLE VII EXECUTION AND EFFECTIVE DATE..... 6  
SCHEDULE A POLICIES AND RISKS REINSURED .....  
SCHEDULE B NOTICES

**ARTICLE I**  
**PREAMBLE**

**THIS POLICY TRANSFER AGREEMENT** (“Agreement”) effective as of [-----] (the “Effective Date”), is by and between Sunderland Marine Insurance Co. Ltd. (U.S. Branch) (“Transferor”), an Alaska branch of Sunderland Marine Insurance Company Limited (“Sunderland” or “Transferee”), and Sunderland, an insurance company based in the United Kingdom. (Transferor and Transferee may collectively be referred to in this Agreement as the “Parties”.)

WHEREAS, Transferor is an Alaska branch insurance company established pursuant to Alaska Stat. § 21.09.310;

WHEREAS, Transferor desires to consolidate its Alaskan insurance business with Transferee; and

WHEREAS, Transferor desires to transfer to Transferee all of the policies, as identified in Schedule A (each a “Policy” and collectively referred to as “Policies”) and accordingly remove such policies from its books and records, and Transferee desires to accept the transfer and report such Policies on its own books and records commencing on the Effective Date, subject to the requirements described herein.

**NOW, THEREFORE**, in consideration of the mutual benefits to be received by the Parties and the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree that the recitals set forth above are adopted and made part of this Agreement and further agree that this Agreement will be binding upon the Transferee and the Transferor and their respective successors and assigns as follows:

**ARTICLE II**  
**TRANSFER**

**2.01. Transfer Process.**

a. The Transferee shall undertake to cause the Policies to be transferred to its books and records, as further described herein, and thereafter reported as the direct obligation of the Transferee in accordance with all applicable laws and regulations (such policies as are successfully transferred are referred to herein as the “Transferred Policies”), and the Transferor shall, upon request, use commercially reasonable efforts to assist the Transferee in such efforts.

b. The obligation of the Transferee to accept and assume any Policy shall be subject to the receipt of all applicable consents and approvals from the Alaska Division of Insurance (the “Division”) and any other relevant parties and the satisfaction of all applicable notice and other regulatory requirements imposed under the applicable laws and regulations or by the Division, including notice to the policyholders (“Policyholders”).

**2.02. Option Letter.**

a. The Transferor shall mail to each Policyholder an option letter, including a self-addressed return envelope (the "Option Letter"), informing the Policyholder that the Policyholder has the option to reject the transfer of the Policy to the Transferee and remain the Policyholder of the Transferor. The Option Letter shall further inform the Policyholder that, if the Policyholder fails to notify the Transferor regarding the Policyholder's selected option within the time period specified in the Option Letter, the Policyholder shall be deemed to have agreed to not opt-out of the transfer of the Policy to the Transferee to the extent permitted by applicable laws, regulations and the Division.

b. The Option letter shall be in such form as is acceptable to the Division prior to mailing. The Parties understand and acknowledge that the Transferor agrees to deliver only Option Letters that are in compliance with the laws of Alaska.

**2.03. Transfer Date.** The transfer date ("Transfer Date") with respect to any of the Transferred Policies shall be the last date on which any required Policyholder and regulatory approval by the Division has been obtained for such transfer.

**2.04. Transferor's Continuing Obligations.** The Transferor, as the insurer transferring its obligations under the Policies, agrees to cooperate as reasonably necessary with the Transferee with respect to the Policies in order for the Transferee to accept and assume the Policies as required by this Agreement, which cooperation shall not require the Transferor to incur material expenditures unless the Transferee shall reimburse the Transferor therefor.

**2.05. Rights and Obligations Upon Transfer.**

a. Upon the transfer to the Transferee of the Policies as direct obligations of the Transferee, as each Transferred Policy is transferred on its respective Transfer Date, the Transferor and the Transferee hereby agree that the Transferee shall (i) be substituted for the Transferor under the Transferred Policies; (ii) be bound by all of the express written terms and conditions of the Transferred Policies; and (iii) enjoy all of the Transferor's rights thereunder, and shall perform all of the Transferor's duties and obligations under the Transferred Policies to the same extent as though the Transferee had originally issued the Transferred Policies.

b. Upon the Transfer Date with respect to any Transferred Policy, the Transferor will be fully and completely released from any and all further obligations with respect to such Transferred Policy.

c. On and after the Transfer Date with respect to any Transferred Policy, the Transferee will accept and assume any and all of the policy liabilities of such Transferred Policy subject to any and all defenses, setoffs and counterclaims to which the Transferor would be entitled with respect to such policy liabilities, it being expressly understood and agreed by the Parties hereto that no such defenses, setoffs or counterclaims are waived by the execution of this Agreement or the consummation of the transactions contemplated hereby and that it is intended that the Transferee shall be fully subrogated to all such defenses, setoffs and counterclaims. All obligations for which the Transferee shall be liable hereunder shall be subject in all respects to

the same terms, rates, conditions, interpretations and rights of cancellation as are applicable to the Transferor.

### **ARTICLE III** **GENERAL PROVISIONS**

**3.01. Termination by Mutual Consent.** This Agreement may be terminated at any time by mutual written consent of the Parties.

**3.02. Audit.** The Transferor or the Transferee, their respective employees or authorized representatives may audit, inspect and examine, during regular business hours, at the home office of the Transferor or the Transferee, provided that five (5) business days advance written notice has been given to the other Party, any and all books, records, statements, correspondence, reports, custody accounts and their related documents or other documents that relate to the Policies. The audited Party agrees to provide a reasonable work space for such audit, inspection or examination and to cooperate fully and to faithfully disclose the existence of and produce any and all necessary and reasonable materials requested by such auditors, investigators, or examiners. The expense of the respective Party's employee(s) or authorized representative(s) engaged in such activities shall be borne solely by such Party.

**3.03. Forum and Venue.** Each of the Parties irrevocably submits to the exclusive jurisdiction and venue of the state or federal courts of Alaska for any action, suit or other proceeding hereunder. The Parties agree to accept service of process at the addresses for notices hereunder for any such action, suit or other proceeding and unconditionally waive any other service address, jurisdiction or venue. FURTHER, EACH OF THE PARTIES WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH ACTION, SUIT OR OTHER PROCEEDING.

**3.04. Nonwaiver.** No forbearance on the part of either Party to insist upon compliance by the other Party with the terms of this Agreement shall be construed as, or constitute a waiver of, any of the terms of this Agreement.

**3.05. Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

**3.06. Schedules and Paragraph Headings.** Schedules attached hereto are made a part of this Agreement. Paragraph headings are provided for reference purposes only and are not made a part of this Agreement.

**3.07. Financial Reports.** The Transferor and the Transferee each agree to furnish the other with any reasonable requests for information needed to prepare their respective financial statements or regulatory filings. Such information will not be unreasonably withheld.

**3.08. Survival.** Articles IV, V and VI shall survive the termination of this Agreement and the transfer of the Policies.

**3.09. Notices.** All notices and other communications under this Agreement must be in writing and will be deemed to have been duly given if (i) delivered personally, (ii) five days after being mailed, by certified mail, return receipt requested, first class postage, prepaid or (iii) one business day after being sent by an internationally recognized courier service (e.g., Federal Express), to the addresses and to the attention of the Parties described in Schedule B attached hereto or to such other address or Parties as provided in a notice given hereunder.

**3.10. Construction.** This Agreement will be construed in accordance with the laws of Alaska without regard to their conflicts of laws rules.

**3.11. Entire Agreement.** This Agreement, including any attached schedules or exhibits, constitutes the entire agreement between the Parties with respect to the business described herein and supersedes all prior discussions and agreements between the Parties with respect to the subject matter of this Agreement. Any change or modification to this Agreement will be null and void unless made by amendment to this Agreement and signed by both Parties. Any such amendment must be in the form of an addendum to this Agreement signed by both Parties (including signatures via e-mail or facsimile), and will be regarded as part of this Agreement, equally binding on the Parties.

**3.12. Severability.** If any provision of this Agreement is determined to be invalid or unenforceable, such determination will not impair or affect the validity or the enforceability of the remaining provisions of this Agreement unless it renders the Agreement incapable of fulfilling its intended purpose.

#### **ARTICLE IV** **REPRESENTATIONS AND WARRANTIES OF TRANSFEEE**

**4.01. Organization and Standing of Transferee.** Transferee is an insurance company duly organized and validly existing under the laws of the United Kingdom. Transferee is also duly licensed and in good standing in the United Kingdom.

**4.02. Authorization.** Transferee has all requisite power and authority to enter into this Agreement, and to perform its obligations thereunder. The execution and delivery by Transferee of this Agreement and the performance by Transferee of its obligations thereunder have been duly authorized and are valid and binding obligations of Transferee, enforceable against it in accordance with their terms.

**4.03. No Conflict or Violation.** The execution, delivery and performance of this Agreement by Transferee will not (i) violate any provision of the Articles of Incorporation, Bylaws or other charter or organizational document of Transferee; (ii) violate, conflict with or result in the breach of any of the terms of, result in any modification of, give any counterparty the right to terminate, or constitute a default under, any contract or other agreement to which Transferee is a party which would materially affect this Agreement or the transactions contemplated thereunder; (iii) violate any order, judgment or decree applicable to Transferee; or (iv) violate any statute, law or regulation of any jurisdiction applicable to Transferee.

**4.04. Litigation Against Transferee.** There are no actions, suits, or proceedings pending or, to the knowledge of Transferee, threatened against Transferee at law or in equity, in, before, or by any person, that individually or in the aggregate have or may reasonably be expected to have a material adverse effect on the validity or enforceability of the this Agreement or the transactions contemplated thereby.

**ARTICLE V**  
**REPRESENTATIONS AND WARRANTIES OF TRANSFEROR**

**5.01. Organization and Standing of Transferor.** Transferor is a U.S. branch of Transferee pursuant to Alaska Stat. § 21.09.310.

**5.02. Authorization.** Transferor has all requisite power and authority to enter into this Agreement, and to perform its obligations thereunder. The execution and delivery by Transferor of this Agreement and the performance by Transferor of its obligations thereunder have been duly authorized and are valid and binding obligations of Transferor, enforceable against it in accordance with their terms.

**5.03. No Conflict or Violation.** The execution, delivery and performance of this Agreement will not (i) violate, conflict with or result in the breach of any of the terms of, result in any modification of, give any counterparty the right to terminate, or constitute a default under any contract or other agreement to which Transferor is a party which would materially affect this Agreement or the transactions contemplated thereunder; (ii) violate any order, judgment or decree applicable to Transferor; or (iii) violate any statute, law or regulation of any jurisdictions applicable to Transferor.

**5.04. Litigation Against Transferor.** There are no actions, suits or proceedings pending or, to the knowledge of Transferor, threatened against Transferor at law or in equity, in, before, or by any person that individually or in the aggregate have or may reasonably be expected to have a material adverse effect on the validity or enforceability of this Agreement or the transactions contemplated thereby.

**ARTICLE VI**  
**CONFIDENTIALITY**

**6.01. Confidentiality.** The Parties will comply with all applicable state/territorial and federal privacy laws and requirements..

**ARTICLE VII**  
**EXECUTION**

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the date indicated below, with an Effective Date as set forth herein.

**Sunderland Marine Insurance Co. Ltd. (U.S. Branch)**

By: \_\_\_\_\_  
Name:  
Title:  
Date:

**Sunderland Marine Insurance Company Limited**

By: \_\_\_\_\_  
Name:  
Title:  
Date:

**SCHEDULE A**

**POLICIES TRANSFERRED**

**SCHEDULE B**

**NOTICES**

Sunderland Marine Insurance Co. Ltd. (U.S. Branch)  
807 G Street, Suite 250  
Anchorage  
AK 99501  
USA

Sunderland Marine Insurance Company Limited  
The Quayside  
Newcastle upon Tyne  
NE1 3DU  
United Kingdom

[LETTERHEAD OF  
SUNDERLAND MARINE INSURANCE CO. LTD. (U.S. BRANCH)]

NOTICE OF TRANSFER

IMPORTANT: THIS NOTICE AFFECTS YOUR CONTRACT RIGHTS. PLEASE READ IT CAREFULLY.

***Transfer of Policy***

As you may be aware, Sunderland Marine Insurance Co. Ltd. (U.S. Branch) ("Sunderland US", "we", "us" or "our") is the Alaska branch of Sunderland Marine Insurance Company Limited, a U.K. insurance company ("SMIC"). This will advise that SMIC has agreed to replace us as your insurer under the above named policy number effective upon your consent to the transfer. The reason for the proposed transfer of your policy to SMIC is that we wish to consolidate our U.S. operations with SMIC. SMIC's principal regulator is the United Kingdom's Prudential Regulation Authority ("PRA") and is subject to the PRA's robust and detailed regulatory regime. SMIC is part of a group of companies which have been awarded an A (Stable) Financial Strength group rating from Standard & Poor's Ratings Services and is also authorized to write this coverage in Alaska (and all other states and U.S. territories) by virtue of its inclusion on the National Association of Insurance Commissioners' Quarterly Listing of Alien Insurers. The Alaska Division of Insurance has reviewed the potential effect of the proposed transfer and has approved the transaction.

You may obtain additional information concerning SMIC by contacting your Insurance Commissioner at 9th Floor State Office Bldg., 333 Willoughby Avenue, Juneau, Alaska 99980 or by visiting SMIC's website at [www.sunderlandmarine.com](http://www.sunderlandmarine.com).

***Your Rights***

Alaska law provides you with the right to opt-out of the transfer of your policy to SMIC. We are transferring your policy to SMIC so that we may complete the consolidation of our U.S. operations. This will result in SMIC replacing us as your insurance company without interruption of coverage or service. If you do not wish your policy transferred, you must opt-out of the transfer by notifying us in writing by signing and returning the enclosed pre-addressed, postage-paid card or by writing to us at:

Sunderland Marine Insurance Co. Ltd. (U.S. Branch)

807 G Street, Suite 250

Anchorage

AK 99501

USA

Fax: 907-274-5111

For the attention of: Cheryl Graves

If you **do not opt-out of** the transfer of your policy to SMIC, your policy will be transferred and SMIC will be solely responsible to you for the payment of all claims, benefit and other contract obligations under your policy. We will no longer have any contractual obligations to you under your policy.

If you **opt-out of** the transfer, you may keep your policy with us and continue to exercise any option under your policy up to the expiration of your policy. If we do not receive a written opt-out, you will, as a matter of law, be deemed to not opt-out and your policy will be transferred. You will have one month from the date of this notice to reply should you wish to opt-out of the transfer.

### ***Your Protection***

As noted above, SMIC's principal regulator is the United Kingdom's PRA. The PRA promotes the safety and soundness of the insurance companies under its regulatory jurisdiction to ensure that policyholders are appropriately protected. The PRA consistently monitors SMIC's risk management/controls and financial resources. In particular, SMIC is required to maintain specific levels of capital, which includes a capital buffer. A breach of SMIC's capital requirements would lead to regulatory intervention by the PRA. From January 1, 2016,, SMIC will be subject to an enhanced regulatory regime for European insurers (known as the "Solvency II regime"). The PRA will continue to remain SMIC's principal regulator under the Solvency II regime..

In addition, SMIC's parent, the North of England ("North"), has issued SMIC a guaranty to cover unconditional, continuing and binding upon North of England's policyholders of this guaranty.

Protecting and Indemnity Association Limited  
SMIC's payment obligations to policyholders which is  
SMIC's policyholders are express third party

SMIC will also be increasing the assets in its U.S. Trust Account with the National Association of Insurance Commissioners International Insurer Department in accordance with applicable law to provide additional protection for the policies that will be transferred from Sunderland US. The Trust Agreement governing the U.S. Trust Account provides that the U.S. Trust Account inures to the benefit of American policyholders of SMIC.

U.S. Trust Account inures to the benefit of American  
policyholders of SMIC.

You should be aware that, if your policy is transferred to SMIC, you will no longer be protected by the Alaska Insurance Guaranty Association in the event of a default by an admitted insurer, will look to other Alaska Insurance Guaranty Association will no longer provide protection that has been provided by the Alaska Insurance Guaranty Association. Please note, however, that the protection provided by the Alaska Insurance Guaranty Association is not unlimited, and that this protection is not a substitute for your company's financial stability. As previously noted, SMIC is capable of servicing your policy. For more information, please visit the following website:  
<http://www.bankofengland.co.uk/publications/>

SMIC, you will no longer be protected by the Alaska Insurance Guaranty Association in the event of a default by an admitted insurer, will look to other Alaska Insurance Guaranty Association will no longer provide protection that has been provided by the Alaska Insurance Guaranty Association. Please note, however, that the protection provided by the Alaska Insurance Guaranty Association is not unlimited, and that this protection is not a substitute for your company's financial stability. As previously noted, SMIC is capable of servicing your policy. For more information, please visit the following website:  
<https://www.fdic.gov/insurance/insuranceapp/1304.pdf>.

### ***Effect of Transfer***

If you do not formally opt-out of this transfer, SMIC will be your insurer. All future premium payments, claims submissions and questions regarding your policy should be directed to SMIC in care of

the designated administrator at Sunderland Marine Insurance Company Limited, The Quayside, Newcastle upon Tyne, NE1 3DU, United Kingdom.

For your convenience, we have enclosed a pre-addressed postage-paid response card should you choose to opt-out of this transfer.

Sincerely,

---

Sunderland Marine Insurance Co. Ltd. (U.S.  
Branch)  
807 G Street, Suite 250  
Anchorage  
AK 99501  
USA

---

Sunderland Marine Insurance Company Limited  
The Quayside  
Newcastle upon Tyne  
NE1 3DU  
United Kingdom

[Notice Date]

**OPT-OUT RESPONSE CARD**

\_\_\_\_ I opt-out of the proposed transfer of my policy from Sunderland Marine Insurance Co. Ltd. (U.S. Branch) to Sunderland Marine Insurance Company Limited and wish to retain my policy with Sunderland Marine Insurance Co. Ltd. (U.S. Branch) until expiration.

\_\_\_\_\_

Date

Signature

Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_