

ORANGE INSURANCE EXCHANGE ATTORNEY-IN-FACT AGREEMENT

This Attorney-in-Fact Agreement (this “Agreement”) is made effective this 3rd day of October, 2023 (the “Effective Date”), by and between ORANGE INSURANCE EXCHANGE, a Florida reciprocal insurance exchange (the “Exchange”), and ORANGE INSURANCE MANAGERS LLC, a Delaware limited liability company (the “Attorney”). The offices of the Attorney will be located, together with the principal offices of the Exchange, at 301 NW 138th Terrace, Newberry, FL 32669, but may be changed upon notice to the subscribers of the Exchange (each a “Subscriber” and, together, the “Subscribers”) and in compliance with the requirements of the laws of the State of Florida. The Exchange and the Attorney may each be referred to individually as a “Party” or collectively as the “Parties.”

RECITALS

WHEREAS, as part of the application for insurance by each Subscriber, each Subscriber will, pursuant to their respective Subscriber’s Agreement and Power of Attorney (the “Subscriber’s Agreement”), appoint the Attorney to act as such Subscriber’s attorney-in-fact (“Attorney-in-Fact”) with the authority to exchange reciprocal insurance contracts among the Subscribers and to manage and conduct the business of the Exchange, and

WHEREAS, the Exchange and the Attorney desire to set forth the terms and conditions upon which the Attorney will accept its appointment as Attorney-in-Fact for the Subscribers to exchange their reciprocal insurance contracts and to manage and conduct the business and affairs of the Exchange.

NOW, THEREFORE, in consideration of the mutual covenants and consideration contained in this Agreement and intending to be legally bound hereby, the Exchange and the Attorney agree as follows:

1. **Acceptance of Appointment as Attorney-in-Fact.** The Attorney hereby accepts its appointment as Attorney-in-Fact pursuant to the Subscriber’s Agreement to be executed by each Subscriber and agrees, as Attorney-in-Fact, to exchange reciprocal insurance contracts among the Subscribers as set forth in the Subscriber’s Agreement.

2. **Management Services.** The Attorney will furnish (directly or indirectly through its affiliates or third-party service providers, including but not limited to Inness Insurance Managers LLC, Inness Claims Services LLC, and Cabrillo Coastal) all employees and resources to perform necessary and appropriate management services for the Exchange. It is understood that all such management services shall be performed in accordance with such policies and standards as may be established from time to time by the Attorney as the Attorney-in-Fact, as well as in accordance with sound insurance and actuarial practices and procedures and any applicable laws. Those management services include, without limitation by reason of specification, the following functions on behalf of the Exchange:

(a) The administration and management of the day-to-day insurance business of the Exchange including, without limitation, the provision of all personnel for underwriting,

claims, marketing, financial, legal and information technology functions and the provision of all senior management;

(b) The solicitation, receipt, and acceptance or rejection of applications for insurance and the determination of the acceptability of the risks involved in accordance with sound insurance underwriting policies and standards;

(c) The exchange of any and all kinds of reciprocal insurance contracts with Subscribers;

(d) The underwriting, classification, rating and issuance of policies, endorsements and binder of insurance for the Exchange in accordance with customary insurance practices;

(e) The establishment and maintenance of complete and accurate records of all reciprocal insurance contracts exchanged by the Attorney on behalf of the Exchange in accordance with the policies and standards established by the Attorney;

(f) The collection, receipt, processing, and accounting for all funds received as payments of insurance premiums, contributions to surplus, and other receipts of, and the timely deposit of all such funds in a Federal Reserve System member bank or banks in the name of the Exchange in accordance with the policies and procedures established by the Attorney; the establishment and monitoring of loss reserves in accordance with sound insurance and actuarial practices and procedures; the borrowing of money on behalf of the Exchange; the maintenance of all funds in accordance with applicable law; and the investment of assets in accordance with applicable legal requirements and the advice or instructions of investment advisors retained by the Attorney, at the expense of the Exchange;

(g) The establishment and maintenance of all financial and business records required by applicable laws, regulations, generally accepted insurance and accounting practices and in accordance with the policies and standards established by the Attorney; and the preparation of all reports required by governmental and nongovernmental regulatory and supervisory authorities;

(h) The placement of reinsurance as required by law or by sound and accepted insurance and business practices, the payment of reinsurance premiums thereof at the expense of the Exchange, the maintenance of all necessary records in connection with such reinsurance, and the taking of all actions or the making of any claims required or permitted by such reinsurance;

(i) The provision and maintenance, directly, or indirectly through a third-party claims administrator, of adequate claims supervision and facilities for the timely processing of all claims, notices, and proofs of loss against the Exchange and for the timely payment of claims on behalf of and at the expense of the Exchange, including the employment of claims adjusters, attorneys and other personnel to handle claims on behalf of the Exchange, with all allocated costs and claim expenses to be paid by the Exchange;

(j) The retention of investment advisors, financial advisors, actuaries, legal counsel, and other necessary consultants, at the expense of the Exchange;

(k) The preparation of mailings, advertisements, newsletters and other promotional and marketing materials for and on behalf of the Exchange;

(l) The monitoring of legal affairs of the Exchange, including compliance with applicable legal requirements and the making of required filings with the Florida Office of Insurance Regulation and all other governmental authorities having jurisdiction over the Exchange;

(m) The appointment, supervision and termination of agents, brokers, and personnel on behalf of the Exchange, and the payment to them of commissions at the expense of the Exchange, for insurance coverages placed with the Exchange in such amounts as shall be determined by the Attorney;

(n) The development and maintenance of all systems and procedures necessary to comply with any insurer anti-fraud requirements of the State of Florida and any other jurisdiction in which the Exchange is authorized to conduct business;

(o) The commencement and defense, at the expense of the Exchange, of legal and administrative proceedings brought by or against the Exchange including acceptance of service of process on behalf of the Exchange, entering legal appearances on behalf of the Exchange and the compromise, adjustment, prosecution, litigation, defense, settlement, and appeal of losses and claims; and

(p) The taking of all such other actions as the Attorney determines to be necessary, advisable or proper in order for the Attorney to discharge its responsibilities and duties under this Agreement.

3. Management and Other Fees.

(a) As compensation for the management services to be performed by the Attorney as Attorney-in-Fact on behalf of the Exchange as set forth in Section 2 above, the Exchange agrees that the Attorney is authorized to retain as compensation an amount equal to seventeen percent (17%) of the annual gross premium written by the Exchange for underwriting and marketing management services provided to the Exchange (the "Attorney Management Fee"). For the avoidance of doubt, subscriber surplus contributions are not premium and shall not be included in the calculation of annual gross premium written by the Exchange. Additionally, the Exchange will compensate Inness Claims Services LLC for claims management pursuant to a Claims Service Agreement. The Attorney will compensate Inness Insurance Managers LLC for services pursuant to a Managing General Agency Agreement out of its Attorney Management Fee.

(b) The percentage set forth in Section 3(a) above may be adjusted at any time as agreed to by both the Exchange and the Attorney, subject to the written approval of the Florida Office of Insurance Regulation and compliance with any applicable covenants in surplus notes issued by the Exchange.

4. Payment of Expenses of the Exchange. The Attorney, on behalf of the Exchange, is authorized to utilize the funds of the Exchange, or utilize its own funds and be reimbursed by the Exchange, to pay all of the expenses of the Exchange, including, without limitation by reason

of specification, losses, loss adjustment expenses, investment expenses, legal expenses, reinsurance, commissions to agents and brokers, marketing costs, court costs, taxes, assessments, license fees, membership fees, the fees of attorneys, actuaries, accountants and investment and other advisors, governmental fines and penalties, the establishment and maintenance of loss and unearned premium reserves and surplus, reinsurance premiums and costs, audit fees, guaranty fund assessments and all other costs necessary for the proper and efficient operation of the Exchange, including fees related to: (a) the startup and formation of the Exchange and (b) claims services provided by Inness Claims Services LLC, a Delaware Limited Liability Company (“Inness Claims”), pursuant to the Claims Service Agreement, dated October 2, 2023, by and between the Exchange and Inness Claims. The Attorney shall not utilize the funds of the Exchange or be reimbursed by the Exchange for any services required to be provided at the expense of Inness Insurance Managers LLC pursuant to Section V of the Managing General Agency Agreement. Additionally, the Attorney will procure, at the expense of the Exchange, directors and officers liability insurance coverages for the Attorney and the members of the Subscribers Advisory Committee (as organized under the Subscriber’s Agreement and applicable law, the “SAC”).

5. **Records; Right to Audit.** The Attorney will keep, or cause to be kept, records for the express purpose of recording the nature and details of the management services and financial transactions undertaken for the Exchange pursuant to this Agreement. All books and records maintained by the Attorney pertaining to the management services performed by the Attorney as Attorney-in-Fact for the Subscribers pursuant to this Agreement are owned by the Exchange. These books and records will be maintained by the Attorney in a fiduciary capacity for the Exchange. The Exchange, and any regulatory authority having jurisdiction over the Exchange, will have the right to examine and audit, at the offices of the Attorney, at all reasonable times, all books and records of the Exchange that pertain to the management services performed by the Attorney as Attorney-in-Fact for the Subscribers. This right of examination and audit will survive the termination of this Agreement and will remain in effect for as long as either the Exchange or the Attorney has any rights or obligations under this Agreement.

6. **Subscriber’s Advisory Committee Grievance Procedure.** After the Exchange has been in operation for one year, the senior management of the Attorney will meet on a quarterly basis with the SAC to discuss any issues of concern made known by the Subscribers to the SAC. By the next quarterly meeting, if not sooner, the senior management of the Attorney will provide the SAC with a written response to any issues of concern presented at the prior meeting, if any, including a description of the actions the Attorney has undertaken to address the issues of concern in accordance with customary insurance practices. At the next meeting, the SAC shall advise the senior management of the Attorney if the actions it took are reasonably addressing the issues of concern as originally presented. If a majority of the members of the SAC are not reasonably satisfied with the results of the actions undertaken, the SAC, may seek recourse in accordance with Section 8 below.

7. **Term and Termination.**

(a) **Term.** This Agreement shall become effective as of the Effective Date, and shall continue in effect for a ten (10) year term thereafter (the “Initial Term”), subject only to the right of termination as set forth in Section 7(b). After the expiration of the Initial Term, this Agreement shall automatically renew for additional five (5) year terms (each a “Renewal Term”),

unless one party gives the other party written notice of termination at least one hundred eighty (180) days prior to the automatic renewal date, subject to the right of termination set forth in section 7(b).

(b) ***Termination.*** This Agreement may be terminated as follows:

(i) ***Mutual Termination.*** This Agreement may be terminated at any time by the written mutual agreement of both Parties.

(ii) ***Termination with Cause.*** The Exchange, acting through the SAC, may terminate this Agreement at any time if the Florida Office of Insurance Regulation or a court of competent jurisdiction has determined by a final order that an event has occurred that constitutes a material breach of this Agreement or that would allow the Florida Office of Insurance Regulation to: (A) suspend or revoke the license of the Exchange; or (B) place the Exchange in rehabilitation or a form of receivership.

8. **Arbitration.**

(a) As a condition precedent to any right of action arising under or out of this Agreement, the Parties agree that that any and all disputes or differences, including disputes concerning the formation and/or validity of this Agreement, shall be submitted to arbitration before a panel of three arbitrators, each of whom shall be an active or retired disinterested officer of a property and casualty insurance company. One arbitrator shall be chosen by the Exchange, one arbitrator shall be chosen by the Attorney, and the third arbitrator will be chosen by the other two arbitrators. In the event any Party does not appoint an arbitrator within 60 days after the other Party requests it to do so, or if the two arbitrators selected by the Exchange and the Attorney fail to agree upon a third arbitrator within 30 days of the appointment of the second arbitrator to be appointed, the arbitrator or arbitrators, as the case may be, will, upon the application of any Party, be appointed by the American Arbitration Association and the arbitrators will proceed. The decision of the majority of the arbitrators will be final and binding on all Parties. Each Party will bear the expense of its own arbitrator and one-half of the expenses of the third arbitrator and of the arbitration. Arbitration taking place under this section will take place in Florida unless otherwise agreed by the Parties in writing.

(b) Any action, litigation, suit or proceeding arising out of or relating to this Agreement or any transaction contemplated hereby, including the enforceability of the provisions of paragraph 8(a) hereof, shall be brought solely in federal or state courts of competent jurisdiction sitting in the courts located in the Northern District of Florida, and each of the Parties hereto hereby irrevocably consents and submits to the exclusive jurisdiction of such courts

(c) Notwithstanding any dispute or difference of opinion arising under this Agreement, the Exchange and the Attorney must fulfill all obligations under the reciprocal insurance contracts exchanged by the Subscribers.

9. **Indemnification.**

(a) The Exchange will indemnify, defend and hold harmless the Attorney and each member, officer, director, employee and agent thereof (each an "Indemnified Party"), from

and against all claims, losses, damages, liabilities and expenses, including, without limitation, settlement costs and any reasonable legal fees and expenses or other expenses for investigating and defending any actions or threatened actions incurred by an Indemnified Party as a result of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Exchange, relating to or arising out of the services provided by the Attorney hereunder, except to the extent the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted the gross negligence, willful misconduct, fraud or recklessness of the Indemnified Party.

(b) The Exchange will pay expenses incurred by an Indemnified Party in defending any action or proceeding referred to in this Section 9 in advance of the final disposition as they are incurred in such action or proceeding; provided, however, that the Exchange receives an undertaking by or on behalf of such Indemnified Party to repay such amount if it shall ultimately be determined that such Indemnified Party is not entitled to be indemnified by the Exchange.

(c) As soon as practicable after receipt by any Indemnified Party of notice of the commencement of any action, suit or proceeding specified in Section 9(a) above (“Action”), such person shall, if a claim may be made against the Exchange under this Section 9, notify the Exchange in writing of the Action; provided, however, that the omission to notify the Exchange will not relieve the Exchange of any liability under this Section 9 unless the Exchange is prejudiced thereby. With respect to any such Action as to which such person notifies the Exchange, the Exchange may participate in the Action at its own expense. The Exchange may, independently or jointly with any other indemnifying party assume the defense of the Action, with counsel selected by the Exchange. Counsel selected by the Exchange shall be reasonably satisfactory to the Indemnified Party. After notice from the Exchange of its election to assume the defense, the Exchange will not be liable to the Indemnified Party under this Section 9 for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense of the Action. The Indemnified Party will have the right to hire his or her own counsel in such action, but the fees of such counsel incurred after notice from the Exchange of its assumption of the defense of the Action will be at the expense of the Indemnified Party unless: (i) the employment of counsel by the Indemnified Party shall have been authorized by the Exchange, (ii) the Indemnified Party shall have reasonably concluded that there may be a conflict of interest between the Exchange and such person in the conduct of the defense of such proceeding, or (iii) the Exchange did not employ counsel to assume the defense of the Action and the Indemnified Party shall have reasonably concluded that there may be a conflict of interest if indemnification under this Section 9 is not paid or made by the Exchange, or on its behalf, within 90 days after a written claim for indemnification has been received by the Exchange. The Indemnified Party may, at any time thereafter, bring suit against the Exchange to recover the unpaid amount of the claim.

(d) The right to indemnification and the right to advancement of expenses provided in this Section 9 shall be enforceable by such person in any court of competent jurisdiction. The burden of proving that indemnification is not appropriate shall be on the Exchange. Expenses reasonably incurred by such person in connection with successfully establishing the right to indemnification or advancement of expenses, in whole or in part, shall also be indemnified by the Exchange.

10. **Notices.** All notices, requests, demands, claims, and other communications between the Parties concerning the content and purpose of this Agreement shall be sent in writing by personal delivery, fax or by mail, registered or certified, postage pre-paid. Notices shall be addressed to the Parties as follows, or to such other addresses as may be specified by a Party from time to time by like written notice to the other Party:

If to the Exchange:

301 NW 138th Terrace
Newberry, Florida 32669
Attention: Legal

If to the Attorney:

301 NW 138th Terrace
Newberry, Florida 32669
Attention: Legal

Notices delivered personally shall be deemed communicated as of actual receipt; faxed notices shall be deemed communicated upon confirmation of having been sent; and mailed notices shall be deemed communicated as of three business days after mailing.

11. **Miscellaneous**

(a) This Agreement and all matters relating to its validity, interpretation, performance and enforcement shall be governed by and construed in accordance with the substantive laws of the State of Florida, without giving effect to the principles of the conflict of laws or the rules thereof that might require the application of the laws of another jurisdiction.

(b) The Attorney is authorized, at its expense, to contract with others for the performance of the management services it has agreed to provide to the Exchange under this Agreement; provided, however, that the Attorney will remain responsible to the Exchange for the proper and timely performance of all management services set forth in this Agreement in compliance with all applicable laws, this Agreement and the terms of any contracts with others by or for the benefit of the Exchange.

(c) This Agreement may be amended at any time by an instrument in writing executed by the Parties with the prior written approval of the Florida Office of Insurance Regulation.

(d) This Agreement constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they related in any way to the subject matter of this Agreement.

(e) This Agreement is for the sole benefit of the Parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to

or shall confer upon any other person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Agreement.

(f) The headings contained in this Agreement are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(g) All words used in this Agreement will be construed to be of such gender or number as the circumstances require.

(h) Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

(i) No failure on the part of any Party to this Agreement to exercise any right or remedy under this Agreement, and no delay on the part of any Party to this Agreement in exercising any right or remedy under this Agreement, shall constitute a waiver of such right or remedy, and no single or partial exercise of any such right or remedy shall preclude any other or further exercise of such right or remedy or of any other right or remedy.

(j) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. A party may deliver this Agreement by transmitting a facsimile or other electronic signature of this Agreement signed by such party (via PDF, TIFF, JPEG or the like) to the other party, which facsimile or other electronic signature shall be deemed an original for all purposes.

(k) Each of the parties hereto shall have and may exercise at any time, and from time to time the right to offset any balance or balances due from one party to the other under the terms of this Agreement.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

ORANGE INSURANCE EXCHANGE, by Orange Insurance Managers LLC, its attorney-in-fact

By: 
Name: Donald C. Matz, Jr
Title: CEO

ORANGE INSURANCE MANAGERS LLC

By: 
Name: Donald C. Matz, Jr
Title: CEO