



## ORANGE INSURANCE EXCHANGE

### **Summary of Subscriber's Agreement and Power of Attorney**

Orange Insurance Exchange (the "Exchange") is a reciprocal insurance exchange organized under the laws of Florida, existing for the benefit of its subscribers. As a reciprocal insurance exchange, the Exchange is an unincorporated association of subscribers (similar to policyholders) operating through the contractual arrangements set forth in a Subscriber's Agreement and Power of Attorney (the "Agreement"). Under Florida law and pursuant to the Agreement, the Exchange and its subscribers appoint a third party, known as an attorney-in-fact, to manage and administer the Exchange's operations and affairs on behalf of all of the subscribers.

The attached Agreement provides the terms of your relationship as a subscriber with the Exchange and appoints Orange Insurance Managers LLC a Delaware limited liability company (the "Attorney"), as the Exchange's attorney-in-fact. Please review the attached Agreement and sign below to acknowledge your intention to be legally bound by the terms and conditions of the Agreement.

A summary of certain key business provisions of the Agreement are set forth below:

**Non-Assessable Policies:** The Exchange will only issue non-assessable policies consistent with all applicable state statutes. Your liability as a subscriber of the Exchange is limited to the costs of your insurance including premiums and surplus contributions (described below) for your policies.

**Surplus Contributions:** Along with your policy premium, you will pay surplus contributions to the Exchange, which lowers the Exchange's cost of capital and allows it to offer more competitively-priced insurance to its subscribers. These contributions will be collected along with your policy premium and are set at 10% of total annual insurance premium. For any given year, the Attorney will have the discretion to lower the required surplus contribution, based on the capital needs of the Attorney.

**Management of the Exchange:** Via the Power-of-Attorney below, you will be appointing and designating the Attorney to be the attorney-in-fact for the Exchange. The Power-of-Attorney gives the Attorney the right to represent your interests in the Exchange only and does not have any bearing upon your personal finances. The Attorney is a for-profit limited liability company. As the attorney-in-fact, the Attorney will manage all of the insurance operations of the Exchange on behalf of you and all of the other subscribers. The Attorney may delegate the performance of some of all of its responsibilities to third parties.

**Subscribers' Advisory Committee:** The Exchange has established a Subscribers' Advisory Committee ("SAC") for the benefit of its subscribers. The SAC, an advisory body, will oversee the finances and operations of the Exchange to assure conformity with the Agreement and to exercise subscribers' rights under Florida law and the Agreement. The SAC will provide subscribers with an avenue for expressing their thoughts in connection with the operation of the Exchange. The Exchange will indemnify SAC members for, and you will agree not to sue them

in connection with, their service on the SAC. You can learn more about the powers, duties and composition of the SAC and its members by visiting [www.orangeinsure.com](http://www.orangeinsure.com).

**Management of the Exchange Compensation:** In exchange for services rendered, the Exchange will compensate the Attorney 17% of annual gross premium written (not including surplus contributions) by the Exchange for underwriting and marketing management services. Additionally, the Exchange will outsource and compensate Inness Claims Services LLC for claims management pursuant to a Claim Service Agreement and will pay per policy fees to Inness Insurance Managers LLC pursuant to a Managing General Agency Agreement. The Attorney is authorized to utilize the Exchange's funds to pay the Exchange's expenses, including the cost of any director and officer liability insurance coverages for the Attorney and members of the SAC. These compensation arrangements are governed by the AIF Agreement available at [www.orangeinsure.com](http://www.orangeinsure.com).

**Subscriber Savings Accounts:** The Exchange conducts its operations for the benefit of its subscribers and, as a result, it may, in its discretion, allocate a portion of its profits to its members. Any such distributions will be subject to the Exchange's performance, overall financial strength and regulatory approval. The Attorney will contact you directly once more information on member rewards becomes available. For more information, visit [www.orangeinsure.com](http://www.orangeinsure.com).

The above is only a summary of certain of the provisions Agreement and does not purport to describe all of the terms of the Agreement. The summary is qualified in its entirety by reference to the complete text of the Agreement, which is attached hereto. You are urged to read the Agreement in its entirety because it is the primary legal document that governs your contractual relationship with the Exchange.

By signing below, you agree, among other things, to become a subscriber of the Exchange, to appoint the Attorney as the Exchange's attorney-in-fact and to be legally bound by the terms and conditions of the Agreement.

Due to the nature of the Exchange's structure, your insurance policy cannot become effective without a signed Agreement. If you fail to sign, the Exchange reserves the right to terminate your coverage.

By: \_\_\_\_\_  
Subscriber Signature

\_\_\_\_\_  
Subscriber Printed Name

\_\_\_\_\_  
Date

***Receipt Acknowledged:***

ORANGE INSURANCE EXCHANGE

\_\_\_\_\_  
By: Chief Executive Officer

## ORANGE INSURANCE EXCHANGE

### SUBSCRIBER'S AGREEMENT AND POWER OF ATTORNEY

The subscriber to the Orange Insurance Exchange, a reciprocal insurance exchange organized under the laws of Florida (the "Exchange"), by signing the summary and cover letter attached hereto (the "Subscriber") agrees with all other subscribers of the Exchange, and with Orange Insurance Managers LLC, a Delaware limited liability company (the "Attorney"), as the attorney-in-fact for the Exchange, as follows (this "Agreement"):

#### 1. Power of Attorney.

**1.1 Designation.** The Subscriber hereby appoints the Attorney as the Attorney-In-Fact for the Exchange with the express power, authority, and permission to effectuate and conduct the lawful business affairs of the Exchange. This authority includes the ability to carry out all customary functions of a reciprocal insurance company, including but not limited to the following responsibilities: (a) exchange, with other subscribers to the Exchange, any and all kinds of reciprocal insurance contracts, which the Exchange is authorized by law to write; (b) issue, exchange, renew, non-renew, cancel or modify insurance policies; (c) act as intermediary to obtain reinsurance; (d) appear for, compromise, prosecute, adjust, settle, defend, litigate, appeal, and pay claims or losses under the insurance policies of subscribers; (e) accept service of process on behalf of the Exchange in actions against the Exchange upon contracts exchanged; (f) open accounts and borrow money in the name of the Exchange; (g) negotiate a contract with and supervise a managing general agent and claims company which will perform services to the Exchange; (h) hire and compensate personnel and agents; (i) collect premiums and invest and reinvest funds; (j) receive notices and proof of loss; (k) administer subscriber accounts, including their respective Subscriber Savings Accounts, if applicable, including allocations thereto and distributions therefrom; and (l) conduct the business and affairs of the Exchange as set forth herein, in the organizational documents of the Exchange, and the AIF Agreement, dated October 2, 2023, between Orange Insurance Exchange and Orange Insurance Managers LLC (the "AIF Agreement").

**1.2 Limited Power of Attorney.** Under applicable law, this power of attorney may: (a) provide for the right of substitution of the attorney and revocation of the power of attorney and rights thereunder; (b) impose such restrictions upon the exercise of the power as are agreed upon by the subscribers; (c) provide for the exercise of any right reserved to the subscribers directly or through their advisory committee; and (d) contain other lawful provisions deemed advisable. This power of attorney is limited to the purposes described in this Agreement.

**1.3 Offices of Attorney-In-Fact.** The Attorney's offices will be the same as the principal office of the Exchange, located at 301 NW 138th Terrace, Newberry, Florida 32669. The offices of the Exchange or the Attorney may be changed in compliance with the requirements of the laws of the State of Florida and the Subscriber will be promptly notified of any such change of office location and when any such change shall be effective.

**1.4 AIF Agreement.** The AIF Agreement between the Exchange and the Attorney, which establishes the Attorney as the attorney-in-fact for the Exchange, is incorporated herein by reference and a copy of the AIF Agreement shall be available for review at [www.orangeinsure.com](http://www.orangeinsure.com), or upon request from the Attorney.

## 2. **Compensation of the Attorney:**

**2.1 Fees for Services.** In consideration for the services provided to the Exchange and under the terms of the AIF Agreement, the Attorney will be compensated for underwriting and marketing management services provided to the Exchange, the Attorney will receive as compensation an amount equal to seventeen percent (17%) of the annual gross premium written by the Exchange (not including surplus contributions). Additionally, the Exchange will compensate Inness Claims Services LLC for claims management pursuant to a Claims Service Agreement and will pay per policy fees to Inness Insurance Managers LLC pursuant to a Managing General Agency Agreement.

**2.2 Adjustments and Modifications.** The Attorney's total compensation, as set forth in greater detail in the AIF Agreement, may be revised or modified at any time, subject to the prior written approval of the Florida Office of Insurance Regulation. Any changes to the percentages in this Section 2.2 are subject to the prior written approval of the Florida Office of Insurance Regulation and, if approved, will be disclosed to you in writing.

**2.3 Expenses.** The Exchange will be liable, and will reimburse the Attorney on demand, for losses, loss adjustment expenses, investment expenses and other expenses attributable to the operations of the Exchange.

**3. Exchange of Policies:** The Subscriber hereby offers and agrees to exchange policies with the other Exchange subscribers. The Subscriber understands and agrees that the reciprocal insurance contracts to be exchanged hereunder are non-assessable, consistent with section 629.261, Florida Statutes, thereby limiting the liability of the Subscriber to the Exchange to the costs associated with the policies of insurance only.

## 4. **Subscribers' Advisory Committee:**

**4.1 Formation and Role of SAC.** The Subscriber understands that the Exchange and the Attorney have established a Subscribers' Advisory Committee (the "SAC") pursuant to section 629.201, Florida Statutes, to exercise any rights reserved to subscribers and assist the Attorney in supervising the operations of the Exchange. The duties and powers of the SAC, which are available for review at [www.orangeinsure.com](http://www.orangeinsure.com) (or upon request), are contained within the Subscribers' Advisory Committee Charter ("SAC Charter"). The Subscriber understands and agrees that the powers of the SAC are limited to those enumerated in the SAC Charter. Members of the SAC are selected annually by the Attorney and the Subscriber agrees that the SAC shall (a) have only the enumerated responsibilities specifically assigned to it, (b) exercise the rights of all subscribers of the Exchange, and (c) consist of at least two-thirds current insured subscribers of the Exchange who are independent of the attorney-in-fact for the Exchange. The Subscriber understands and agrees that the Subscriber is not entitled to directly participate in the management of the Exchange unless such Subscriber is a member of the SAC.

**4.2 Supervisory Powers of SAC.** The Subscriber agrees that the SAC will supervise the finances and operations of the Exchange to the extent as is necessary to assure conformity with this Agreement and the AIF Agreement. The SAC also shall procure, at the expense of the Exchange, an audit of the accounts and records of the Exchange and the Attorney.

**4.3 Indemnification of SAC Members.** To the extent permitted by law, the Subscriber agrees that the Exchange shall defend and hold harmless each and every member of the SAC from and against any liability that may arise from, or is in any way connected with,

such member's participation on the SAC. This hold harmless provision does not apply where the member acted with criminal intent or reckless disregard in the performance of his or her duties as a member of the SAC. The Subscriber also agrees that such Subscriber will not sue or name in any action or affirmative defense any SAC member or the SAC for actions arising from, or is in any way connected with, such member's participation on the SAC.

## **5. Surplus Contributions.**

**5.1 Policy Premium and Surplus Contributions.** The Subscriber agrees to pay his or her policy premium when due and, in addition, to make a contribution to the Exchange's surplus in the amounts and during the period of time set forth in 5.2 below (the "Surplus Contribution"). The Subscriber understands and agrees that the amounts paid as Surplus Contributions will be credited as policyholder surplus for the benefit and protection of all Exchange subscribers and that Surplus Contributions made to the Exchange are not premiums for insurance.

**5.2 Timing and Amounts of Surplus Contributions.** The Surplus Contributions are payable to the Exchange on or prior to the initial effective date of the Subscriber's coverage and within 30 calendar days of the effective date of all endorsements generating an additional premium, or in accordance with any premium finance or payment schedule in effect. The Surplus Contributions shall be paid at no greater than 10% of total annual insurance premiums (and may be charged at a lower rate, or not at all, at the discretion of the Attorney).

**5.3 Purpose of and Limitation on Return of Surplus Contributions.** The Subscriber understands and agrees that the amounts paid as Surplus Contributions will be credited as policyholder surplus for the benefit and protection of all Exchange subscribers, are not premiums for insurance, and may only be returned in limited circumstances. The Subscriber further understands and agrees that the ability of the Exchange to return Surplus Contributions to its subscribers is subject to the provisions of this Agreement and is limited by law. Upon the issuance of an insurance policy, or other confirmation of coverage by the Exchange, the return of Surplus Contributions can occur only with the approval of the Attorney and the Florida Office of Insurance Regulation, and as set forth in this Agreement. All Surplus Contributions, including those made for previous policy terms, will be retained by the Exchange for the benefit of all remaining subscribers. The Subscriber understands and agrees that any return of Surplus Contributions will be subject to the approval of the Attorney, the Florida Office of Insurance Regulation, and the restrictions set forth in Section 7 hereof.

**6. Subscriber Savings Accounts.** The Attorney intends to operate the Exchange for the benefit of all of its subscribers and will maintain separate individual Subscriber Savings Accounts ("SSAs") for each subscriber. In years in which the Exchange achieves operating profit and surplus growth, after accounting for paid losses, loss reserves and operating and policy acquisition expenses, the Attorney, in its discretion, may credit the SSAs with a portion of the amount of the Exchange's growth in surplus for a fiscal year. Any such credit will be made pro rata, based on the Subscriber's earned premium for such year. The Subscriber understands and agrees that (a) any contributions to be made to a Subscriber's SSA are based on the Exchange's overall results, not the results of any individual subscriber; and (b) any and all such funds allocated to the Subscriber would be considered part of the Exchange's surplus and the Attorney would be authorized to use any and all such funds to pay any unsatisfied obligations of the Exchange, even after it is credited to a SSA. As set forth in this Agreement, the Subscriber may be eligible for a distribution from its SSA at such time when the Subscriber is no longer

insured by the Exchange, or at such other times, if determined by the Attorney in its discretion, subject to the approval of the SAC. In order to avoid any impairment to the surplus of the Exchange, the Attorney, subject to the approval of the SAC, retains the right to limit the distribution from the SSAs to subscribers whose coverage has been terminated. Furthermore, any payment or allocation to an SSA would be subject to the approval of the Florida Office of Insurance Regulation.

**7. Limitations on Distributions of Surplus Contributions and SSAs.** No payment of a returned Surplus Contribution or a distribution of SSA funds (together, a "Surplus Distribution") will be made if such payment could risk the financial impairment of the Exchange. Surplus Distribution payments may be delayed if, as determined by the Attorney, the total amount of such payments to all applicable subscribers to the Exchange, within the preceding 12 months, would exceed the lesser of: (a) ten percent (10%) of the total surplus of the Exchange calculated as of the immediately preceding December 31, or (b) the total net income of the Exchange before savings allocations and federal income taxes for the calendar year ended as of the immediately preceding December 31. If payment to any subscriber would be delayed pursuant to the requirements set forth in this Section 7, the total amount which may be paid to all subscribers will be paid pro rata to each such subscriber who meets the conditions to receive a Surplus Distribution on an equitable basis as determined by the Attorney in its sole and absolute discretion and as allowed by applicable law. Any payments delayed pursuant to the requirements set forth in this Section 7 will be paid as soon as possible when payment can be made in compliance with this Section 7 and the requirements of the Florida Office of Insurance Regulation. If this Section 7 is found to conflict with other terms of this Agreement, this Section 7 supersedes all other terms and conditions of this Agreement.

**8. Return of Surplus upon Liquidation.** The Subscriber understands and agrees that, in accordance with Section 629.281, Florida Statutes, upon the liquidation of the Exchange, the assets of the Exchange remaining after discharge of its indebtedness and policy obligations, the return of any contributions of the Attorney or other persons to its surplus made as provided in Section 629.161, Florida Statutes, and the return of any unused premium, savings, or credits then standing on SSAs shall be distributed to its subscribers who were such within the 12 months prior to the last termination of its certificate of authority, according to such reasonable formula as the Florida Office of Insurance Regulation approves.

**9. Rejection of Coverage.** The Subscriber understands and agrees that the Exchange has an obligation to its subscribers to maintain strict eligibility and underwriting requirements. The Exchange has the right to reject any application for insurance, including this Agreement, and the offer of payment of premium and Surplus Contribution. If such a rejection of coverage occurs after receipt of the Surplus Contribution by the Exchange, the Surplus Contribution will be returned to the Subscriber, without payment of interest. An existing subscriber applying for additional lines of coverage is not guaranteed acceptance for those new lines of coverage.

**10. Termination:** This Agreement may be terminated at any time, by the Subscriber or the Attorney, by terminating all insurance policies issued to the Subscriber, subject to applicable policy provisions and applicable law. Upon the termination of all insurance policies issued to the Subscriber, subject to the approval of the Florida Office of Insurance Regulation and as otherwise set forth in this Agreement, the balance remaining in your SSA will be returned to the Subscriber or eligible Surplus Contribution, after allocation of expenses and claims, will be returned to the Subscriber within six months thereafter. In the event that the Subscriber should cease to maintain insurance with the Exchange, regardless of whether such insurance is cancelled, rescinded or non-renewed for any reason, you will lose all rights as a subscriber to the Exchange.

**11. Acknowledgement of Receipt of Documents.** The Subscriber hereby acknowledges and confirms receipt of and represents and warrants to the Exchange and the Attorney that the Subscriber has read and fully understands, the SAC Charter and the AIF Agreement prior to executing this Agreement.

**12. Binding Agreement.** This Agreement will be accepted by the Attorney upon receipt of the Subscriber's executed signature on the cover page. The Subscriber agrees that this Agreement, including the power of attorney set forth herein, will apply to all insurance policies for which the Subscriber has applied, or will apply, with the Exchange. The subscriber further agrees and understands that upon acceptance of this Agreement by the Attorney, the terms and conditions of each of this Agreement, the SAC Charter, and the AIF Agreement will be valid and binding upon the Attorney, the Subscriber, and each of the parties' respective personal representatives, administrators, successors, and assigns, as indicated by the Subscriber's signature on the cover page.

**13. General Provisions.**

**13.1 Governing Law.** 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.

**13.2 Limitation of Actions.** Absent a finding of criminal or willful misconduct or recklessness and except for legal actions that may arise directly from the Subscriber's insurance policy(ies) or legal actions to enforce this contract, the Subscriber agrees that the Exchange will not be sued or named in any action or affirmative defense by the Subscriber.

**13.3 Rules of Construction.** When a reference is made in this Agreement to a Section or subsection, such reference shall be to a Section or subsection of this Agreement unless otherwise indicated. Any capitalized terms used in any attachment to this Agreement but not otherwise defined therein shall have the meanings as defined in this Agreement.

**[End of Agreement]**