



(A RISK RETENTION GROUP)

## SUBSCRIPTION AGREEMENT

Claim Professionals Liability Insurance Company  
17742 Irvine Boulevard, Suite 102  
Tustin, CA 92780

Attn: Mr. Michael A. Hale

Sir:

The undersigned (subscriber) hereby agrees to purchase/accept from Claim Professionals Liability Insurance Company, RRG (the "Company") \_\_\_\_ shares of the Company's Class \_\_\_\_ stock (the "Shares") at a price of \_\_\_\_\_ per Share, for a total subscription amount of \_\_\_\_\_ (the "*Total Stock Purchase Price*"). At the election of the subscriber and Company, the Total Stock Purchase Price may be paid in full or shall be paid in annual installments to be collected by the Company, with no interest attaching, at each renewal or otherwise as the parties may agree as provided in Schedule A attached hereto. In connection with the subscription for Shares by the subscriber and to induce the Company to issue the Shares, the subscriber hereby represents, warrants and agrees as follows:

1. The subscriber will deliver or has already delivered to the Company an application to be insured under a policy of general and professional liability coverage to be issued by the Company.

2. The subscriber acknowledges that, in accordance with the terms of the Shareholders' Agreement by and between the Company and its Shareholders (the "Shareholders' Agreement"), Share Certificates for any classes of stock will not be issued until the aforementioned subscription amount has been paid in full thereby vesting. "Uncertificated" shareholders of Class "A" and "B" stock shall still be entitled to vote in accordance with the provisions of the Shareholders Agreement executed concurrently herewith.

3. SPECIAL NOTICE REGARDING CLASS "A" AND CLASS "B" STOCK: THE SUBSCRIBER AGREES THAT IN THE EVENT THAT HE/IT OR THE COMPANY ELECT TO CANCEL OR NOT RENEW HIS/ITS POLICY OF INSURANCE PRIOR TO THE TIME THAT THE CLASS "A" OR CLASS "B" SHARES BECOME "VESTED" (MEANING THE DATE ON WHICH THE

COMPANY HAS RECEIVED FULL PAYMENT OF THE TOTAL STOCK PURCHASE PRICE) THE SUBSCRIBER WILL RECEIVE A PARTIAL REFUND OF ITS/HIS STOCK PAYMENTS AS FOLLOWS:

- a. TEN (10%) PERCENT OF ALL AMOUNTS PAID TOWARD THE TOTAL STOCK PURCHASE PRICE THROUGH THE FIRST YEAR;
- b. TWENTY (20%) PERCENT OF ALL AMOUNTS PAID TOWARD THE TOTAL STOCK PURCHASE PRICE THROUGH THE SECOND YEAR;
- c. THIRTY (30%) PERCENT OF ALL AMOUNTS PAID TOWARD THE TOTAL STOCK PURCHASE PRICE THROUGH THE THIRD YEAR;
- d. FORTY (40%) PERCENT OF ALL AMOUNTS PAID TOWARD THE TOTAL STOCK PURCHASE PRICE THROUGH THE FOURTH YEAR; AND
- e. A FULL REFUND OF ALL AMOUNTS PAID TOWARD THE TOTAL STOCK PURCHASE PRICE THROUGH THE FIFTH YEAR; AND

NOTWITHSTANDING ANY PAYMENT SCHEDULE, PAYMENT IN FULL OF THE TOTAL STOCK PURCHASE PRICE SHALL ENTITLE SUBSCRIBER TO THE REFUND PROVISIONS OF PARAGRAPH 3e. ABOVE. ALL REFUNDS SHALL BE SUBJECT TO APPROVAL BY THE COMPANY'S BOARD OF DIRECTORS AND THE PRIOR APPROVAL OF THE COMMISSIONER OF THE VERMONT DEPARTMENT OF BANKING, INSURANCE, SECURITIES AND HEALTH CARE ADMINISTRATION, AS DESCRIBED IN THE COMPANY'S ARTICLES OF INCORPORATION.

4. SPECIAL NOTICE REGARDING CLASS "C" STOCK. SUBSCRIBER UNDERSTANDS AND AGREES, IF APPLICABLE, THAT THERE ARE NO REFUNDS ON CLASS "C" STOCK. IN THE EVENT THAT HE/IT OR THE COMPANY CHOOSE TO CANCEL OR NOT RENEW HIS/ITS POLICY OF INSURANCE PRIOR TO THE TIME THAT ANY CLASS "C" SHARES HAVE BEEN PAID FOR IN FULL, THAT ANY AMOUNT(S) THEN DUE AND PAYABLE UNDER ANY PAYMENT PLAN SHALL IMMEDIATELY ACCELERATE AND THE BALANCE ON SUCH ACCOUNT SHALL BECOME DUE AND PAYABLE WITHIN THIRTY (30) DAYS OF SUCH CANCELLATION OR NON-RENEWAL.

5. Subscriber understands and agrees that any refunds on unearned premiums paid are governed by the terms and conditions of the Policy of Insurance.

6. The Shares are being acquired solely by and for the account of the subscriber, for investment, and are not being purchased for fractionalization, resale, or distribution; the subscriber has no contract, undertaking, agreement, or arrangement with any person to transfer or pledge to such person or anyone else the Shares (or any portion thereof); and the subscriber has no present plans or intentions to enter into any such contract, undertaking, or arrangement.

7. The subscriber has carefully reviewed all of the disclosure materials related to the

Shares located on the Company's website at [www.cplc.net](http://www.cplc.net), which include certain "Risk Factors," and has been provided access to all additional information, financial and otherwise, regarding the Shares and the business of the Company requested by it to evaluate a purchase of the Shares. The subscriber has reviewed carefully all materials so posted or otherwise furnished to it and has had an opportunity to obtain any additional information it desires. The subscriber has, to the extent it deemed necessary, consulted with professional, legal, financial, tax, and accounting experts for the purpose of determining the suitability of investment in the Shares in light of the subscriber's particular situation. The subscriber has not relied exclusively on any representation by any person representing the Company in evaluating the investment in the Shares.

8. The subscriber agrees to execute, and become bound by the terms and conditions of the Shareholders' Agreement by and among the Company and its Shareholders, the form of which is available for review at [www.cplc.net](http://www.cplc.net).

9. The subscriber agrees that it will not dispose of the Shares, or any interest therein, except in accordance with the Company's Articles of Incorporation, Bylaws and the Shareholders' Agreement. In addition, the subscriber understands that Shares are subject to significant restrictions on transferability and resale. The subscriber understands that it will be required to bear the financial risks of its investment in the Company for an indefinite period of time.

10. The subscriber agrees to comply, at all times during which it is an Insured and Shareholder of the Company, with all provisions of the Company's Articles of Incorporation, Bylaws, the Shareholders' Agreement, this Agreement and the terms of any insurance policy or policies issued by the Company, including amendments or modifications thereto and which have been adopted following the date of execution by the subscriber.

11. The execution, delivery, and performance of this Subscription Agreement will not conflict with, or result in any violation of or default pursuant to any provision of any governing instrument applicable to the subscriber.

12. The subscriber has full power and authority to execute, deliver, and perform this Subscription Agreement, to subscribe to and purchase the Shares, and to execute, deliver, and perform any other documents referred to in or contemplated by this Subscription Agreement. The execution, delivery, and performance of this Subscription Agreement have been authorized by all necessary corporate action of the subscriber, and this Agreement is, and any agreements referred to herein or contemplated hereby will, when executed and delivered, be the valid and binding obligation of the subscriber.

13. The subscriber agrees that the representations and warranties set forth in this Subscription Agreement shall survive their acceptance by the Company.

14. This Subscription Agreement and the representations set forth herein shall become effective and binding upon the subscriber, and upon its successors and assigns, upon the Company's

acceptance in the space provided below.

15. The subscriber acknowledges that if this subscription is not accepted by the Company prior to its issuance of a policy of insurance, the subscription price will be refunded to the subscriber, without interest.

IN WITNESS WHEREOF, the subscriber has executed this Subscription Agreement this \_\_\_\_ day of \_\_\_\_, 20\_\_\_\_.

SUBSCRIBER:

\_\_\_\_\_  
Full Name of Legal Entity

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

(Signature)

Title: \_\_\_\_\_

#### ACCEPTANCE

The Company hereby accepts the subscription embodied in this Subscription Agreement, on all the terms and conditions set forth herein.

Claim Professionals Liability Insurance Company  
(A Risk Retention Group)

By: \_\_\_\_\_

Name: Michael Hale

Title: President