

SETTLEMENT AGREEMENT AND GENERAL RELEASE
(Redacted)

This Settlement Agreement and General Release (“Agreement”) is made and entered into by and between Linda A. Lacewell, Superintendent of Financial Services of the State of New York, in her capacity as court appointed Liquidator (the “Liquidator”) of Health Republic Insurance of New York, Corp. (“HRNY”) and the former Directors and Officers of HRNY (“Directors and Officers”) individually listed in Schedule A.

WHEREAS, on October 28, 2016, Liquidator and HRNY placed Directors and Officers on notice of claims regarding alleged breaches of fiduciary duty and other violations, including, but not limited to failure to exercise due care in establishing HRNY’s premium rates, failure to design, implement and maintain adequate control over HRNY’s enrollment and claims processing operations, and failure to design, implement, and maintain adequate controls over HRNY’s financial reporting (the “Claims”).

WHEREAS, the Parties to this Agreement understand and agree that Directors and Officers deny each and every allegation of wrongdoing including, but not limited to, any allegations whatsoever, made or which could have been made by Liquidator and HRNY against Directors and Officers prior to the date of the execution of this Agreement;

WHEREAS, the Parties to this Agreement understand and agree that neither the making of this Agreement nor anything contained herein shall, in any way, be construed or considered to be an admission by Directors and Officers of guilt or noncompliance with any federal, state or local statute, rule, canon, opinion, consideration, public policy, tort law, contract law, common law or of any other wrongdoing whatsoever;

WHEREAS, no court of law, tribunal, judge and/or jury has made any findings as to the merits of Liquidator and HRNY’s allegations against Directors and Officers; and

WHEREAS, the Parties to this Agreement desire to resolve any and all claims, allegations, and disputes, between them without further litigation or adjudications;

WHEREAS, this Agreement is subject to Court approval;

NOW THEREFORE, IT IS STIPULATED AND AGREED BY AND BETWEEN THE PARTIES TO THIS AGREEMENT that:

1. The insurer for the Directors and Officers (identified on Schedule B), agrees to cause Two Million and Two Hundred Thousand Dollars and No Cents (\$2,200,000.00) (the "Settlement Amount") to be paid to Liquidator and HRNY in complete settlement of any and all claims against Directors and Officers.

2. Payment of the Settlement Amount shall be by check(s) made payable to Health Republic Insurance of New York, Corp. in Liquidation and delivered in person or by overnight delivery to the Chief Financial Officer of the New York Liquidation Bureau, 180 Maiden Lane, NY, NY 10038, within ten business days of the approval of the Agreement by the Court.;

3. The Parties specifically acknowledge that the Settlement Amount constitutes consideration not otherwise owed or due to Liquidator and HRNY but for this Agreement, and that such terms and benefits are provided in consideration for the Parties' execution of this Agreement.

4. For and in consideration of the Settlement Amount paid to Liquidator and HRNY, and for Liquidator and HRNY agreeing to resolve their Claims, the Parties hereby waive, release and forever discharge one another, their owners, officers, directors, members, board members, employees, predecessors, successors, assigns, insurers, attorneys, representatives, and agents in both their official and individual capacities, from any and all claims, suits, debts, dues, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, complaints, grievances, which shall include, but not be limited to any damages, sums of money, interest, attorneys' fees and costs, or causes of action of any kind or nature whatsoever, whether in contract, at law or in equity, negligence, breach of fiduciary duty, that were made or could have been made pursuant to any legal theory, and under any federal, state or local law, common law, rule, canon, opinion, consideration, regulations, constitution, ordinance or public policy whether

known or unknown, from the beginning of the world through the date that this Agreement is executed by the Parties.

5. Liquidator and HRNY represent that other than the Claims, there are no pending lawsuits, charges, complaints, administrative proceedings, or other claims of any nature whatsoever by Liquidator and HRNY against Directors and Officers in any state, federal or local court, or before any agency or other administrative body. Liquidator and HRNY further represent that they have not assigned any claims of any nature whatsoever to any person or entity which could be asserted against Directors and Officers in any state, federal or local court, or before any agency or other administrative body. Unless required by law, Liquidator and HRNY agree not to assert, and agree not to assist any person or entity in the assertion of, any claims, charges or other legal proceedings against Directors and Officers in any forum, based on any events, whether known or unknown, occurring prior to the date of the execution of this Agreement, including but not limited to, any events related to, arising out of, or in connection with the Claims.

6. This Agreement contains the sole and the entire agreement between Liquidator and HRNY and Directors and Officers and fully supersedes any and all prior contemporaneous agreements and understandings pertaining to the subject matter hereof. The Parties each represent and acknowledge that in executing this Agreement, they have not relied upon any representation or statement not set forth herein which may have been made by the other Parties with regard to the subject matter of this Agreement. No other promises or agreements shall be binding unless in writing, signed by all the Parties hereto and expressly stated to be a modification of this Agreement. Further, Liquidator and HRNY understand and agree that the Settlement Amount specified in Paragraph 1 is the only payment to which they are entitled under this Agreement. Liquidator and HRNY understands and agrees that they will not seek anything further, whether monetary or otherwise, from Directors and Officers relating to anything which has happened prior to or as of the date of execution of this Agreement.

7. The Parties agree that certain portions of this Agreement – specifically Schedules A and B, Paragraph 9, and the signature pages of the Directors and Officers – shall be redacted from any public filing, held in strict confidence and not disclosed by the Parties to any person except: (1) to enforce the terms of this Agreement; (2) in consultation with the Parties’ tax advisors, accountants, or attorneys; (3) as necessary in connection with Directors and Officers’ current or future liability insurance and/or corporate disclosure requirements; (4) as necessary to fund this settlement; (5) as required by law or legal process (Court approval requirements); or (6) as permitted by Directors and Officers’ by-laws and other governing documents. The Parties otherwise agree that the un-redacted portions of this Agreement may be filed on the Court’s electronic docketing system and discussed as part of the Court approval process and the Liquidator’s statutory reporting duties.

8. In the event that an attempt is made to compel disclosure of the redacted portions of this Agreement or for disclosure of information concerning the Claims, Liquidator and HRNY agree to use reasonable efforts to provide such written notice to Directors and Officers, at least five (5) days before compliance with any subpoena or order, but if the subpoena or order requires compliance within less than five days, Liquidator and HRNY or their attorneys shall use reasonable efforts to provide such written notice, or, if impractical, shall provide telephonic notice after receiving notice that any attempt will be or has been made to compel disclosure of the matters designated above as confidential.

9. [Redacted]

10. Liquidator and HRNY agree that this Agreement shall not be offered, used or considered as evidence in any proceeding of any type against or involving Directors and Officers, except to the extent necessary to enforce the terms of this Agreement or for court approval.

11. Upon Court approval, the Parties shall be bound by this Agreement. Those who succeed to their rights and responsibilities are also bound. This Agreement is made for the benefit

of the Parties and all who succeed to their rights and responsibilities, such as any successors or assigns as set forth with particularity in Paragraph 4.

12. Should any provision, clause and/or language of this Agreement be found to be in violation of law, or ineffective or barred for any reason whatsoever, the remainder of the Agreement shall remain in full force and effect; provided, however, that if any release, waiver or agreement set forth in this Agreement is declared to be invalid, illegal or unenforceable in whole or in part, the Parties shall have the right to elect to consider its obligations under this Agreement to be nullified.

13. This Agreement may not be changed or modified except by a writing signed by the Parties.

14. This Agreement may be executed in multiple counterparts and signed copies of this Agreement shall have the same force and effect as an original.

15. This Agreement shall be construed in accordance with New York law without reference to its rules of conflicts of law.

16. BY SIGNING THIS AGREEMENT, THE PARTIES ACKNOWLEDGE AND STATE THAT:

- A. THEY HAVE READ THE AGREEMENT;
- B. THEY UNDERSTAND THE AGREEMENT AND KNOW THAT THEY ARE GIVING UP IMPORTANT RIGHTS UNDER NEW YORK LAW;
- C. THEY AGREE WITH EVERYTHING CONTAINED WITHIN THE AGREEMENT;
- D. THEY HAVE BEEN GIVEN WHAT THEY CONSIDER TO BE A REASONABLE PERIOD OF TIME TO REVIEW AND CONSIDER THE AGREEMENT PRIOR TO SIGNING IT; AND
- E. THEY HAVE SIGNED THE AGREEMENT KNOWINGLY, VOLUNTARILY AND WITHOUT DURESS.

IN WITNESS WHEREOF, this Agreement shall be effective as of the date of execution by and between the Parties.

Linda A. Lacewell, Superintendent of Financial Services of the State of New York, in her capacity as Liquidator of Health Republic Insurance of New York, Corp.

By:

David Axinn
Special Deputy Superintendent and Agent of the Liquidator

DATED:_____

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On this ___ day of July, in the year 2019, before me personally came David Axinn, to me known, who, being by me duly sworn did depose and say that he resides in Brooklyn, New York; that he is Special Deputy Superintendent and Agent of Linda A. Lacewell, the Superintendent of Financial Services of the State of New York, in her capacity as Liquidator of Health Republic Insurance of New York, Corp. and that he is duly authorized to sign this Agreement on behalf of the Liquidator and HRNY.

Notary Public

Directors and Officers

[Redacted]

SCHEDULE A

[Redacted]

SCHEDULE B

[Redacted]

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