



September 27, 2017

Amendment Section
Division of Corporations
Clifton Building
2661 Executive Center Circle
Tallahassee, FL 32301

RE: Merger of Family Security Underwriters, LLC into United Insurance Management, L.C.

Dear Amendments Section:

We have merged one wholly owned subsidiary into another. The Articles of Merger and Plan of Merger are attached hereto. If you have any questions, feel free to contact me via the information below.

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul Phillips", is written over a large, stylized, diamond-shaped graphic element.

Paul Phillips, CFA
Associate Attorney
UPC Insurance (NASDAQ: UIHC)
800 2nd Avenue S.
St. Petersburg, FL 33701
pphillips@upcinsurance.com
Office: (727) 895-7737 Ext. 4931

TO: Amendment Section
Division of Corporations
Subject: United Insurance Management, L.C.

Please return all correspondence concerning this matter to:

Kimberly A. Salmon
General Counsel & Chief Legal Officer
UPC Insurance (NASDAQ: UIHC)
800 2nd Avenue S.
St. Petersburg, FL 33701
ksalmon@upcinsurance.com
Office: (727) 471-1479

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ARTICLES OF MERGER

The following Articles of Merger are submitted to merge the following Florida Profit and/or Non-Profit Corporation(s) in accordance with s. 605.1025, Florida Statutes.

FIRST: The exact name, form/entity type, and jurisdiction for each merging party are as follows:

United Insurance Management, L.C., a Florida limited liability company
Family Security Underwriters, LLC, a Florida limited liability company

SECOND: The exact name, form/entity type, and jurisdiction of the surviving party are as follows:

United Insurance Management, L.C., a Florida limited liability company

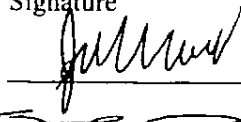
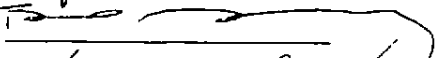
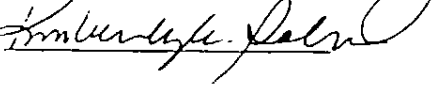
THIRD: The attached Agreement and Plan of Merger was approved by each limited liability company, that is a party to the merger in accordance with the applicable provisions of Chapters 605.1021 through 605.1026, Florida Statutes.

FOURTH: The attached Agreement and Plan of Merger was approved by each other business entity that is a party to the merger in accordance with the applicable laws of the State of Florida.

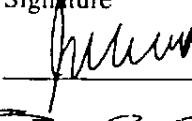
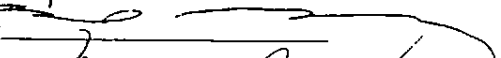
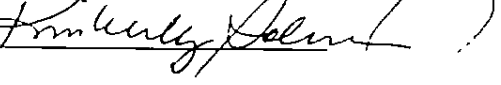
FIFTH: The Effective Date and Time, as set forth in the Agreement and Plan of Merger, is the date this document is filed by the Florida Department of State:

SIXTH: Signature(s) for Each Party:

For United Insurance Management, L.C.

Name	Position	Signature
John L. Forney	Chief Executive Officer	
Bennett Bradford Martz	Vice President and Treasurer	
Kimberly A. Salmon	Secretary	

For Family Security Underwriters, LLC

Name	Position	Signature
John L. Forney	Chief Executive Officer	
Bennett Bradford Martz	Vice President and Treasurer	
Kimberly A. Salmon	Secretary	

AGREEMENT AND PLAN OF MERGER

among

United Insurance Management, L.C.,

Family Security Holdings, LLC,

and

Family Security Underwriters, LLC

dated as of

September 8, 2017

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AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this "Agreement"), dated as of September 8, 2017, is entered into among Family Security Holdings, LLC, a Delaware limited liability company ("FSH" or "Parent"), United Insurance Management, L.C., a Florida limited liability company. ("UIM"), and Family Security Underwriters, LLC, a Florida limited liability company. ("FSU").

RECITALS

WHEREAS, Parent owns one hundred percent (100%) of the issued and outstanding limited liability company interests, membership interests and/or other equity interests of FSU;

WHEREAS, United Insurance Holdings Corp., a Delaware Corporation ("UIHC") owns one hundred percent (100%) of the issued and outstanding limited liability company interests, membership interests and/or other equity interests of UIM;

WHEREAS, the parties intend that FSU be merged with and into UIM, with UIM surviving that merger on the terms and subject to the conditions set forth herein (the "Merger");

WHEREAS, UIHC, as sole member of UIM (the "UIM Member") has (a) determined that this Agreement and the transactions contemplated hereby, including the Merger, are in the best interests of UIM and its sole members, (b) approved and declared advisable this Agreement and the transactions contemplated hereby, including the Merger, and (c) resolved to recommend approval of this Agreement by the sole member of UIM;

WHEREAS, the board of directors of Parent ("the Parent Board"), the sole member of FSU, has (a) determined that this Agreement and the transactions contemplated hereby, including the Merger, are in the best interests of Parent, FSU and their members, as applicable, and (b) approved and declared advisable this Agreement and the transactions contemplated hereby, including the Merger;

WHEREAS, following the execution of this Agreement, UIM shall seek to obtain, in accordance with the Florida Revised Limited Liability Company Act (the "FRLCA"), the consent of its members approving this Agreement, the Merger and the transactions contemplated hereby in accordance with the FRLCA; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

The following terms have the meanings specified or referred to in this **Article I**:

"**Action**" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Agreement**" has the meaning set forth in the preamble.

"**Ancillary Documents**" means the Articles of Merger and all other documents and agreements delivered pursuant hereto or thereto.

"Applicable Insurance Code(s)" means the insurance Laws to which any party to this Agreement is subject, and includes the rules and regulations promulgated under any of the foregoing.

"Applicable Insurance Department(s)" means the insurance regulatory agencies by which any party to this Agreement is subject to supervision.

"Articles of Merger" has the meaning set forth in **Section 2.04**

"Balance Sheet" has the meaning set forth in **Section 3.06**.

"Balance Sheet Date" has the meaning set forth in **Section 3.06**.

"Benefit Plan" has the meaning set forth in **Section 3.21(a)**.

"Business Day" means any day except Saturday, Sunday or any other day on which commercial banks located in New York, New York are authorized or required by Law to be closed for business.

"Certificate" has the meaning set forth in **Section 2.08(b)**.

"Closing" has the meaning set forth in **Section 2.02**.

"Closing Date" has the meaning set forth in **Section 2.02**.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Insurance Approvals" means all consents, authorizations, orders and approvals required to be obtained, made or given by FSU pursuant to any Applicable Insurance Codes.

"Company Intellectual Property" means all Intellectual Property that is owned or held for use by FSU.

"Company IP Agreements" means all licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, permissions and other Contracts (including any right to receive or obligation to pay royalties or any other consideration), whether written or oral, relating to Intellectual Property to which FSU is a party, beneficiary or otherwise bound.

"Company IP Registrations" means all Company Intellectual Property that is subject to any issuance registration, application or other filing by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including registered trademarks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing.

"Contracts" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

"Current FSH LLC Agreement" means that certain Amended and Restated Limited Liability Company Agreement of Family Security Holdings, LLC entered into as of February 11, 2014.

"Current FSU LLC Agreement" means that certain Amended and Restated Limited Liability Company Agreement of Family Security Holdings, LLC entered into as of July 30, 2009.

"Current UIM LLC Agreement" means that certain Amended and Restated Limited Liability Company Agreement of United Insurance Management entered into as of February 22, 1999.

"Disclosure Schedules" means the Disclosure Schedules delivered by FSU and Parent concurrently with the execution and delivery of this Agreement.

"Dollars or \$" means the lawful currency of the United States.

"Effective Time" has the meaning set forth in **Section 2.04**.

"Encumbrance" means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment,

right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

“Environmental Claim” means any Action, Governmental Order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release of, or exposure to, any Hazardous Materials; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

“Environmental Law” means any applicable Law, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term **“Environmental Law”** includes, without limitation, the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.

“Environmental Notice” means any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any Environmental Law or any term or condition of any Environmental Permit.

“Environmental Permit” means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“ERISA Affiliate” means all employers (whether or not incorporated) that would be treated together with FSU or any of its Affiliates as a “single employer” within the meaning of Section 414 of the Code.

“Financial Statements” has the meaning set forth in **Section 3.06**.

“FSH” has the meaning set forth in the preamble.

“FSU” has the meaning set forth in the recitals.

“FSU Interests” means all of the issued and outstanding limited liability company interests, membership interests and/or other equity interests of FSU.

“FSU Insurance Approvals” means all consents, authorizations, orders and approvals required to be obtained, made or given by FSU of any or its subsidiaries pursuant to the Applicable Insurance Codes.

“FSU Member” means Parent, as the sole holder of FSU Interests.

“GAAP” means United States generally accepted accounting principles in effect from time to time.

“Governmental Authority” means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other nongovernmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

Governmental Order” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

“Hazardous Materials” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls.

“Indebtedness” means, without duplication and with respect to UIM, FSH or FSU, all (a) indebtedness for borrowed money; (b) obligations for the deferred purchase price of property or services, (c) long or short-term obligations evidenced by notes, bonds, debentures or other similar instruments; (d) obligations under any interest rate, currency swap or other hedging agreement or arrangement; (e) capital lease obligations; (f) reimbursement obligations under any letter of credit, banker’s acceptance or similar credit transactions; (g) guarantees made by UIM, FSH or FSU on behalf of any third party in respect of obligations of the kind referred to in the foregoing clauses (a) through (f); and (h) any unpaid interest, prepayment penalties, premiums, costs and fees that would arise or become due as a result of the prepayment of any of the obligations referred to in the foregoing clauses (a) through (g).

“Independent Accountant” means an impartial nationally recognized firm of independent certified public accountants appointed by mutual agreement of Parent and Member Representative hereunder.

“Insurance Approvals” means the Parent Insurance Approvals, UIM Insurance Approvals, and the FSU Insurance Approvals.

“Insurance Licenses” has the meaning set forth in **Section 3.15(a)**.

“Insurance Policies” has the meaning set forth in **Section 3.17**.

“Intellectual Property” means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications and renewals for, any of the foregoing; (b) internet domain names, whether or not trademarks, registered in any top-level domain by any authorized private registrar or Governmental Authority, web addresses, web pages, websites and related content, accounts with Twitter, Facebook and other social media companies and the content found thereon and related thereto,

and URLs; (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights; (d) inventions, discoveries, trade secrets, business and technical information and knowhow, databases, data collections and other confidential and proprietary information and all rights therein; (e) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Authority-issued indicia of invention ownership (including inventor's certificates, petty patents and patent utility models); and (f) software and firmware, including data files, source code, object code, application programming interfaces, architecture, files, records, schematics, computerized databases and other related specifications and documentation.

"Intellectual Property Registrations" has the meaning set forth in **Section 3.13(b)**.

"Interim Balance Sheet" has the meaning set forth in **Section 3.06**.

"Interim Balance Sheet Date" has the meaning set forth in **Section 3.06**.

"Interim Financial Statements" has the meaning set forth in **Section 3.06**.

"Knowledge" means, when used with respect to UIM, FSH or FSU, the actual knowledge of any manager or officer of such respective company.

"Law" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

"Letter of Transmittal" has the meaning set forth in **Section 2.03(b)(iii)**.

"Liabilities" has the meaning set forth in **Section 3.07**.

"Liquidity Event" means (a) the transfer of all or substantially all of a Person's assets; (b) the transfer of a controlling interest in the outstanding equity securities of a Person; or (c) a merger or consolidation, in which the holders of the voting power of the outstanding equity securities of a Person, immediately prior to such transaction, hold less than fifty percent (50%) in voting power of the outstanding equity securities of such Person or the surviving or resulting person, as the case may be, immediately following such transaction.

"Losses" means losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; *provided, however*, that **"Losses"** shall not include punitive damages, except to the extent actually awarded to a Governmental Authority or other third party.

"Material Adverse Effect" means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise) or assets of FSU, or (b) the ability of FSU to consummate the transactions contemplated hereby on a timely basis; *provided, however*, that **"Material Adverse Effect"** shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which FSU operates; (iii) any changes in financial or securities markets in general; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement, except pursuant to **Section 3.03** and **Section 5.06**; (vi) any changes in applicable Laws or accounting rules, including GAAP; or (vii) the public announcement, pendency or completion of the transactions contemplated by this Agreement; *provided further, however*, that any event, occurrence, fact, condition

or change referred to in clauses (i) through (iv) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on FSU compared to other participants in the industries in which FSU conducts its businesses.

“Material Contracts” has the meaning set forth in **Section 3.10(a)**.

“Material Producers” has the meaning set forth in **Section 3.16(a)**.

“Material Suppliers” has the meaning set forth in **Section 3.16(b)**.

“Merger” has the meaning set forth in the recitals.

“Merger Consideration” means the Closing Merger Consideration.

“Multiemployer Plan” has the meaning set forth in **Section 3.21(c)**.

“Organizational Documents” has the meaning set forth in **Section 3.03**.

“Parent” has the meaning set forth in the preamble.

“Parent Insurance Approvals” means all consents, authorizations, orders and approvals required to be obtained, made or given by Parent of any or its subsidiaries pursuant to the Applicable Insurance Codes.

“Permits” means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Authorities.

“Permitted Encumbrances” has the meaning set forth in **Section 3.11(a)**.

“Person” means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

“Post-Closing Tax Period” means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

“Post-Closing Taxes” means Taxes of FSU for any Post-Closing Tax Period.

“Pre-Closing Tax Period” means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

“Pre-Closing Taxes” means Taxes of FSU for any Pre-Closing Tax Period.

“Purchase Price” means the Closing Merger Consideration.

“Qualified Benefit Plan” has the meaning set forth in **Section 3.21(c)**.

“Real Property” means the real property owned, leased or subleased by, or on behalf of, FSU, together with all buildings, structures and facilities located thereon.

“Release” means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

“Representative” means, with respect to any Person, any and all directors, officers, managers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“**Representative Losses**” has the meaning set forth in **Section 10.01(c)**.

“**Requisite Member Vote**” has the meaning set forth in **Section 3.02(a)**.

“**Surviving Entity**” has the meaning set forth in **Section 2.01**.

“**Taxes**” means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, capital stock, service use, withholding, payroll, employment, unemployment, disability, social security, estimated, value added, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, alternative or add-on minimum, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto (whether disputed or not) and any interest in respect of such additions or penalties.

“**Tax Return**” means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“**Union**” has the meaning set forth in **Section 3.22(b)**.

“**UIM**” has the meaning set forth in the preamble.

“**UIM Insurance Approvals**” means all consents, authorizations, orders and approvals required to be obtained, made or given by UIM of any or its subsidiaries pursuant to the Applicable Insurance Codes.

“**WARN Act**” means the federal Worker Adjustment and Retraining Notification Act of 1988, and similar state, local and foreign laws related to plant closings, relocations, mass layoffs and employment losses.

“**Written Consent**” has the meaning set forth in **Section 5.03**.

ARTICLE II THE MERGER

Section 2.01 The Merger. Subject to the terms and conditions of this Agreement, and in accordance with the FRLICA, at the Effective Time, (a) FSU will merge with and into UIM, and (b) at the Effective Time, the separate legal existence of FSU will cease and UIM will continue its legal existence under the FRLICA as the surviving limited liability company in the Merger (sometimes referred to herein as the “**Surviving Entity**”); all property of FSU will vest in the Surviving Entity without transfer, reversion, or impairment; and all debts, obligations, and other liabilities of FSU will be the debts, obligations, and other liabilities of UIM.

Section 2.02 Closing. Subject to the terms and conditions of this Agreement, the closing of the Merger (the “**Closing**”) shall take place at 9:00 a.m., Eastern Time, no later than two (2) Business Days after the last of the conditions to Closing set forth in **Article VII** have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), at the offices of UPC Insurance Company (US), 800 2nd Avenue S., St. Petersburg, Florida 33701, or at such other time or on such other date or at such other place as UIM and Parent may mutually agree upon in writing (the day on which the Closing takes place being the “**Closing Date**”).

Section 2.03 Closing Deliverables.

- (a) At or prior to the Closing, FSU shall deliver to UIM the following:
 - (i) such resignations of the directors, managers and officers of FSU as are contemplated by Section 5.05;

(ii) a certificate, dated the Closing Date and signed by a duly authorized officer of FSU, that each of the conditions set forth in Section 7.02(a) and Section 7.02(b) have been satisfied;

(iii) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Parent, as sole member of FSU, certifying that (A) attached thereto are true and complete copies of (1) all resolutions adopted by the Parent, as sole member of FSU, authorizing the execution, delivery and performance of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby and (2) the Written Consent, and (B) all such resolutions and the Written Consent are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby;

(iv) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Parent, as sole member of FSU, certifying the names and signatures of the officers of FSU authorized to sign this Agreement, the Ancillary Documents and the other documents to be delivered hereunder and thereunder;

(v) a good standing certificate (or its equivalent) from the secretary of state or similar Governmental Authority of the jurisdiction under the Laws in which FSU is incorporated or organized, as applicable;

(vi) such other documents or instruments as UIM reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

(b) At the Closing, UIM shall deliver (or cause to be delivered) to Parent (or such other Person as may be specified herein) the following:

(i) the Closing Merger Consideration;

(ii) a certificate, dated the Closing Date and signed by a duly authorized officer of UIM, that each of the conditions set forth in Section 7.03(a) and Section 7.03(b) have been satisfied;

(iii) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of UIHC, as sole member of UIM, certifying that attached thereto are true and complete copies of all resolutions adopted by the UIHC, as sole member of UIM, authorizing the execution, delivery and performance of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby;

(iv) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of UIHC, as sole member of UIM, certifying the names and signatures of the officers of UIM authorized to sign this Agreement, the Ancillary Documents and the other documents to be delivered hereunder and thereunder; and

(v) such other documents or instruments as FSU or Parent reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

Section 2.04 Effective Time. Subject to the provisions of this Agreement, at the Closing, UIM and FSU shall cause commercially reasonable articles of merger mutually acceptable to Parent (the "**Articles of Merger**") to be executed, acknowledged and filed with the Department of State of the State of Florida in accordance with the relevant provisions of the FRLLCa and shall make all other filings or recordings required under the FRLLCa and Applicable Insurance Codes. The Merger shall become effective when the Articles of Merger have been duly filed with the Department of State of the State of Florida or at such later date or time as may be agreed by UIM and Parent in writing and specified in the Articles of Merger in accordance with the FRLLCa (the effective time of the Merger being hereinafter referred to as the "**Effective Time**").

Section 2.05 Effects of the Merger. The Merger shall have the effects set forth herein, in the Articles of Merger and in the applicable provisions of the FRLLCa.

Section 2.06 Managers and Officers. From and after the Effective Time, (a) the managers of UIM immediately prior to the Effective Time (as determined by UIM in the manner contemplated by **Section 5.05**) shall remain the managers of UIM as of the Effective Time, until the earlier of their resignation or removal or otherwise ceasing to be a manager or until their respective successors are duly elected and qualified, as the case may be, and (b) the managers, officers, and/or employees of FSU, immediately prior to the Effective Time, shall be removed or otherwise cease to be an managers, officers, and/or employees.

Section 2.07 Closing Merger Consideration.

Closing Merger Consideration shall be \$100.00.

Section 2.08 Effect of the Merger on FSU Interests. At the Effective Time, as a result of the Merger and without any action on the part of Parent:

(a) **Cancellation of Certain FSU Interests.** FSU Interests that are owned by Parent, or FSH (as treasury units or otherwise) or any of their respective direct or indirect wholly owned Subsidiaries shall automatically be cancelled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor.

(b) **Conversion of FSU Interests.** Each FSU Interest issued and outstanding immediately prior to the Effective Time (other than FSU Interests to be cancelled and retired in accordance with **Section 2.08(a)**) shall be converted into the right to receive the Closing Merger Consideration, without interest and shall automatically be cancelled and retired and shall cease to exist, and each holder a certificate formerly representing any FSU Interest (each, a “Certificate”) shall cease to have any rights as a member of FSU.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF FSU

Except as set forth in the Disclosure Schedules, FSU represents and warrants to UIM that the statements contained in this **Article III** are true and correct as of the date hereof.

Section 3.01 Organization and Qualification of FSU. FSU is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Florida. FSU has full corporate or limited liability company (as applicable) power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted. **Section 3.01** of the Disclosure Schedules sets forth each jurisdiction in which FSU is licensed or qualified to do business, and FSU is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or qualification necessary.

Section 3.02 Authority; Board Approval.

(a) Subject to approval of the Merger and this Agreement by the affirmative vote or consent of Parent, the sole member of FSU (the “**Requisite Member Vote**”), FSU has full power and authority to enter into and perform its obligations under this Agreement and the Ancillary Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. Subject to the Requisite Member Vote, the execution, delivery and performance by FSU of this Agreement and any Ancillary Document to which it is a party and the consummation by FSU of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of FSU and no other corporate proceedings on the part of FSU are necessary to authorize the execution, delivery and performance of this Agreement or to consummate the Merger and the other transactions contemplated hereby and thereby. The Requisite Member Vote is the only vote or consent of the holders of any class or series of FSU’s capital stock, limited liability company/membership interests or equity interests required to approve and adopt this Agreement and the Ancillary Documents, approve the

Merger and consummate the Merger and the other transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by FSU, and (assuming due authorization, execution and delivery by each other party hereto) this Agreement constitutes a legal, valid and binding obligation of FSU enforceable against FSU in accordance with its terms. When each Ancillary Document to which FSU is, or will be, a party has been duly executed and delivered by FSU (assuming due authorization, execution and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of FSU enforceable against it in accordance with its terms.

(b) FSU, by resolutions duly adopted at a meeting of Parent, as sole member, duly called and held and, as of the hereof, not subsequently rescinded or modified in any way, has, as of the date hereof (i) determined that this Agreement and the transactions contemplated hereby, including the Merger, are fair to, and in the best interests of the FSU Member, (ii) approved and declared advisable the "plan of merger" (as such term is used in Section 605.1022 of the FRLLCA) contained in this Agreement and the transactions contemplated by this Agreement, including the Merger, in accordance with the FRLLCA, (iii) directed that the "plan of merger" contained in this Agreement be submitted to the FSU Member for approval, and (iv) resolved to recommend that the FSU Member approve the "plan of merger" set forth in this Agreement and directed that such matter be submitted for consideration of the FSU Member.

Section 3.03 No Conflicts; Consents. Except as set forth in **Section 3.03** of the Disclosure Schedules (which shall include a detailed listing and description of all approvals required from Applicable Insurance Departments and any and all other requirements under Applicable Insurance Codes, including all Insurance Approvals), (a) the execution, delivery and performance by FSU of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, including the Merger, do not and will not: (i) subject to, in the case of FSH, obtaining the Requisite Member Vote with respect to the Merger, conflict with or result in a violation or breach of, or default under, any provision of certificate of formation, articles of organization, articles of incorporation, limited liability company agreement, operating agreement, bylaws or other organizational documents of FSU, as applicable (FSU's "**Organizational Documents**"); (ii) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to FSU; (iii) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which FSU is a party or by which FSU is bound or to which any of their respective properties and assets are subject (including any Material Contract) or any Permit affecting the properties, assets or business of FSU; or (iv) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any properties or assets of FSU, and (b) no consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to FSU in connection with the execution, delivery and performance of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby.

Section 3.04 Capitalization.

(a) The entire authorized equity of FSU and the number of FSU Interests that are issued and outstanding are as set forth on **Section 3.04(a)** of the Disclosure Schedules. **Section 3.04(a)** of the Disclosure Schedules set forth the name of each Person that is the registered owner of any FSU Interests and the number and class of FSU Interests owned by such Person.

(b) Except as set forth on **Section 3.04(b)** of the Disclosure Schedules: (i) there is no outstanding subscription, warrant, option, convertible or exchangeable security, or other right (contingent or otherwise) to purchase or otherwise acquire equity securities of FSU; (ii) there is no commitment by FSU to issue shares, units, subscriptions, warrants, options, convertible or exchangeable securities, or other such rights or to distribute to holders of any of its equity securities

any evidence of Indebtedness or asset, to repurchase or redeem any equity securities of FSU or to grant, extend, accelerate the vesting of, change the price of, or otherwise amend any warrant, option, convertible or exchangeable security or other such right; and (iii) there are no declared or accrued unpaid dividends with respect to any equity securities of FSU.

(c) Except as set forth on **Section 3.04(c)** of the Disclosure Schedules, all issued and outstanding equity securities of FSU are (i) duly authorized, validly issued, fully paid and non-assessable; (ii) not subject to any preemptive rights created by statute, FSU's Organizational Documents or any agreement to which FSU is a party; and (iii) free of any Encumbrances. All issued and outstanding equity securities of FSU were issued in material compliance with applicable Law.

(d) Except as set forth on **Section 3.04(d)** of the Disclosure Schedules: (i) no outstanding equity security of FSU is subject to vesting or forfeiture rights or repurchase by FSU; and (ii) there are no outstanding or authorized stock appreciation, dividend equivalent, phantom stock, phantom unit, profit participation or other similar rights with respect to FSU or any of its equity securities.

(e) All distributions, dividends, repurchases and redemptions of equity securities of FSU were undertaken in compliance with the FSU's Organizational Documents then in effect.

(f) There are no voting trusts, proxies or other agreements or understandings in effect to which FSU is a party with respect to the governance of FSU or the voting or transfer of any capital stock, limited liability company/membership interests or other equity interests of FSU, except as set forth in **Section 3.04(f)** of the Disclosure Schedules.

Section 3.05 Subsidiaries. FSH does not own, or have any interest in, any shares or have an ownership interest in any other Person, other than FSU and Family Security Insurance Company, Inc., a Hawaii corporation ("FSIC"). FSU does not own, or have any interest in, any shares or have an ownership interest in any other Person.

Section 3.06 Financial Statements. Complete copies of financial statements consisting of the consolidated balance sheet of FSU as at December 31, 2016 and the related statements of income and retained earnings, stockholders'/members' equity and cash flow for the years then ended (the "**Financial Statements**"), and financial statements consisting of the consolidated balance sheet of FSU as at June 30, 2017 and the related statements of income and retained earnings, stockholders'/members' equity and cash flow for the six (6)-month period then ended (the "**Interim Financial Statements**") are included in the Disclosure Schedules. The Financial Statements and the Interim Financial Statements are based on the books and records of FSU, and fairly present the financial condition of FSU as of the dates they were prepared and the results of the operations of FSU for the periods indicated. The balance sheet of FSU as of December 31, 2016, is referred to herein as the "**Balance Sheet**" and the date thereof as the "**Balance Sheet Date**" and the balance sheet of FSU as of June 30, 2017, is referred to herein as the "**Interim Balance Sheet**" and the date thereof as the "**Interim Balance Sheet Date**". FSU maintains a standard system of accounting established and administered in accordance with GAAP.

Section 3.07 This Section Left Intentionally Blank

Section 3.08 Undisclosed Liabilities. To FSU's Knowledge, FSU does not have any liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise ("**Liabilities**"), except (a) those which are adequately reflected or reserved against in the Balance Sheet as of the Balance Sheet Date, (b) those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and which are not, individually or in the aggregate, material in amount, and (c) those items set forth **Section 3.08** on of the Disclosure Schedules.

Section 3.09 Absence of Certain Changes, Events and Conditions. Except as set forth on **Section 3.09** of the Disclosure Schedules, since the Interim Balance Sheet Date, and other than in the ordinary course of business consistent with past practice, there has not been, with respect to FSU, any:

(a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(b) amendment of FSU's Organizational Documents;

(c) split, combination or reclassification of any shares of its limited liability company/membership interests, capital stock or other equity interests;

(d) issuance, sale or other disposition of any of its limited liability company/membership interests, capital stock or other equity interests, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any of its limited liability company/membership interests, capital stock or other equity interests;

(e) declaration or payment of any dividends or distributions on or in respect of any of its limited liability company/membership interests, capital stock or other equity interests, or redemption, purchase or acquisition of its limited liability company/membership interests, capital stock or other equity interests;

(f) material change in any method of accounting or accounting practice of FSU, except as required by GAAP or as disclosed in the notes to the Financial Statements or Interim Financial Statements;

(g) material change in FSU's cash management practices and its policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;

(h) entry into any Contract that would constitute a Material Contract;

(i) incurrence, assumption or guarantee of any Indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;

(j) transfer, assignment, sale or other disposition of any material assets shown or reflected in the Interim Balance Sheet or cancellation of any debts or entitlements;

(k) transfer, assignment or grant of any license or sublicense of any material rights under or with respect to any Company Intellectual Property or Company IP Agreements;

(l) material damage, destruction or loss (whether or not covered by insurance) to a material asset of FSU;

(m) capital investment in, or any loan to, any other Person;

(n) acceleration, termination, material modification to or cancellation of any Material Contract to which FSU is a party or by which it is bound;

(o) material capital expenditures;

(p) imposition of any Encumbrance upon any of FSU's properties, capital stock or assets, tangible or intangible;

(q) (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of FSU's current or former employees, directors, officers, managers, independent contractors or consultants, other than (A) in the ordinary course of business consistent with past practices, (B) as provided for in any written agreements or (C) as required by applicable Law, (ii) change in the terms of employment for any employee or any

termination of any employees for which the aggregate costs and expenses exceed \$25,000, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, director, manager, independent contractor or consultant;

(r) hiring or promoting any person as or to (as the case may be) an officer or hiring or promoting any employee below officer except to fill a vacancy in the ordinary course of business;

(s) adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, director, manager, independent contractor or consultant, (ii) Benefit Plan or (iii) collective bargaining or other agreement with a Union, in each case whether written or oral;

(t) loan to (or forgiveness of any loan to), or entry into any other transaction with, any of its stockholders or members, or current or former directors, managers, officers and employees;

(u) entry into a new line of business or abandonment or discontinuance of existing lines of business;

(v) except for the Merger, adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(w) purchase, lease or other acquisition of the right to own, use or lease any property or assets for an amount in excess of \$100,000, individually (in the case of a lease, per annum) or \$100,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;

(x) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets or stock or limited liability company/membership interests of, or by any other manner, any business or any Person or any division thereof;

(y) action by FSU to make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax Liability or reducing any Tax asset of Parent in respect of any Post-Closing Tax Period;

(z) entry, issuance, or filing, with or without the request or consent or over the objection of FSU, of any order, consent order, or directive relating to FSU of or by any Applicable Insurance Department, or undertaking or agreement by FSU to or with any Applicable Insurance Department; or

(aa) Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 3.10 Material Contracts.

(a) **Section 3.10(a)** of the Disclosure Schedules lists each of the following Contracts of FSU (such Contracts, together with all Contracts concerning the occupancy, management or operation of any Real Property (including without limitation, brokerage contracts) listed or otherwise disclosed in **Section 3.11(b)** of the Disclosure Schedules and all Company IP Agreements set forth in **Section 3.13(b)** of the Disclosure Schedules, being “**Material Contracts**”):

(i) each Contract of FSU (other than insurance policies issued by FSU) involving aggregate consideration in excess of \$50,000 and which, in each case, cannot be cancelled by such FSU without penalty or without more than ninety (90) days’ notice;

(ii) all Contracts that require FSU to purchase its total requirements of any product or service from a third party or that contain “take or pay” provisions;

(iii) all Contracts that provide for the indemnification by FSU of any Person or the assumption of any Tax, environmental or other Liability of any Person;

(iv) all Contracts that relate to the acquisition or disposition of any business, a material amount of stock, limited liability company/membership interests or assets of any other Person or any real property (whether by merger, sale of stock, sale of limited liability company/membership interests, sale of assets or otherwise);

(v) all broker, distributor, dealer, representative, franchise, agency, sales promotion, market research, marketing consulting and advertising Contracts to which FSU is a party;

(vi) all employment agreements and Contracts with independent contractors or consultants (or similar arrangements) to which FSU is a party and which are not cancellable without material penalty or without more than ninety (90) days' notice;

(vii) except for Contracts relating to trade receivables, all Contracts relating to Indebtedness (including, without limitation, guarantees) of FSU;

(viii) all Contracts with any Governmental Authority to which FSU is a party;

(ix) all Reinsurance Contracts to which FSU is a party or under which FSU is an obligor, beneficiary, or has any rights;

(x) all managing general agency Contracts and any other Contracts for the provision or performance of services relating to the marketing, brokering, solicitation or procurement, servicing or administration, underwriting, or pricing of insurance policies (including without limitation all offers, sales, renewals, and cancellations thereof) or relating to the administration, adjustment, investigation, defense, or payment of any claims under any insurance policies;

(xi) all Contracts that limit or purport to limit the ability of FSU to compete in any line of business or with any Person or in any geographic area or during any period of time;

(xii) any Contracts to which FSU is a party that provide for any joint venture, partnership or similar arrangement by FSU; and

(xiii) all collective bargaining agreements or Contracts with any Union to which FSU is a party.

(b) Each Material Contract is valid and binding on the FSU in accordance with its terms and is in full force and effect. Neither FSU, nor, to FSU's Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of any intention to terminate, any Material Contract. To FSU's Knowledge, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been made available to UIM.

Section 3.11 Title to Assets; Real Property.

(a) Except as set forth in **Section 3.11(a)** of the Disclosure Schedules, FSU has good and valid title to, or a valid leasehold interest in, all Real Property and personal property and other assets reflected in the Interim Financial Statements or acquired after the Interim Balance Sheet Date, other than properties and assets sold or otherwise disposed of in the ordinary course of business consistent with past practice since the Interim Balance Sheet Date. FSU's interest in such properties and assets (including leasehold interests) are free and clear of Encumbrances except for the following (collectively referred to as "**Permitted Encumbrances**");

(i) Those items set forth in Section 3.11(a) of the Disclosure Schedules;

- (ii) liens for Taxes not yet due and payable;
- (iii) mechanics, carriers', workmen's, repairmen's or other like liens arising or incurred in the ordinary course of business consistent with past practice or amounts that are not delinquent and which are not, individually or in the aggregate, material to the business of FSU;
- (iv) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property which are not, individually or in the aggregate, material to the business of FSU;
or
- (v) other than with respect to owned Real Property, liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business consistent with past practice which are not, individually or in the aggregate, material to the business of FSU.

(b) **Section 3.11(b)** of the Disclosure Schedules lists (i) the street address of each parcel of Real Property; (ii) if such property is leased or subleased by FSU, the landlord under the lease, the rental amount currently being paid, and the expiration of the term of such lease or sublease for each leased or subleased property; and (iii) the current use of such property. FSU does not own any Real Property. With respect to leased Real Property, FSU has delivered or made available to UIM and Parent true, complete and correct copies of any leases affecting the Real Property. FSU is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased Real Property. The use and operation of the Real Property in the conduct of the FSU's business does not violate in any material respect any Law, covenant, condition, restriction, easement, license, permit or agreement. No material improvements constituting a part of the Real Property encroach on real property owned or leased by a Person other than FSU. To FSU's Knowledge, there are no Actions pending or threatened against or affecting the Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

Section 3.12 Condition and Sufficiency of Assets. Except as set forth in **Section 3.12** of the Disclosure Schedules, to FSU's Knowledge, the buildings, plants, structures, furniture, fixtures, machinery, equipment, and other items of tangible personal property of FSU are structurally sound, are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, furniture, fixtures, machinery, equipment, and other items of tangible personal property is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost. The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property currently owned or leased by FSU, together with all other properties and assets of FSU, are sufficient for the continued conduct of FSU's businesses after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property and assets necessary to conduct the business of FSU as currently conducted.

Section 3.13 Intellectual Property.

(a) **Section 3.13(a)** of the Disclosure Schedules lists all Company IP Registrations. All required filings and fees related to the Company IP Registrations have been timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and all Company IP Registrations are otherwise in good standing. FSU has provided UIM and Parent with true and complete copies of file histories, documents, certificates, office actions, correspondence and other materials related to all Company IP Registrations.

(b) **Section 3.13(b)** of the Disclosure Schedules lists all Company IP Agreements. FSU has provided UIM with true and complete copies of all such Company IP Agreements, including all modifications, amendments and supplements thereto and waivers thereunder. Each Company IP

Agreement is valid and binding on FSU in accordance with its terms and is in full force and effect. To FSU's Knowledge, no other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of breach or default of or any intention to terminate, FSU IP Agreement.

(c) To FSU's Knowledge, FSU are the sole and exclusive legal and beneficial, and with respect to the Company IP Registrations, record, owner of all right, title and interest in and to the Company Intellectual Property, and has the valid right to use all other Intellectual Property used in or necessary for the conduct of FSU's current business or operations, in each case, free and clear of Encumbrances other than Permitted Encumbrances.

(d) The consummation of the transactions contemplated hereunder will not result in the payment of any additional amounts with respect to, nor require the consent of any other Person in respect of, FSU's right to own, use or hold for use any Intellectual Property as owned, used or held for use in the conduct of FSU's business or operations as currently conducted.

(e) To FSU's Knowledge, FSU's rights in the Company Intellectual Property are valid, subsisting and enforceable. FSU has taken all commercially reasonable steps to maintain the Company Intellectual Property and to protect and preserve the confidentiality of all trade secrets included in the Company Intellectual Property.

(f) To FSU's Knowledge, the conduct of FSU's business as currently and formerly conducted, and the products, processes and services of FSU, have not infringed, misappropriated, diluted or otherwise violated, and do not and will not infringe, dilute, misappropriate or otherwise violate the Intellectual Property or other rights of any Person. To FSU's Knowledge, no Person has infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, FSU Intellectual Property.

(g) There are no Actions (including any oppositions, interferences or reexaminations) settled, pending or, to FSU's Knowledge, threatened (including in the form of offers to obtain a license): (i) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any Person by FSU; (ii) challenging the validity, enforceability, registrability or ownership of FSU Intellectual Property or FSU's rights with respect to FSU Intellectual Property; or (iii) by FSU or any other Person alleging any infringement, misappropriation, dilution or violation by any Person of the Company Intellectual Property. FSU is not subject to any outstanding or prospective Governmental Order (including any motion or petition therefor) that does or would restrict or impair the use of FSU Intellectual Property.

Section 3.14 Accounts Receivable. Except as set forth in **Section 3.14** of the Disclosure Schedules, the accounts receivable reflected on the Interim Balance Sheet and the accounts receivable arising after the date thereof (a) have arisen from bona fide transactions entered into by FSU involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; and (b) constitute only valid and, to FSU's Knowledge, undisputed claims of FSU not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice.

Section 3.15 Insurance Matters.

(a) FSU has filed all reports, registrations, filings and submissions required to be filed with any insurance regulatory authority. All such reports, registrations, filings and submissions were in compliance with applicable law when filed or as amended or supplemented.

Section 3.16 Agents and Suppliers.

(a) **Section 3.16(a)** of the Disclosure Schedules sets forth (i) the top ten (10) producers of insurance policies for FSU during the most recent fiscal year (collectively, the "**Material Producers**");

and (ii) the aggregate amount of gross premiums for insurance policies written by such producer during the most recent fiscal year.

(b) **Section 3.16(b)** of the Disclosure Schedules sets forth (i) each vendor or supplier to whom FSU has paid consideration for goods or services rendered in an amount greater than or equal to \$100,000 for the most recent fiscal year (collectively, the “**Material Suppliers**”); and (ii) the amount of purchases from or services provided by each Material Supplier during such period.

Section 3.17 Insurance. **Section 3.17** of the Disclosure Schedules sets forth a true and complete list of all current policies or binders of fire, liability, errors and omissions, umbrella liability, real and personal property, workers’ compensation, vehicular, directors’ and officers’ liability, fiduciary liability and other casualty and property insurance maintained by FSU and relating to the assets, business, operations, employees, managers, officers and directors of FSU (collectively, the “**Insurance Policies**”).

Section 3.18 Legal Proceedings; Governmental Orders.

(a) There are no Actions pending or, to FSU’s Knowledge, threatened (i) against or by FSU affecting any of its properties or assets; or (ii) against or by FSU that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

(b) Except as set forth in **Section 3.18(b)** of the Disclosure Schedules, there are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against or affecting FSU or any of its properties or assets. FSU is in compliance with the terms of each Governmental Order set forth in **Section 3.18(b)** of the Disclosure Schedules. No event has occurred or circumstances exist that may constitute or result in (with or without notice or lapse of time) a violation of any such Governmental Order.

Section 3.19 Compliance With Laws; Permits.

(a) FSU has materially complied, and is now materially complying, with all Laws applicable to it or its business, properties or assets. FSU has not received written notice or explicit allegation from any Governmental Authority, and FSU has no Knowledge, that it is not in compliance with or is default the Insurance Licenses or its Permits.

(b) All Permits required for FSU to conduct its business have been obtained by it and are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. **Section 3.19(b)** of the Disclosure Schedules lists all current Permits issued to FSU, including the names of the Permits and their respective dates of issuance and expiration. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in **Section 3.19(b)** of the Disclosure Schedules.

Section 3.20 Environmental Matters.

(a) To FSU’s Knowledge, FSU is currently and has been in compliance with all Environmental Laws and has not received from any Person any: (i) Environmental Notice or Environmental Claim; or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(b) To FSU’s Knowledge, FSU has obtained and is in material compliance with all Environmental Permits (each of which is disclosed in **Section 3.20(b)** of the Disclosure Schedules) necessary for the ownership, lease, operation or use of the business or assets of FSU and all such Environmental Permits are in full force and effect and shall be maintained in full force and effect by

FSU through the Closing Date in accordance with Environmental Law, and FSU is not aware of any condition, event or circumstance that might prevent or impede, after the Closing Date, the ownership, lease, operation or use of the business or assets of FSU as currently carried out.

(c) To FSU's Knowledge, no real property currently or formerly owned, operated or leased by FSU is listed on, or has been proposed for listing on, the National Priorities List or any other similar federal or state list under any Environmental Law.

(d) To FSU's Knowledge, there has been no Release of Hazardous Materials in contravention of Environmental Law with respect to the business or assets of FSU or any real property currently or formerly owned, operated or leased by FSU, and FSU has not received an Environmental Notice that any real property currently or formerly owned, operated or leased in connection with the business of FSU (including soils, groundwater, surface water, buildings and other structure located on any such real property) has been contaminated with any Hazardous Material which could reasonably be expected to result in an Environmental Claim against, or a violation of Environmental Law or term of any Environmental Permit by, FSU.

(e) To FSU's Knowledge, FSU has not retained or assumed, by contract or operation of Law, any liabilities or obligations of third parties under Environmental Law.

Section 3.21 Employee Benefit Matters.

(a) **Section 3.21(a)** of the Disclosure Schedules contains a true and complete list of each pension, benefit, retirement, compensation, employment, consulting, profitsharing, deferred compensation, incentive, bonus, performance award, phantom equity, stock or stock-based, change in control, retention, severance, vacation, paid time off, welfare, fringe-benefit and other similar agreement, plan, policy, program or arrangement (and any amendments thereto), in each case whether or not reduced to writing and whether funded or unfunded, including each "employee benefit plan" within the meaning of Section 3(3) of ERISA, whether or not tax-qualified and whether or not subject to ERISA, which is or has been maintained, sponsored, contributed to, or required to be contributed to by FSU for the benefit of any current or former employee, officer, manager, director, retiree, independent contractor or consultant of FSU or any spouse or dependent of such individual, or under which FSU or any of its ERISA Affiliates has or may have any Liability, or with respect to which Parent or any of its Affiliates would reasonably be expected to have any Liability, contingent or otherwise (as listed on **Section 3.21(a)** of the Disclosure Schedules, each, a "**Benefit Plan**"). FSH has separately identified in **Section 3.21(a)** of the Disclosure Schedules each Benefit Plan that contains a change in control provision.

(b) With respect to each Benefit Plan, FSU have made available to UIM and Parent accurate, current and complete copies of each of the following: (i) where the Benefit Plan has been reduced to writing, the plan document together with all amendments; (ii) where the Benefit Plan has not been reduced to writing, a written summary of all material plan terms; (iii) where applicable, copies of any trust agreements or other funding arrangements, custodial agreements, insurance policies and contracts, administration agreements and similar agreements, and investment management or investment advisory agreements, now in effect or required in the future as a result of the transactions contemplated by this Agreement or otherwise; and (iv) copies of any summary plan descriptions, summaries of material modifications, employee handbooks and any other written communications (or a description of any oral communications) relating to any Benefit Plan.

(c) Except as set forth in **Section 3.21(c)** of the Disclosure Schedules, each Benefit Plan and any related trust (other than any multiemployer plan within the meaning of Section 3(37) of ERISA (each a "**Multiemployer Plan**")) has been established, administered and maintained in material compliance with its terms and in material compliance with all applicable Laws (including ERISA, the Code and any applicable local Laws). Each Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code (a "**Qualified Benefit Plan**") is so qualified and has received a

favorable and current determination letter from the Internal Revenue Service, or with respect to a prototype plan, can rely on an opinion letter from the Internal Revenue Service to the prototype plan sponsor, to the effect that such Qualified Benefit Plan is so qualified and that the plan and the trust related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code. Except as set forth in **Section 3.21(c)** of the Disclosure Schedules, all benefits, contributions and premiums relating to each Benefit Plan have been timely paid in accordance with the terms of such Benefit Plan, and all benefits accrued under any unfunded Benefit Plan have been paid, accrued or otherwise adequately reserved to the extent required by, and in accordance with, GAAP.

(d) With respect to each Benefit Plan (i) except as set forth in **Section 3.21(d)** of the Disclosure Schedules, no such plan is a Multiemployer Plan, and (A) all contributions required to be paid by FSU or its ERISA Affiliates have been timely paid to the applicable Multiemployer Plan, (B) neither FSU nor any ERISA Affiliate has incurred any withdrawal liability under Title IV of ERISA which remains unsatisfied, and (C) a complete withdrawal from all such Multiemployer Plans at the Effective Time would not result in any material liability to FSU; (ii) no such plan is a "multiple employer plan" within the meaning of Section 413(c) of the Code or a "multiple employer welfare arrangement" (as defined in Section 3(40) of ERISA); (iii) no Action has been initiated by the Pension Benefit Guaranty Corporation to terminate any such plan or to appoint a trustee for any such plan; (iv) no such plan is subject to the minimum funding standards of Section 412 of the Code or Title IV of ERISA, and none of the assets of FSU or any ERISA Affiliate is, or may reasonably be expected to become, the subject of any lien arising under Section 302 of ERISA or Section 412(a) of the Code/ except as set forth in **Section 3.21(d)** of the Disclosure Schedules, no such plan is subject to the minimum funding standards of Section 412 of the Code or Title IV of ERISA, and no plan listed in **Section 3.21(d)** of the Disclosure Schedules has failed to satisfy the minimum funding standards of Section 302 of ERISA or Section 412 of the Code; and (v) no "reportable event," as defined in Section 4043 of ERISA, has occurred with respect to any such plan.

(e) Except as set forth in **Section 3.21(e)** of the Disclosure Schedules, there is no pending or, to FSU's Knowledge, threatened Action relating to a Benefit Plan (other than routine claims for benefits), and no Benefit Plan has within the year prior to the date hereof been the subject of an examination or audit by a Governmental Authority or the subject of an application or filing under or is a participant in, an amnesty, voluntary compliance, self-correction or similar program sponsored by any Governmental Authority.

(f) Each individual who is classified by FSU as an independent contractor has been properly classified for purposes of participation and benefit accrual under each Benefit Plan.

(g) Except as set forth in **Section 3.21(g)** of the Disclosure Schedules, neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional or subsequent events): (i) entitle any current or former director, officer, manager, employee, independent contractor or consultant of FSU to severance pay or any other payment; (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation due to any such individual; (iii) limit or restrict the right of FSU to merge, amend or terminate any Benefit Plan; (iv) increase the amount payable under or result in any other material obligation pursuant to any Benefit Plan; (v) result in "excess parachute payments" within the meaning of Section 280G(b) of the Code; or (vi) require a "gross-up" or other payment to any "disqualified individual" within the meaning of Section 280G(c) of the Code. FSH has made available to UIM and Parent true and complete copies of any Section 280G calculations prepared (whether or not final) with respect to any disqualified individual in connection with the transactions.

Section 3.22 Employment Matters.

(a) **Section 3.22(a)** of the Disclosure Schedules contains a list of all persons who are employees, independent contractors or consultants of FSU as of the date hereof, including any

employee who is on a leave of absence of any nature, paid or unpaid, authorized or unauthorized, and sets forth for each such individual the following: (i) name; (ii) title or position (including whether full or part time); (iii) hire date; (iv) current annual base compensation rate; and (v) commission, bonus or other incentive based compensation. Except as set forth in **Section 3.22(a)** of the Disclosure Schedules, as of the date hereof, all compensation, including wages, commissions and bonuses, payable to all employees, independent contractors or consultants of FSU for services performed on or prior to the date hereof have been paid in full and there are no outstanding agreements, understandings or commitments of FSU with respect to any compensation, commissions or bonuses.

(b) Except as set forth in **Section 3.22(b)** of the Disclosure Schedules, FSU is not, and has not been for the past three (3) years, a party to, bound by, or negotiating any collective bargaining agreement or other Contract with a union, works council or labor organization (collectively, "Union"), and there is not, and has not been for the past three (3) years, any Union representing or purporting to represent any employee of FSU, and no Union or group of employees is seeking or has sought to organize employees for the purpose of collective bargaining. There has never been, nor has there been any threat of, any strike, slowdown, work stoppage, lockout, concerted refusal to work overtime or other similar labor disruption or dispute affecting FSU or any of its employees. FSU has no duty to bargain with any Union.

(c) FSU is and has been in material compliance with all applicable Laws pertaining to employment and employment practices, including all Laws relating to labor relations, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers' compensation, leaves of absence and unemployment insurance. All individuals characterized and treated by FSU as independent contractors or consultants are properly treated as independent contractors under all applicable Laws. All employees of FSU classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are properly classified. Except as set forth in **Section 3.22(c)**, there are no Actions against FSU pending, or to FSU's Knowledge, threatened to be brought or filed, by or with any Governmental Authority or arbitrator in connection with the employment of any current or former applicant, employee, consultant or independent contractor of FSU, including, without limitation, any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay, wage and hours or any other employment-related matter arising under applicable Laws.

(d) FSU has complied with the WARN Act.

Section 3.23 Taxes.

(a) FSU has always been a limited liability company and has never elected to be taxed as a corporation. FSU is a single member limited liability company ("SMLLC") and a disregarded entity for tax purposes.

Section 3.24 Books and Records. FSU has made available to UIM and Parent all minute books and stock and/or limited liability company/membership interest record books of FSU. No meeting, or action taken by written consent, of any stockholders, members, directors, or managers, as applicable, or committee has been held for which minutes have not been prepared and are not contained in such minute books, other than as set forth on **Section 3.24** of the Disclosure Schedules. At the Closing, all of those books and records will be in the possession of UIM.

Section 3.25 Guaranties. Except as listed on **Section 3.25** of the Disclosure Schedules, FSU is not a guarantor or otherwise is liable for any Liability or obligation (including Indebtedness) of any other Person.

Section 3.26 Bank and Credit Card Accounts.

(a) **Section 3.26(a)** of the Disclosure Schedules lists: (i) each bank, trust company, savings institution, brokerage firm, mutual fund or other financial institution in which FSU has an account or safe deposit box; (ii) the name(s) in which the accounts or boxes are held; and (iii) the type of account.

(b) **Section 3.26(b)** of the Disclosure Schedules lists: (i) each active credit card or other charge account issued to FSU; and (ii) each person to whom such credit card or other charge account has been issued.

Section 3.27 Related Party Transactions. Except as set forth in **Section 3.27** of the Disclosure Schedules, no executive officer, manager or director of FSU or any person owning 5% or more of the capital stock, limited liability company/membership interests or other equity interests (or any of such person's immediate family members or Affiliates or associates) of FSU is a party to any Contract with or binding upon FSU or any of its assets, rights or properties or has any interest in any property owned by FSU or has engaged in any transaction with any of the foregoing within the last twelve (12) months.

Section 3.28 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Ancillary Document based upon arrangements made by or on behalf of FSU.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF UIM

Except as set forth in the Disclosure Schedules, UIM represents and warrant to Parent and FSU that the statements contained in this **Article IV** are true and correct as of the date hereof.

Section 4.01 Organization and Authority of UIM. UIM is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Florida. UIM has full limited liability company power and authority to enter into and perform its obligations under this Agreement and the Ancillary Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by UIM of this Agreement and any Ancillary Document to which they are a party and the consummation by UIM of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of UIM and no other corporate proceedings on the part of UIM are necessary to authorize the execution, delivery and performance of this Agreement or to consummate the Merger and the other transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by UIM, and (assuming due authorization, execution and delivery by each other party hereto) this Agreement constitutes a legal, valid and binding obligation of UIM enforceable against UIM in accordance with its terms. When each Ancillary Document to which UIM is, or will be, a party has been duly executed and delivered by UIM (assuming due authorization, execution and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of UIM enforceable against it in accordance with its terms.

Section 4.02 No Conflicts; Consents. The execution, delivery and performance by UIM of this Agreement and the Ancillary Documents to which it a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the organizational documents of UIM; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to UIM; or (c) except as set forth in **Section 4.02** of the Disclosure Schedules, require the consent, notice or other action by any Person under any Contract to which UIM is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to UIM in connection with the execution, delivery and performance of this Agreement and the Ancillary Documents and the consummation of the transactions

contemplated hereby and thereby, except for the filing of the Articles of Merger with the Department of State of the State of Florida.

Section 4.03 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Ancillary Document based upon arrangements made by or on behalf of Parent or Merger Sub.

Section 4.04 Legal Proceedings. Except as set forth in **Section 4.04** of the Disclosure Schedules, there are no Actions pending or, to UIM's knowledge, threatened against or by UIM or any of their respective Affiliates that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

ARTICLE V COVENANTS

Section 5.01 Conduct of Business Prior to the Closing. From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Parent (which consent shall not be unreasonably withheld or delayed), Parent shall (and shall cause FSU to) (x) conduct the business of FSU in the ordinary course of business consistent with past practice; and (y) use reasonable best efforts to maintain and preserve intact the current organization, business and franchise of FSU and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having business relationships with FSU. Without limiting the foregoing, from the date hereof until the Closing Date, Parent shall (and shall cause FSU to):

- (a) preserve and maintain all of FSU's Permits;
- (b) pay all debts, Taxes and other obligations when due;
- (c) maintain the properties and assets owned, operated or used by FSU in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;
- (d) continue in full force and effect without modification all Insurance Policies, except as required by applicable Law;
- (e) defend and protect FSU's properties and assets from infringement or usurpation;
- (f) perform all of its obligations under all Contracts relating to or affecting FSU's properties, assets or business;
- (g) maintain FSU's books and records in accordance with past practice;
- (h) comply in all material respects with all applicable Laws; and
- (i) not take or permit any action that would cause any of the changes, events or conditions described in **Section 3.09** to occur.

Section 5.02 Access to Information. From the date hereof until the Closing, Parent shall (and shall cause FSU to) (a) afford UIM and its Representatives full and free access to and the right to inspect, during normal business hours and upon reasonable notice to Parent and FSU, and in a manner so as not to interfere with normal business operations, all of the Real Property, properties, assets, premises, books and records, Contracts and other documents and data related to FSU; (b) furnish UIM and its Representatives with such financial, operating and other data and information related to FSU as UIM or any of its Representatives may reasonably request; and (c) instruct the Representatives of FSU to cooperate with UIM in its investigation of FSU. Any investigation pursuant to this **Section 5.02** shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of FSU. No investigation by UIM or other information received by UIM shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Parent or FSU in this Agreement.

Section 5.03 FSU Member Consent. Within fifteen (15) days following the execution of this Agreement, FSU shall present the Merger for approval to the FSU Member, and FSU Member shall obtain the Requisite Member Vote within fifteen (15) days after receiving the Merger for approval from FSU (the "**Written Consent**"). Parent shall notify UIM of the Requisite Member Vote within the time period required by the FRLLC.

Section 5.04 Notice of Certain Events.

(a) From the date hereof until the Closing, FSU shall promptly notify UIM in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by FSU hereunder not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in **Section 7.02** to be satisfied;

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and any Actions commenced or, to FSU's Knowledge, threatened against, relating to or involving or otherwise affecting FSU that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 3.18 or that relates to the consummation of the transactions contemplated by this Agreement.

(b) Parent's receipt of information pursuant to this **Section 5.04** shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by FSU in this Agreement (including **Section 9.01(b)**) and shall not be deemed to amend or supplement the Disclosure Schedules.

Section 5.05 Resignations. After signing this Agreement but prior to the Closing, Parent will coordinate and implement the resignation of the officers, managers and directors of FSU at and after the Effective Time.

Section 5.06 Governmental Approvals and Consents.

(a) Under and in accordance with the direction, management and guidance of Parent, FSU, UIM and their Representatives, each party hereto shall, as promptly as possible, (i) make, or cause or be made, all filings, applications and submissions required under any Law applicable to such party or any of its Affiliates; (ii) use reasonable best efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement and the Ancillary Documents, including without limitation the Insurance Approvals or anything else set forth in **Section 3.03** of the Disclosure Schedules; and (iii) pay all amounts required to be paid by it in connection with obtaining any consents, authorizations, orders and approvals that it is required to obtain. Parent shall be responsible for filing and seeking approval of a Form A application with the Hawaii Insurance Division, as well as any filing or application that Parent is obligated or elects to make with the Louisiana Department of Insurance, and shall be entitled to conduct and coordinate submissions and communications with such in connection therewith, and Parent shall (and shall cause FSU and FSIC to) cooperate in such activities and request prompt approval of said application. Parent and FSU shall provide each other with a reasonable opportunity to review and comment upon submissions made to the Applicable Insurance Departments in connection with the Insurance Approvals, keep one another reasonably informed of developments relating to their efforts to obtain such Insurance Approvals, and otherwise cooperate fully with the other parties and their Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals. FSH

shall not (and shall cause FSIC and FSU not to) enter into or agree to any regulatory restrictions or arrangements which as a result would materially alter FSU's licensing or regulatory status in any state without first obtaining Parent's express written consent thereto, which consent may be granted or withheld in Parent's sole discretion. The parties hereto shall not (and FSH shall cause FSU and FSIC not to) willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

(b) FSU and Parent shall use reasonable best efforts to give all notices to, and obtain all consents from, all third parties that are described in **Section 3.02** and **Section 4.02** of the Disclosure Schedules.

(c) Without limiting the generality of the parties' undertakings pursuant to subsections (a) and (b) above, each of the parties hereto shall use all reasonable best efforts to:

(i) respond to any inquiries by any Governmental Authority regarding antitrust or other matters with respect to the transactions contemplated by this Agreement or any Ancillary Document;

(ii) avoid the imposition of any order or the taking of any action that would restrain, alter or enjoin the transactions contemplated by this Agreement or any Ancillary Document; and

(iii) in the event any Governmental Order adversely affecting the ability of the parties to consummate the transactions contemplated by this Agreement or any Ancillary Document has been issued, to have such Governmental Order vacated or lifted.

(b) All analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of either party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between FSU and Governmental Authorities in the ordinary course of business, any disclosure which is not permitted by Law or any disclosure containing confidential information) shall be disclosed to the other party hereunder in advance of any filing, submission or attendance, it being the intent that the parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals. Each party shall give notice to the other party with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other party with the opportunity to attend and participate in such meeting, discussion, appearance or contact.

(c) Notwithstanding the foregoing, nothing in this **Section 5.06** shall require, or be construed to require, FSU to agree to (i) sell, hold, divest, discontinue or limit, before or after the Closing Date, any assets, businesses or interests of FSU or any of its Affiliates; (ii) any conditions relating to, or changes or restrictions in, the operations of any such assets, businesses or interests which, in either case, could reasonably be expected to result in a Material Adverse Effect or materially and adversely impact the economic or business benefits to FSU of the transactions contemplated by this Agreement; or (iii) any material modification or waiver of the terms and conditions of this Agreement.

Section 5.07 Closing Conditions. From the date hereof until the Closing, each party hereto shall use reasonable best efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in **Article VII** hereof.

Section 5.08 Public Announcements. Unless otherwise required by applicable Law or regulatory requirements (based upon the reasonable advice of counsel), no party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party

(which consent shall not be unreasonably withheld or delayed), and the parties shall cooperate as to the timing and contents of any such announcement.

Section 5.09 Further Assurances. At and after the Effective Time, the managing member, managers and officers of the Surviving Entity shall be authorized to execute and deliver, in the name and behalf of FSU, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of FSU, any other actions and things to vest, perfect or confirm of record or otherwise in the Surviving Entity any and all right, title and interest in, to and under any of the rights, properties or assets of FSH acquired or to be acquired by the Surviving Entity as a result of, or in connection with, the Merger.

Section 5.10 Distribution Prior to Closing. Notwithstanding anything to the contrary in this Agreement, FSU shall be permitted to make a one-time cash distribution to FSIC of \$1,559,106.15.

Section 5.11 Transfers of FSU Interests Prior to Closing. Notwithstanding anything to the contrary in this Agreement, FSU Member shall not be permitted to transfer FSH Interests to others prior to Closing.

Section 5.12 Employee Matters. Within twenty (20) days following the execution of this Agreement, UIM shall notify FSU of the employees, independent contractors or consultants of FSU that it intends to retain after Closing.

ARTICLE VI TAX MATTERS

Section 6.01 Tax Covenants.

(a) Without the prior written consent of Parent, prior to the Closing, FSU, their Representatives, and the FSU Member shall not make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax Liability or reducing any Tax asset of Parent or the Surviving Entity in respect of any Post-Closing Tax Period.

(b) All transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the Ancillary Documents (including any real property transfer Tax and any other similar Tax) shall be borne and paid by FSU when due.

ARTICLE VII CONDITIONS TO CLOSING

Section 7.01 Conditions to Obligations of All Parties. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) This Agreement shall have been duly approved by the Requisite Member Vote and the Merger shall have been approved in accordance with the FRLICA.

(b) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(c) All consents, authorizations, orders and approvals (including the Insurance Approvals and any others set forth in **Section 3.03** of the Disclosure Schedules) from the Governmental Authorities, as described in **Section 3.03**, shall have been received, in form and substance reasonably

satisfactory to Parent and FSH, and no such consent, authorization, order and approval shall have been revoked.

Section 7.02 Conditions to Obligations of FSU. The obligations of FSU to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or FSU's waiver, at or prior to the Closing, of each of the following conditions:

(a) Other than the representations and warranties of FSU contained in **Section 3.01**, **Section 3.02(a)**, **Section 3.04**, **Section 3.06** and **Section 3.28**, the representations and warranties of FSU contained in this Agreement, the Ancillary Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The representations and warranties of FSU contained in **Section 3.01**, **Section 3.02(a)**, **Section 3.04**, **Section 3.06** and **Section 3.28** shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b) FSU shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Ancillary Documents to be performed or complied with by it prior to or on the Closing Date; *provided, that*, with respect to agreements, covenants and conditions that are qualified by materiality, FSU shall have performed such agreements, covenants and conditions, as so qualified, in all respects.

(c) Each of FSU's Insurance Licenses shall be in full force and effect, with no adverse change in the status thereof as compared to the date of this Agreement, and FSU shall be authorized to transact business in the lines and states indicated on **Section 7.02(c)** of the Disclosure Schedules.

(d) All Insurance shall have been received without any limitations, restrictions or conditions, and otherwise on terms, satisfactory to Parent, and shall be consistent with this Agreement and all Ancillary Agreements.

(e) No Action shall have been commenced against FSU, which would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transaction contemplated hereby.

(f) All approvals, consents and waivers that are listed on **Section 3.02** of the Disclosure Schedules shall have been received, and executed counterparts thereof shall have been delivered to Parent at or prior to the Closing.

(g) From the date of this Agreement, there shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.

(h) FSU shall have obtained releases of all Encumbrances, guarantees, mortgages and deeds of trusts securing FSU's or any of their Affiliates' Indebtedness for borrowed money and encumbering the assets of FSU and any guarantees given by FSU with respect to FSU's or any of their Affiliates' Indebtedness for borrowed money.

(i) FSU shall have delivered each of the closing deliverables set forth in **Section 2.03(a)**.

Section 7.03 Conditions to Obligations of UIM. The obligations of UIM to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or UIM's waiver, at or prior to the Closing, of each of the following conditions:

(a) Other than the representations and warranties of UIM contained in **Section 4.01** and **Section 4.03**, the representations and warranties of UIM contained in this Agreement, the Ancillary Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The representations and warranties of UIM contained in **Section 4.01** and **Section 4.03** shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date.

(b) UIM shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Ancillary Documents to be performed or complied with by them prior to or on the Closing Date; *provided, that*, with respect to agreements, covenants and conditions that are qualified by materiality, UIM shall have performed such agreements, covenants and conditions, as so qualified, in all respects.

(c) No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(d) All approvals, consents and waivers that are listed on **Section 4.02** of the Disclosure Schedules shall have been received, and executed counterparts thereof shall have been delivered to FSH at or prior to the Closing.

(e) UIM shall have delivered each of the closing deliverables set forth in **Section 2.03(b)**.

ARTICLE VIII INDEMNIFICATION

Section 8.01 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein (other than any representations or warranties contained in **Section 3.23** which are subject to **Article VI**) shall survive the Closing and shall remain in full force and effect until the date that is one (1) year after the Closing Date; *provided, that* the representations and warranties in **Section 3.01**, **Section 3.02(a)**, **Section 3.04**, **Section 3.28**, **Section 4.01** and **Section 4.03** shall survive indefinitely. All covenants and agreements of the parties contained herein (other than any covenants or agreements contained in **Article VI** which are subject to **Article VI**) shall survive the Closing indefinitely or for the period explicitly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the Indemnified Party to the Indemnifying Party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

ARTICLE IX TERMINATION

Section 9.01 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of UIM, FSU and Parent;

Section 9.02 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except:

- (a) as set forth in this Article IX and Article X hereof; and
- (b) that nothing herein shall relieve any party hereto from liability for any breach of any provision hereof.

ARTICLE X MISCELLANEOUS

Section 10.01 Member Representative.

(a) As a result of the approval of this Agreement and the transactions contemplated hereby by the Requisite Member Vote or by executing and delivering a Letter of Transmittal, Parent shall have irrevocably authorized and appointed Member Representative as FSU's representative and attorney-in-fact to act on behalf of FSU with respect to this Agreement and to take any and all actions and make any decisions required or permitted to be taken by Member Representative pursuant to this Agreement, including the exercise of the power to:

- (i) give and receive notices and communications;
- (ii) authorize delivery to Parent of Merger Consideration in satisfaction of any amounts owed to Parent hereunder or in satisfaction of claims for indemnification made by Parent hereunder;
- (iii) agree to, negotiate, enter into settlements and compromises of, and comply with orders of courts with respect to claims for indemnification made by Parent pursuant to Article VI and Article VIII;
- (iv) litigate, arbitrate, resolve, settle or compromise any claim for indemnification pursuant to Article VI and Article VIII;
- (v) execute and deliver all documents necessary or desirable to carry out the intent of this Agreement and any Ancillary Document;
- (vi) make all elections or decisions contemplated by this Agreement and any Ancillary Document;
- (vii) engage, employ or appoint any agents or representatives (including attorneys, accountants and consultants) to assist Member Representative in complying with its duties and obligations; and
- (viii) take all actions necessary or appropriate in the good faith judgment of Member Representative for the accomplishment of the foregoing.

UIM shall be entitled to deal exclusively with Member Representative on all matters relating to this Agreement (including **Article VIII**) and shall be entitled to rely conclusively (without further evidence of any kind whatsoever) on any document executed or purported to be executed on behalf of FSU Member by Member Representative, and on any other action taken or purported to be taken on behalf of FSU Member by Member Representative, as being fully binding upon such Person. Notices or communications to or from Member Representative shall constitute notice to or from the FSU Members. Any decision or action by Member Representative hereunder, including any agreement between Member Representative and Parent relating to the defense, payment or settlement of any claims for indemnification hereunder, shall constitute a decision or action of the FSU Member and shall be final, binding and conclusive upon each such Person. FSU Member shall have no right to object to, dissent from, protest or otherwise contest the same. The provisions of this Section, including the power of attorney granted hereby, are independent and severable, are irrevocable and coupled with an interest

and shall not be terminated by any act of the FSU Member, or by operation of Law, whether by death or other event.

(b) Member Representative may resign at any time, and may be removed for any reason or no reason by the vote or written consent of the FSU Member; *provided, however*, in no event shall Member Representative resign or be removed without FSU Member having first appointed a new Member Representative who shall assume such duties immediately upon the resignation or removal of Member Representative. In the event of the death, incapacity, resignation or removal of Member Representative, a new Member Representative shall be appointed by the vote or written consent of the FSU Member, such appointment to be effective upon the later of the date indicated in such consent; *provided*, that until such notice is received, UIM shall be entitled to rely on the decisions and actions of the prior Member Representative as described in **Section 10.01(a)** above.

(c) Member Representative shall not be liable to the FSU Member for actions taken pursuant to this Agreement, except to the extent such actions shall have been determined by a court of competent jurisdiction to have constituted gross negligence or involved fraud, intentional misconduct or bad faith (it being understood that any act done or omitted pursuant to the advice of counsel, accountants and other professionals and experts retained by Member Representative shall be conclusive evidence of good faith). The FSU Member shall indemnify and hold harmless Member Representative from and against, compensate it for, reimburse it for and pay any and all losses, liabilities, claims, actions, damages and expenses, including reasonable attorneys' fees and disbursements, arising out of and in connection with its activities as Member Representative under this Agreement (the "**Representative Losses**"). in each case as such Representative Loss is suffered or incurred; *provided*, that in the event it is finally adjudicated that a Representative Loss or any portion thereof was primarily caused by the gross negligence, fraud, intentional misconduct or bad faith of Member Representative, Member Representative shall reimburse the FSU Member the amount of such indemnified Representative Loss attributable to such gross negligence, fraud, intentional misconduct or bad faith. The Representative Losses shall be satisfied by Member Representative on behalf of the FSU Member.

Section 10.02 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

Section 10.03 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 10.03**):

If to UIM:	United Insurance Management, LLC
	360 Central Ave., Suite 900
	St. Petersburg, Florida 33701
	Facsimile: 727.280.4168
	E-mail: ksalmon@upcinsurance.com
	Attention: Kimberly A. Salmon, General Counsel & Chief Legal Officer

If to Parent: Family Security Holdings, LLC.
360 Central Ave., Suite 900
St. Petersburg, Florida 33701
Facsimile: 727.280.4168
E-mail: ksalmon@upcinsurance.com
Attention: Kimberly A. Salmon, General
Counsel & Chief Legal Officer

If to FSU Family Security Underwriters, LLC
360 Central Ave., Suite 900
St. Petersburg, Florida 33701
Facsimile: 727.280.4168
E-mail: ksalmon@upcinsurance.com
Attention: Kimberly A. Salmon, General
Counsel & Chief Legal Officer

Section 10.04 Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 10.05 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 10.06 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 10.07 Entire Agreement. This Agreement and the Ancillary Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter

contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the Ancillary Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 10.08 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 10.09 No Third-party Beneficiaries. Except as provided in **Section 5.12** and **Article VIII**, 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 or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.10 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by Parent, FSU and UIM at any time prior to the Effective Time.

Section 10.11 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Florida without giving effect to any choice or conflict of law provision or rule (whether of the State of Florida or any other jurisdiction).

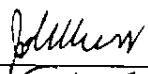
Section 10.12 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 10.13 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

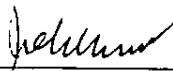
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.


FAMILY SECURITY
HOLDINGS, LLC

By: 
Name: John Forney
Title: CEO

FAMILY SECURITY
UNDERWRITERS, LLC

By: 
Name: John Forney
Title: CEO

UNITED INSURANCE MANAGEMENT, L.C.

By: 
Name: John Forney
Title: CEO