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12/19/08

COVER LETTER

TO: Amendment Section
Division of Corporations

SUBJECT: Affirmative Insurance Services, Inc.
(Name of Surviving Corporation)

The enclosed Articles of Merger and fee are submitted for filing.

Please return all correspondence concerning this matter to following:

Leslie Deneen
(Contact Person)

Affirmative Insurance
(Firm/Company)

150 Harvester Drive, Suite 300
(Address)

Burr Ridge, IL 60527
(City/State and Zip Code)

For further information concerning this matter, please call:

Leslie Deneen At (630) 560-7785
(Name of Contact Person) (Area Code & Daytime Telephone Number)

☐ Certified copy (optional) \$8.75 (Please send an additional copy of your document if a certified copy is requested)

STREET ADDRESS:
Amendment Section
Division of Corporations
Clifton Building
2661 Executive Center Circle
Tallahassee, Florida 32301

MAILING ADDRESS:
Amendment Section
Division of Corporations
P.O. Box 6327
Tallahassee, Florida 32314

ARTICLES OF MERGER

(Profit Corporations)

The following articles of merger are submitted in accordance with the Florida Business Corporation Act, pursuant to section 607.1105, Florida Statutes.

First: The name and jurisdiction of the **surviving** corporation:

<u>Name</u>	<u>Jurisdiction</u>	<u>Document Number</u> (If known/ applicable)
Affirmative Insurance Services, Inc.	Texas	154184200

Second: The name and jurisdiction of each **merging** corporation:

<u>Name</u>	<u>Jurisdiction</u>	<u>Document Number</u> (If known/ applicable)
Affirmative Insurance Services of Texas, Inc.	Texas	154184200
Affirmative Insurance Services of Florida, Inc.	Florida	P93000009469
Affirmative Insurance Services of Illinois, Inc.	Illinois	63236128
Affirmative Insurance Services of SC, Inc.	South Carolina	103592

Third: The Plan of Merger is attached.

Fourth: The merger shall become effective on the date the Articles of Merger are filed with the Florida Department of State.

OR ____/____/____ (Enter a specific date. NOTE: An effective date cannot be prior to the date of filing or more than 90 days after merger file date.)

Fifth: Adoption of Merger by **surviving** corporation - (COMPLETE ONLY ONE STATEMENT)

The Plan of Merger was adopted by the shareholders of the surviving corporation on December 10, 2008

The Plan of Merger was adopted by the board of directors of the surviving corporation on _____ and shareholder approval was not required.

Sixth: Adoption of Merger by **merging** corporation(s) (COMPLETE ONLY ONE STATEMENT)

The Plan of Merger was adopted by the shareholders of the merging corporation(s) on December 10, 2008

The Plan of Merger was adopted by the board of directors of the merging corporation(s) on _____ and shareholder approval was not required.

(Attach additional sheets if necessary)

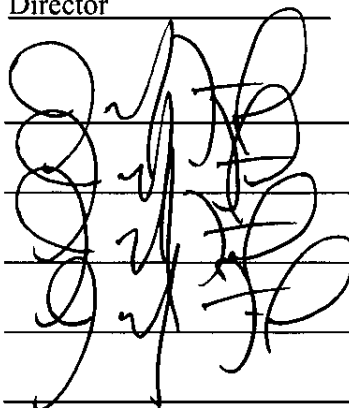
Seventh: SIGNATURES FOR EACH CORPORATION

Name of Corporation

Signature of an Officer or
Director

Typed or Printed Name of Individual & Title

AIS of TX, Inc.

A large, stylized handwritten signature in black ink, appearing to read 'J. G. Fisher', is written across the first four rows of the signature column.

Joseph G. Fisher, Secretary

AIS of FL, Inc.

Joseph G. Fisher, Secretary

AIS of IL, Inc.

Joseph G. Fisher, Secretary

AIS of SC, Inc.

Joseph G. Fisher, Secretary

UNANIMOUS WRITTEN CONSENT OF THE BOARD OF DIRECTORS OF
AFFIRMATIVE INSURANCE SERVICES OF TEXAS, INC., AFFIRMATIVE
INSURANCE SERVICES OF ILLINOIS, INC., AFFIRMATIVE INSURANCE
SERVICES OF SOUTH CAROLINA, INC. AND AFFIRMATIVE INSURANCE
SERVICES OF FLORIDA, INC.

Acting by unanimous written consent, pursuant to and with the effect provided in (i) Sections 6.201 and 6.204 of the Texas Business Organizations Code, (ii) Section 607.0821 of the Florida Business Corporations Act, (iii) Section 5/8.45 of the Illinois Business Corporations Act and (iv) Section 33-8-210 of South Carolina Code of Laws, and waiving all notice of any actions taken hereunder, the undersigned, being all of the Directors of (respectively) **Affirmative Insurance Services of Texas, Inc.**, a Texas corporation ("**AIS Texas**"), **Affirmative Insurance Services of Florida, Inc.**, a Florida corporation ("**AIS FL**"), **Affirmative Insurance Services of Illinois, Inc.**, an Illinois corporation ("**AIS IL**") and **Affirmative Insurance Services of South Carolina, Inc.**, a South Carolina corporation ("**AIS SC**") (each of AIS Texas, AIS FL, AIS IL and AIS SC individually, a "**Corporation**" and collectively, the "**Corporations**"), consents to and adopts the following resolutions:

RESOLVED, that it is deemed advisable in the judgment of the board of directors that the Corporations should be merged pursuant to the Agreement and Plan of Merger that is attached hereto as Exhibit "A"; and

RESOLVED FURTHER, that the board of directors of each Corporation seek and obtain the written consent of each respective Corporation's sole stockholder approving said merger on the terms set forth in the attached Agreement and Plan of Merger; and

RESOLVED FURTHER, that the proper officers of each Corporation, upon the written consent of the sole stockholder of each Corporation to the proposed merger transaction, in accordance with the provisions of: (1) Sections 6.201 and 6.204 of the Texas Business Organizations Code, (2) Section 607.0704 of the Florida Business Corporations Act, (3) Sections 5/7.10 and 5/11.20 of the Illinois Business Corporations Act and (4) Section 33-7-104 of the South Carolina Code of Laws (the sole stockholder of each Corporation in each instance having the voting power to consent in writing to the merger), be and hereby are authorized to prepare, file and/or execute: (a) a certificate or articles of merger and consolidation with the Secretary of States of each state in which a Corporation is incorporated or otherwise qualified to do business, (b) the related Agreement and Plan of Merger, and (c) any other documentation deemed necessary or appropriate by said officers in order to effectuate the foregoing merger transaction.

Effective this 10th day of December 2008.

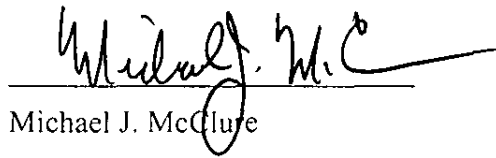
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"Director"

A handwritten signature in cursive script, appearing to read "M. Sean McPadden", written over a horizontal line.

M. Sean McPadden

"Director"

A handwritten signature in cursive script, appearing to read "Michael J. McClure", written over a horizontal line.

Michael J. McClure

Being all of the directors of each of the Corporations.

WRITTEN CONSENT OF THE SOLE SHAREHOLDER OF AFFIRMATIVE
INSURANCE SERVICES OF TEXAS, INC., AFFIRMATIVE INSURANCE
SERVICES OF ILLINOIS, INC., AFFIRMATIVE INSURANCE SERVICES OF
SOUTH CAROLINA, INC. AND AFFIRMATIVE INSURANCE SERVICES OF
FLORIDA, INC.

The undersigned, being all of the directors of **Affirmative Underwriting Services, Inc.** (the "**Corporation**"), the Corporation being the sole stockholder of **Affirmative Insurance Services of Texas, Inc.**, a Texas corporation ("**AIS Texas**"), **Affirmative Insurance Services of Illinois, Inc.**, an Illinois corporation ("**AIS IL**"), **Affirmative Insurance Services of South Carolina, Inc.**, a South Carolina corporation ("**AIS SC**") and **Affirmative Insurance Services of Florida, Inc.**, a Florida corporation ("**AIS FL**") (AIS Texas, AIS IL, AIS SC and AIS FL being collectively referred to herein as the "**Subsidiaries**"), herewith give our unanimous written consent, pursuant to Sections 6.201 and 6.204 of the Business Organizations Code of the State of Texas, on behalf of the Corporation, to the following resolutions:

RESOLVED, that it is deemed advisable in the unanimous judgment of the board of directors of the Corporation (the Corporation being the sole shareholder of each of the Subsidiaries), that each of AIS IL, AIS SC and AIS FL should be merged into and made a part of AIS Texas, pursuant to the terms and conditions set forth in that certain Agreement and Plan of Merger of even date herewith (the "Plan of Merger"), a copy of which being attached hereto as Exhibit "A"; and

RESOLVED FURTHER, that AIS Texas shall change its name from "Affirmative Insurance Services of Texas, Inc." to "Affirmative Insurance Services, Inc."; and

RESOLVED FURTHER, that the proper directors and officers of the respective Subsidiaries be and hereby are authorized to prepare, file and/or execute (i) a certificate or articles of merger or business combination with the Secretary of States of Texas, Illinois, South Carolina and Florida, as well as (ii) the Plan of Merger and (ii) any other documentation deemed necessary or appropriate by said directors or officers in order to effectuate the foregoing merger transaction.

Effective this 11th day of December 2008:

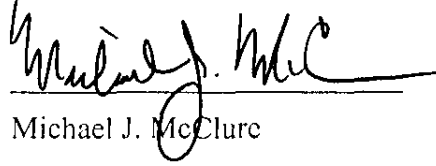
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"Director"

A handwritten signature in black ink, appearing to read "M. Sean McPadden", written over a horizontal line.

M. Sean McPadden

"Director"

A handwritten signature in black ink, appearing to read "Michael J. McClure", written over a horizontal line.

Michael J. McClure

Being all of the directors of Affirmative Underwriting Services, Inc., the sole shareholder of each of the aforelisted Subsidiaries.

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER dated as of December 10, 2008 (the "Agreement"), is entered into by and among: (i) **Affirmative Insurance Services of Texas, Inc.**, a Texas corporation ("AIS Texas"), **Affirmative Insurance Services of Illinois, Inc.**, an Illinois corporation ("AIS IL"), **Affirmative Insurance Services of Florida, Inc.**, a Florida corporation ("AIS FL") and **Affirmative Insurance Services of South Carolina, Inc.**, a South Carolina corporation ("AIS SC").

Recitals:

A. The respective Boards of Directors of AIS Texas, AIS IL, AIS FL and AIS SC have approved the business combination transaction provided for herein in which AIS IL, AIS FL and AIS SC would each merge with and into AIS Texas (the "**Merger**") on the terms and subject to the conditions set forth in this Agreement in order to combine all aforementioned entities into a single entity organized and existing under the laws of the state of Texas.

B. Pursuant to the Merger, each issued and outstanding share of AIS IL, AIS FL and AIS SC Common Stock (as defined below) will be converted into the right to receive the Merger Consideration (as defined below).

C. For Federal income tax purposes, it is intended that the Merger shall qualify as a reorganization within the meaning of Section 368(a)(1)(B) of the Internal Revenue Code of 1986, as amended (the "**Code**").

Agreement:

NOW, THEREFORE, in consideration of the premises and of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which being acknowledged by the parties hereto, the parties hereby agree as follows:

ARTICLE I - DEFINITIONS

Capitalized terms used in this Agreement are used as defined in this Article I or elsewhere in this Agreement.

"**AIS FL Common Stock**" means shares of Affirmative Insurance Services of Florida, Inc.'s Common Stock, \$.01 par value.

"**AIS IL Common Stock**" means shares of Affirmative Insurance Services of Illinois, Inc.'s Common Stock, \$.01 par value.

"**AIS SC Common Stock**" means shares of Affirmative Insurance Services of South Carolina, Inc.'s Common Stock, \$.01 par value.

"**AIS Texas Common Stock**" means shares of Affirmative Insurance Services of Texas, Inc.'s Common Stock, \$.01 par value.

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

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

"**Effective Time**" has the meaning set forth in Section 2.03.

"**FBCA**" means the Florida Business Corporations Act, as amended.

"**ILBCA**" means the Illinois Business Corporations Act, as amended.

"**Merger Consideration**" means, in respect of each share of: (i) AIS FL Common Stock, (ii) AIS IL Common Stock and (iii) AIS SC Common Stock, the right to receive one (1) fully-paid and non-assessable share of AIS Texas Common Stock.

"**SCCL**" means the South Carolina Code of Laws, as amended.

"**Surviving Corporation**" means, upon effectiveness of the Merger, AIS Texas.

"**TBOC**" means the Texas Business Organizations Code, as amended.

ARTICLE II - THE MERGER

2.01 The Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the FBCA, ILBCA, SCCL and TBOC, AIS FL, AIS IL and AIS SC shall be merged with and into AIS Texas at the Effective Time of the Merger. Following the Merger, the separate corporate existences of AIS FL, AIS IL and AIS SC shall cease and AIS Texas shall continue as the surviving corporation and shall succeed to and assume all the rights and obligations of AIS FL, AIS IL and AIS SC in accordance with the FBCA, ILBCA, SCCL and TBOC.

2.02 Closing. The Closing of the Merger (the "**Closing**") will take place at 150 Harvester Drive, Suite 300, Burr Ridge, Illinois 60527 at 10:00 a.m. or on another date to be mutually agreed upon between the parties (the date of the Closing being referred to herein as the "**Closing Date**"). At the Closing: (a) the Certificates required by Article III shall be delivered, (b) the appropriate officers of AIS FL, AIS IL, AIS SC and AIS Texas shall execute and acknowledge the Certificate of Merger (as described below), and (c) the parties shall take such further action as is required to consummate the transactions described in this Agreement and the Certificate of Merger.

2.03 Effective Time. As soon as practicable on or after the Closing Date, the parties shall file certificates or articles of merger substantially in the forms set forth in Exhibit

"A" hereto (the "**Certificates of Merger**") executed in accordance with the relevant provisions of the FBCA, ILBCA, SCCL and TBOC and shall make all other filings or recordings required under the FBCA, ILBCA, SCCL and TBOC. The Merger shall become effective upon the last to occur of the filing of the Certificate of Merger with the Florida Secretary of State, Illinois Secretary of State, South Carolina Secretary of State or the Texas Secretary of State (the time the Merger becomes effective being the "**Effective Time**" of the Merger).

2.04 Effects of the Merger. The Merger shall have the effects set forth in Section 607.1106 of the FBCA, Section 5/11.50 of the ILBCA, Section 33-11-106 of the SCCL and Section 10.008 of the TBOC.

2.05 Certificate of Incorporation and By-laws.

(a) The Certificate of Incorporation of AIS Texas as in effect at the Effective Time shall be the Certificate of Incorporation of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable law, except that, immediately upon the filing of the Certificate of Merger with the Secretary of State of Texas, AIS Texas shall change its name from "**Affirmative Insurance Services of Texas, Inc.**" to "**Affirmative Insurance Services, Inc.**"

(b) The By-laws of AIS Texas as in effect at the Effective Time of the Merger shall be the By-laws of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable law.

2.06 Directors. The directors of AIS Texas at the Effective Time of the Merger shall be the directors of the Surviving Corporation until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

2.07 Officers. The officers of AIS Texas at the Effective Time of the Merger shall be the officers of the Surviving Corporation until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

ARTICLE III - EFFECT OF MERGER ON CAPITAL STOCK OF THE PARTIES; EXCHANGE OF CERTIFICATES

3.01 Effect on Capital Stock. As of the Effective Time of the Merger, by virtue of the Merger and without any action on the part of the holder of any shares of capital stock of AIS FL, AIS IL or AIS SC, or any shares of capital stock of AIS Texas, the following shall occur:

(a) Conversion of AIS FL, AIS IL and AIS SC Common Stock Into Shares of AIS Texas Common Stock. Each share of AIS FL Common Stock, AIS IL Common Stock and AIS SC Common Stock issued and outstanding as of the Effective Time of the

Merger shall be converted into the right to receive the Merger Consideration. As of the Effective Time of the Merger, all shares of AIS FL Common Stock, AIS IL Common Stock and AIS SC Common Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a certificate representing any shares of AIS FL Common Stock, AIS IL Common Stock or AIS SC Common Stock shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration in exchange therefor.

(b) Cancellation of Treasury Stock. All shares of AIS FL Common Stock, AIS IL Common Stock and AIS SC Common Stock (if any), that are owned as treasury stock as of the Effective Time of the Merger shall be canceled and retired and shall cease to exist and no capital stock of AIS Texas or other consideration shall be delivered in exchange therefor.

3.02 Exchange of Certificates; Payment of Merger Consideration. Each holder of record of a certificate or certificates that immediately prior to the Effective Time of the Merger represented issued and outstanding shares of AIS FL Common Stock, AIS IL Common Stock or AIS SC Common Stock (the "**Certificates**") whose shares were converted into the right to receive the Merger Consideration pursuant to Section 3.01 shall surrender such Certificates for cancellation to AIS Texas, duly executed, and immediately following the Effective Time. AIS Texas shall issue to such holder in exchange therefor a certificate representing the number of shares of AIS Texas Common Stock that such holder has the right to receive pursuant to the provisions of Section 3.01. Upon payment of the Merger Consideration, the Certificates so surrendered shall forthwith be canceled.

3.03 Shareholder Approval. To the extent required under the FBCA, ILBCA, SCCL and TBOC, each party, acting through its respective Board of Directors, shall as soon as practicable after the date hereof, duly call, prepare and give written notice of, convene and hold a special meeting of its shareholders for the purpose of considering and taking action upon this Agreement and all transactions contemplated hereby; provided, however, that such shareholder action may be taken pursuant to a written consent in lieu of a special meeting.

3.04 Fees and Franchise Taxes. AIS Texas shall be responsible for the payment of all fees and franchise taxes and will be obligated to pay such fees and franchise taxes if the same are not timely paid.


[The remainder of this page has been intentionally left blank.]

EXECUTED as of the date first written above.

Affirmative Insurance Services of Illinois,
Inc.

By: 
Its: W.J. McC
EVP & CFO

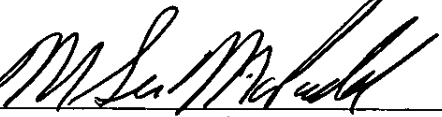
Affirmative Insurance Services of Texas,
Inc.

By: 
Its: M. S. McC
President

Affirmative Insurance Services of South
Carolina, Inc.

By: 
Its: W.J. McC
EVP & CFO

Affirmative Insurance Services of Florida,
Inc.

By: 
Its: M. S. McC
President