Execution Copy

STOCK PURCHASE AGREEMENT

AMONG

WINTERTHUR SCHWEIZERISCHE VERSICHERUNGS-GESELLSCHAFT,

QBE REINSURANCE CORPORATION

AND

QBE INSURANCE GROUP LIMITED

DATED AS OF JANUARY 4, 2007

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STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated as of January 4, 2007 (this "Agreement"), among Winterthur Schweizerische Versicherungs-Gesellschaft, a Swiss stock corporation (*Aktiengesellschaft*) ("Seller"), QBE Reinsurance Corporation, a Pennsylvania stock corporation ("Buyer"), and QBE Insurance Group Limited, an Australian stock corporation ("Buyer Parent").

WHEREAS, Seller owns all of the issued and outstanding shares of capital stock of Winterthur U.S. Holdings, Inc., a Delaware corporation (the "Company"); and

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Shares (as defined below), on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained in this Agreement, and of the mutual benefits to be derived from this Agreement, the parties agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. For purposes of this Agreement, the following terms shall have the respective meanings set forth below:

"affiliate" of any Person means another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person. For purposes of this definition, "control" (including its correlative meanings "controlled by" and "under common control with") shall mean possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership or securities or partnership or other ownership interests, by contract or otherwise).

"After-Acquired Business" has the meaning set forth in Section 4.14(b).

"After-Acquired Company" has the meaning set forth in Section 4.14(b).

"Agents" has the meaning set forth in Section 3.1(bb).

"Agreement" has the meaning set forth in the introductory paragraph of this Agreement.

"AXA Acquisition" means the transactions contemplated by the Share Purchase Agreement, dated June 13, 2006, by and between Credit Suisse Group and AXA.

"Business Day" means any day other than a Saturday, Sunday or other day on which banking institutions in the City of New York, New York are required or authorized by law or executive order to be closed.

"Buyer" has the meaning set forth in the introductory paragraph of this Agreement.

"Buyer Employee Benefit Plans" has the meaning set forth in Section 5.3.

"Buyer Parent" has the meaning set forth in the introductory paragraph of this Agreement.

"Closing" has the meaning set forth in Section 2.2.

"Closing Date" has the meaning set forth in Section 2.2.

"COBRA" means Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Code or other similar state law.

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

"Company" has the meaning set forth in the first "Whereas" clause of this Agreement.

"Company Affiliated Group" means each affiliated, combined, consolidated or unitary group of which the Company or any of its Subsidiaries is currently a member.

"Company Disputed Tax Positions" has the meaning set forth in Section 9.2.

"Company Employee Benefit Plan" means each Employee Benefit Plan which is or was sponsored, maintained or contributed to, or required to be contributed to, by the Company, any Subsidiary of the Company or any ERISA Affiliate for the benefit of any current or former employee, director or consultant of the Company or any Subsidiary of the Company and, in each case, for which the Company or any Subsidiary of the Company has, or could reasonably be expected to have, any present or future liability.

"Company Material Adverse Effect" means any effect, circumstance, change or development that, individually or in the aggregate, with other effects circumstances, changes or developments has a material adverse effect on the financial condition, business operations or results of operations of the Company and its Subsidiaries, taken as a whole, but shall exclude any adverse effect resulting from, arising out of or relating to: (i) changes in general economic or market conditions (including changes in interest rates), except to the extent such changes negatively affect the Company and its Subsidiaries in a materially disproportionate manner relative to other participants in the segments of the property and casualty insurance industry in which the Company and its Subsidiaries participate; (ii) any occurrence or condition generally affecting any segment of the property and casualty insurance or reinsurance industry in which the Company or any of its Subsidiaries participates (including natural catastrophe events, hostility and terrorism and any change or proposed change in GAAP, SAP, law or regulations), except to the extent such occurrence or condition negatively affects the Company and its Subsidiaries in a materially disproportionate manner relative to other participants in the segments of the property and casualty insurance industry in which the Company and its

Subsidiaries participate; (iii) any change in the value of the investment portfolios of the Company and its Subsidiaries following the date hereof as a result of a decrease in the credit quality of any of the investments in such investment portfolios (provided such decrease is not attributable to the Company or its Subsidiaries having engaged in investment activities with respect to the investment portfolios of the Company or such Subsidiaries that breach any agreement with respect to such investment portfolios made by the Company herein) or changes in interest rates; (iv) any downgrade or potential downgrade of the financial strength, claims paying ability, insurance or other ratings of the Company or any of its Subsidiaries (it being agreed that the facts and circumstances giving rise to such downgrade or potential downgrade (other than any facts and circumstances that are the subject of subclauses (i), (ii), (iii) and (v) of this definition) may be taken into account in determining whether there has been a Company Material Adverse Effect); and (v) the negotiation, execution, delivery and performance of this Agreement, the consummation of the transactions contemplated by this Agreement or the public announcement of this Agreement or such transactions (including any occurrence or condition arising out of the identity of or facts relating to Buyer).

"Confidentiality Agreement" means the letter agreement dated August 30, 2006, between Buyer and Seller.

"Contracts" has the meaning set forth in Section 3.1(o).

"Debt Payment Amount" has the meaning set forth in Section 2.3(d).

"De Minimis Business" has the meaning set forth in Section 4.14(c).

"Descriptive Materials" has the meaning set forth in Section 11.9.

"Disclosed Taxes" means the amount of any liability for current Taxes accrued for or taken into account on the GAAP Financial Statements (rather than solely on the notes to such GAAP Financial Statements).

"Disclosure Schedule" means the Disclosure Schedule delivered in connection with, and constituting a part of, this Agreement.

"Employee" means each individual who immediately prior to the Closing is actively employed by the Company or any Subsidiary of the Company.

"Employee Benefit Plan" means each material written "employee benefit plan" (as defined in Section 3(3) of ERISA), bonus, incentive compensation, deferred compensation, phantom stock, equity-based, severance, change in control, retention, salary continuation, Section 125 plan, leave of absences, vacation pay, paid time off or other plan or agreement relating to compensation or fringe benefits.

"Environmental Laws" has the meaning set forth in Section 3.1(y).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any rules and regulations thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) (i) under common control within the meaning of Section 4001(b)(1) of ERISA with the Company or any Subsidiary of the Company or (ii) which together with the Company or any Subsidiary of the Company is treated as a single employer under Sections 414(b), (c), (m), (n) and (o) of the Code.

"Excluded Liabilities" means any Losses arising out of or resulting from (i) the Company's or any of its Subsidiaries' ownership or sale or disposition of (or reinsurance arrangements entered into in connection with such sale or disposition of) any Person formerly owned by the Company or its Subsidiaries, including the entities listed on Section 1.1(a) of the Disclosure Schedule, and (ii) the purchase, reinsurance and other agreements entered into in connection with any such sale or disposition, including those listed on Section 1.1(a) of the Disclosure Schedule.

"Existing Business Activities" has the meaning set forth in Section 4.14(c).

"Final Determination" means: (i) a decision, judgment, decree or other order by the United States Tax Court or any other court of competent jurisdiction that has become final and unappealable; or (ii) any other final settlement with the Internal Revenue Service or other Taxing Authority.

"Financial Services Business" has the meaning set forth in Section 4.14(c).

"GAAP" has the meaning set forth in Section 3.1(f).

"GAAP December Balance Sheet" has the meaning set forth in Section 3.1(f).

"GAAP Financial Statements" has the meaning set forth in Section 3.1(f).

"Governmental Entity" has the meaning set forth in Section 3.1(e).

"Guarantee" has the meaning set forth in Section 4.16(a).

"Guaranteed Obligations" has the meaning set forth in Section 4.16(a).

"Guaranteed Payments" has the meaning set forth in Section 4.16(a).

"HSR Act" has the meaning set forth in Section 3.1(e).

"Income Tax Return" means an income tax return required to be filed by the Company or its Subsidiaries under applicable state Tax law on which the Company and/or its Subsidiaries are required to report and calculate an amount of Tax due that is imposed upon the Company and/or its Subsidiaries' net taxable income.

"Indemnification Basket" has the meaning set forth in Section 8.1(a).

"Indemnification Cap" has the meaning set forth in Section 8.1(a).

"Indemnified Party" has the meaning set forth in Section 8.2(a).

"Indemnifying Party" has the meaning set forth in Section 8.2(a).

"Insurance Regulator" has the meaning set forth in Section 3.1(g).

"Insurance Subsidiaries" means the entities listed in Section 1.1(b) of the Disclosure Schedule.

"Intellectual Property" has the meaning set forth in Section 3.1(q).

"Interim GAAP Statements" has the meaning set forth in Section 3.1(f).

"Interim SAP Statements" has the meaning set forth in Section 3.1(g).

"Knowledge" means the actual knowledge after reasonable inquiry of (a) with respect to Seller, those persons listed in Section 1.1(c) of the Disclosure Schedule, and (b) with respect to Buyer, those persons listed in Section 1.1(d) of the Disclosure Schedule.

"Leased Real Property" has the meaning set forth in Section 3.1(s).

"Liens" has the meaning set forth in Section 3.1(b).

"Lost NOL Benefit" has the meaning set forth in Section 9.1(e).

"Losses" means any and all liabilities, claims, obligations, losses, costs, disbursements, penalties, fines, expenses (including reasonable attorneys', accountants' and other out-of-pocket professional fees and expenses incurred in the investigation, collection, prosecution or defense or any claims, whether or not involving any third party) and damages, but excluding lost profits or any punitive, exemplary, consequential or similar damages (other than lost profits or any punitive, exemplary, consequential or similar damages actually paid to a third party in a Third Party Claim).

"New York Court" has the meaning set forth in Section 11.7(b).

"Non-Insurance Subsidiaries" has the meaning set forth in Section 4.8(b)(i).

"Owned Real Property" has the meaning set forth in Section 3.1(s).

"PBGC" has the meaning set forth in Section 3.1(j)(iv).

"Permits" has the meaning set forth in Section 3.1(l).

"Permitted Liens" has the meaning set forth in Section 3.1(s).

"Person" means an individual, corporation, partnership (limited or general), joint venture, limited liability company, association, trust, unincorporated organization or other entity.

"Purchase Price" has the meaning set forth in Section 2.1.

"Purchaser Defense" has the meaning set forth in Section 4.16(g).

"Restricted Business" has the meaning set forth in Section 4.14(a).

"Revolving Loan Agreement" has the meaning set forth in Section 2.3(d).

"SAP" has the meaning set forth in Section 3.1(g).

"SAP Financial Statements" has the meaning set forth in Section 3.1(g).

"SAP December Financial Statements" has the meaning set forth in Section 3.1(g).

"Seller" has the meaning set forth in the introductory paragraph of this Agreement.

"Seller NOLs" means the sum of: (A) the net operating loss and net capital losses, if any, of the Company and its Subsidiaries for the Tax year ending on December 31, 2006 and (B) the aggregate and cumulative net operating loss carryforwards and net capital loss carryforwards of the Company and its Subsidiaries for all taxable periods ending on or before December 31, 2005.

"Seller Trademarks" has the meaning set forth in Section 4.8(a).

"Shares" has the meaning set forth in Section 3.1(b).

"Specified Matters" has the meaning set forth in Section 4.19(b).

"Subsidiary" of any Person means another Person 50% or more of the total combined voting power of all classes of capital stock or other voting interests of which, or 50% or more of the equity securities of which, is owned directly or indirectly by such first Person.

"Tax Contest" has the meaning set forth in Section 9.5(a).

"Tax Contest Expenses" has the meaning set forth in Section 9.1(a).

"Taxes" means all federal, state, local and foreign taxes of any kind, including those on or measured by or referred to as income, gross receipts, sales, use, ad valorem, franchise, profits, license, value added, property or windfall profits taxes, customs, duties or similar fees, assessments or charges of any kind whatsoever (whether payable directly or by withholding and whether or not requiring the filing of a Tax return), together with any interest and any penalties, additions to tax or additional amounts imposed by any Taxing Authority, domestic or foreign.

"Taxing Authority" means any Governmental Entity or other Person responsible for and having jurisdiction over, the administration of Taxes.

"Tax Losses" has the meaning set forth in Section 8.1(a).

"Term Loan Agreement" has the meaning set forth in Section 2.3(d).

"Third Party Claim" has the meaning set forth in Section 8.2(a).

"Trademark Insurance Subsidiary" has the meaning set forth in Section 4.8(b)(ii).

"Trademark License" has the meaning set forth in Section 4.8(a).

"Transferred Employee" means any Employee who immediately following the Closing (i) remains employed by the Company or any Subsidiary of the Company or (ii) becomes an employee of Buyer or any affiliate of Buyer.

"Winterthur Funds" means the (i) Winterthur US Fund L.P., (ii) Winterthur US Fund II L.P., (iii) Winterthur US Fund III L.P. and (iv) Winterthur U.S. Fund, Inc.

"Wire Transfer" means a payment in immediately available funds by wire transfer in lawful money of the United States of America to such account or accounts as shall have been designated by notice to the paying party.

ARTICLE II

PURCHASE OF THE SHARES

Section 2.1 Purchase and Sale. Upon the terms and subject to the conditions of this Agreement, at the Closing Seller shall sell all of the Shares to Buyer, and Buyer shall purchase all of the Shares from Seller, free and clear of all Liens, for an aggregate amount (the "Purchase Price") equal to $1,156,000,000.

Section 2.2 Closing. Unless this Agreement shall have been terminated pursuant to Section 10.1 and subject to the satisfaction or waiver of each of the conditions set forth in Article VI, the closing of the purchase and sale of the Shares (the "Closing") shall take place at 10:00 a.m. on the date that is the second Business Day following the date on which the last to be fulfilled or waived of the conditions set forth in Sections 6.1(a) and 6.1(b) shall be fulfilled or waived in accordance with this Agreement, at the offices of LeBoeuf, Lamb, Greene & MacRae LLP, 125 West 55th Street, New York, New York, unless another date, time or place is agreed to in writing by the parties hereto. The actual date and time of the Closing are herein referred to as the "Closing Date."

Section 2.3 Payment of Purchase Price; Delivery of Shares; Repayment of Certain Indebtedness. At the Closing:

(a) Buyer shall pay to Seller the Purchase Price by Wire Transfer;

(b) Seller shall deliver to Buyer the Shares, duly endorsed in blank or with stock powers or other proper instruments of assignment duly endorsed in blank, in proper form for transfer, with all appropriate stock transfer tax stamps affixed;

(c) Buyer shall either contribute to the capital of the Company or lend to the Company the Debt Payment Amount (as defined herein);

(d) Buyer shall cause the Company to prepay, satisfy and discharge all of the Company's obligations outstanding under (i) the Loan Agreement, dated as of January 1, 2002, between the Company and Seller (the "Term Loan Agreement") and (ii) the Revolving Loan Agreement, dated as of December 31, 1996, between the Company and Seller (the "Revolving Loan Agreement") by causing the Company to pay to Seller by Wire Transfer an amount (the "Debt Payment Amount") equal to the sum of (x) the aggregate principal amount outstanding under the Term Loan Agreement immediately prior to the Closing plus all accrued and unpaid interest thereon and (y) the aggregate principal amount outstanding under the Revolving Loan Agreement immediately prior to the Closing plus all accrued and unpaid interest thereon; and

(e) Seller shall deliver to Buyer a certificate signed by an executive officer of Seller certifying (i) receipt by Seller of the Debt Payment Amount, (ii) that all of the Company's obligations outstanding under the Term Loan Agreement and the Revolving Loan Agreement have been prepaid, satisfied and discharged and (iii) that the Term Loan Agreement and the Revolving Loan Agreement have been terminated and are of no further force or effect.

In order to facilitate the payment of the amounts set forth in Sections 2.3(c) and 2.3(d), Seller shall deliver to Buyer not less than three Business Days prior to the anticipated Closing Date a statement, prepared in good faith and certified by the chief financial officer of Seller, setting forth in reasonable detail the Debt Payment Amount and the method by which it was calculated.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of Seller. Seller represents and warrants to Buyer as follows:

(a) Organization, Standing and Corporate Power. Each of the Company and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized and has the requisite corporate power and authority to carry on its business as now being conducted. Each of the Company and its Subsidiaries is duly qualified to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification necessary, other than in such jurisdictions where the failure to be so qualified has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Seller has made available to Buyer true, correct and complete copies of the certificates of incorporation, charter, bylaws and other similar organizational documents of each of the Company and its Subsidiaries.

(b) Capital Structure; Certain Indebtedness. The authorized capital stock of the Company consists of 200 shares of common stock, par value $1.00 per share, all of which shares (the "Shares") are issued and outstanding. Except as set forth in the preceding sentence,

no shares of capital stock of the Company are issued, reserved for issuance or outstanding. Seller is the record and beneficial owner of the Shares, free and clear of all pledges, restrictions, claims, liens, charges, encumbrances and security interests of any kind (collectively, "Liens"). The Shares have been duly authorized and validly issued and are fully paid and non-assessable and not subject to, or issued in violation of any, preemptive rights. There are no shares of the Company's capital stock held in the Company's treasury. There are no outstanding options, warrants, conversion, exchange or other rights or agreements of any kind (other than this Agreement) for the purchase or acquisition from, or the sale or issuance by, Seller or any of its Subsidiaries of any shares of capital stock of the Company, and no authorization therefor has been given. Section 3.1(b) of the Disclosure Schedule sets forth as of the date hereof the aggregate principal amount, together with accrued and unpaid interest, outstanding under each of the Term Loan Agreement and the Revolving Loan Agreement. There are no bonds, debentures, notes or other indebtedness having voting rights (or that are convertible or exchangeable into securites having such rights) in or of the Company or any of its Subsidiaries.

(c) Subsidiaries. Section 3.1(c) of the Disclosure Schedule sets forth a true, correct and complete list of each Subsidiary of the Company and sets forth for each such Subsidiary the amount and class of its authorized capital stock, the amount and class of its outstanding capital stock, the record and beneficial owner or owners of its outstanding capital stock and whether any capital stock is held in such Subsidiary's treasury. The capital stock of each of the Company's Subsidiaries is held by the record and beneficial owner or owners free and clear of all Liens. Except as disclosed in Section 3.1(c) of the Disclosure Schedule, all of the outstanding shares of capital stock of each such Subsidiary have been duly authorized and validly issued and are fully paid and non-assessable and are not subject to, or issued in violation of any, preemptive rights. Except as disclosed in Section 3.1(c) of the Disclosure Schedule, there are no outstanding options, warrants, conversion, exchange or other rights or agreements of any kind for the purchase or acquisition from, or the sale or issuance by, the Company or any of its Subsidiaries of any shares of capital stock of any of such Subsidiaries, and no authorization therefor has been given. Except for its interests in its Subsidiaries, the Company does not own, directly or indirectly, any capital stock, membership interest, partnership interest, joint venture interest or other equity interest (including options, warrants, rights, commitments or arrangements to acquire any such stock or interests) in any Person (other than those held as part of the investment portfolio of the Company or any Company Subsidiary in the ordinary course of business) or otherwise possess, directly or indirectly, the power to direct or cause the direction of the management or policies of any Person.

(d) Authority. Seller is a Swiss stock corporation (*Aktiengesellschaft)* duly incorporated, validly existing and in good standing under the laws of Switzerland. Seller has the requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Seller and no other corporate action or proceeding on the part of Seller or any affiliate of Seller is necessary (including any shareholder vote). This Agreement has been duly executed and delivered by Seller and, assuming this Agreement constitutes the valid, legal and binding agreement of Buyer, constitutes a valid, legal and binding obligation of Seller, enforceable against Seller in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency or other similar

laws, now or hereafter in effect, affecting creditors' rights generally and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(e) Noncontravention; Consents. The execution and delivery of this Agreement do not, and except as disclosed in Section 3.1(e) of the Disclosure Schedule, the consummation of the transactions contemplated by this Agreement will not, (i) (x) conflict with, be prohibited by, or require any approval that has not already been obtained under, any of the provisions of the certificate of incorporation or by-laws of the Company or the comparable organizational documents of any of its Subsidiaries or of Seller, (y) subject to the matters referred to in the next sentence, conflict with, result in a breach of or default (with or without notice or lapse of time, or both) under, be prohibited by, require any approval or consent under, give rise to a right of termination under, or result in the creation of any Lien on any property or asset of the Company or any of its Subsidiaries under, any agreement, permit, franchise, license or instrument to which the Company or any of its Subsidiaries is a party, or (z) subject to the matters referred to in the next sentence, contravene, be prohibited by, or require approval or consent under, any statute, law, rule, regulation, order, judgment, injunction or award applicable to Seller, the Company or any of the Company's Subsidiaries, which, in the case of clauses (y) and (z) above, would have a Company Material Adverse Effect or (ii) result in the creation or imposition of any Lien, with or without the giving of notice or lapse of time or both, upon the Shares. No consent, approval or authorization of, or declaration or filing with, or notice to, any court or governmental or regulatory authority or agency, domestic or foreign (a "Governmental Entity"), is required by or with respect to the Company or any of its Subsidiaries in connection with the execution and delivery of this Agreement by Seller or the consummation by Seller of the transactions contemplated hereby, except for (i) the filing of premerger notification and report forms under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), (ii) the approvals, filings and notices required under the insurance laws of the jurisdictions set forth in Section 3.1(e) of the Disclosure Schedule, (iii) such other consents, approvals, authorizations, declarations, filings or notices as are set forth in Section 3.1(e) of the Disclosure Schedule and (iv) such other consents, approvals, authorizations, declarations, filings or notices that are not required to be identified in clauses (ii) and (iii) the failure of which to be obtained or made would not have a Company Material Adverse Effect.

(f) GAAP Financial Statements. Seller has previously delivered to Buyer true, correct and complete copies of (i) the audited consolidated balance sheet of the Company and its Subsidiaries as of December 31, 2005 (the "GAAP December Balance Sheet") and the related consolidated statements of income, stockholder's equity and cash flows for the year then ended, together with the notes to such financial statements, and (ii) the unaudited consolidated balance sheet of the Company and its Subsidiaries as of June 30, 2006 and the related consolidated statements of income, stockholder's equity and cash flows for the six month period then ended (the "Interim GAAP Statements"). Except as set forth in the notes thereto or in Section 3.1(f) of the Disclosure Schedule, the foregoing financial statements (the "GAAP Financial Statements") were prepared in accordance with U.S. generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods presented and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations

and cash flows for the periods then ended in conformity with GAAP (subject, in the case of the Interim GAAP Statements, to the absence of footnotes and to normal and recurring year-end adjustments).

(g) SAP Financial Statements. The (i) Statement of Assets, Liabilities, Surplus and Other Funds of each Insurance Subsidiary as of December 31, 2005 and related Statement of Income and Cash Flow for the year then ended (the "SAP December Financial Statements") and (ii) Statement of Assets, Liabilities, Surplus and Other Funds of each Insurance Subsidiary as of June 30, 2006 and related Statement of Income and Cash Flow for the six month period then ended (the "Interim SAP Statements" and collectively with the SAP December Financial Statements, the "SAP Financial Statements"), in each case as filed with the Governmental Entity charged with supervision of insurance companies of such Insurance Subsidiary's jurisdiction of domicile (the "Insurance Regulator"), were prepared in conformity with statutory accounting practices prescribed or permitted by such Insurance Regulator applied on a consistent basis ("SAP") and present fairly, to the extent required by and in conformity with SAP, except as set forth in the notes, exhibits or schedules thereto, in all material respects the statutory financial condition of such Insurance Subsidiary at their respective dates and the results of operations and cash flows of such Insurance Subsidiary for each of the periods then ended (subject, in the case of the Interim SAP Statements, to normal and recurring year-end adjustments), in each case, except as set forth in Section 3.1(g) of the Disclosure Schedule. The SAP Financial Statements complied in all material respects with all applicable laws when filed, and no material deficiency has been asserted in writing by a Governmental Entity which, to the Knowledge of Seller, has not been cured. Seller has made available to Buyer true, correct and complete copies of the SAP Financial Statements.

(h) No Undisclosed Liabilities. There are no liabilities of the Company or any Subsidiary of any kind (whether accrued, absolute, contingent or otherwise) that would be required to be reflected on a balance sheet (or in the notes thereto) prepared in accordance with GAAP, other than (i) liabilities provided for or reflected in the GAAP Financial Statements or in the notes thereto, (ii) liabilities disclosed in this Agreement (including Section 3.1(h) of the Disclosure Schedule), (iii) liabilities for losses, loss adjustment expenses, unearned premiums, commissions and premium taxes arising under policies or contracts of insurance or reinsurance written or assumed by the Insurance Subsidiaries, and (iv) liabilities incurred in the ordinary course of business that have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(i) Absence of Certain Changes or Events. Except as disclosed in Section 3.1(i) of the Disclosure Schedule or for any payment (including any prepayment made prior to the date hereof) of principal or interest by the Company under the Term Loan Agreement or the Revolving Loan Agreement, since December 31, 2005, the Company and its Subsidiaries have conducted their business in the ordinary course, and there has not occurred (i) any event or change that has had, or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (ii) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any of the Company's outstanding capital stock or any capital stock of its Subsidiaries (other than dividends or distributions payable only to the Company or another Company Subsidiary), or (iii) any change in tax, accounting, underwriting, claims handling or investment methods, principles or practices

by the Company or any of its Subsidiaries materially affecting its business, assets or liabilities, except insofar as may have been required by law or required by a change in applicable accounting principles.

(j) Benefit Plans. Except as disclosed in Section 3.1(j) of the Disclosure Schedule:

(i) Each Company Employee Benefit Plan is listed in Section 3.1(j) of the Disclosure Schedule, is in substantial compliance with all applicable laws and has been administered and operated in all material respects in accordance with its terms, except where failures to do so have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(ii) Each Company Employee Benefit Plan which is intended to be "qualified" within the meaning of Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service and, to the Knowledge of Seller, no event has occurred and no condition exists which could reasonably be expected to result in the revocation of any such determination.

(iii) All contributions or payments of other amounts which the Company was required to make under the terms of the Company Employee Benefit Plans on or prior to the date hereof (excluding any amounts not yet due) have been paid or accrued on the Company's financial statements in accordance with GAAP.

(iv) No Company Employee Benefit Plan which is subject to Part 3 of Subtitle B of Title I of ERISA or Title IV of ERISA has incurred any "accumulated funding deficiency" (within the meaning of Section 302 of ERISA or Section 412 of the Code), whether or not waived and no condition has occurred or exists solely which by the passage of time would reasonably be expected to result in an accumulated funding deficiency as of the last day of the current plan year of any such plan, and neither Seller, the Company nor any Company Subsidiary or ERISA Affiliate has failed to make full payment when due of all amounts which under the provisions of any such plan are required to be made as contributions thereto. If any such "accumulated funding deficiency" shall have been incurred it has been reflected in the GAAP Financial Statements. All required premium payments to the Pension Benefit Guaranty Corporation ("PBGC") have been paid when due and neither the Company nor any Subsidiary of the Company or ERISA Affiliate has incurred any liability other than for the payment of such premiums to the PBGC or otherwise under Title IV of ERISA with respect to any Company Employee Benefit Plan. No "reportable event" within the meaning of Section 4043 of ERISA (for which the 30-day notice requirement has not been waived) has occurred within the preceding six years with respect to any Company Employee Benefit Plan. No amendment has been made, or is reasonably expected to be made, to any Company Employee Benefit Plan subject to Title IV of ERISA that has required or could reasonably be expected to require the provision of security under Section 307 of ERISA or Section 401(a)(29) of the Code. No lien has been imposed pursuant to Section 302(f) of ERISA and no event or condition has occurred which might reasonably be expected to give rise to the imposition of such lien with respect to any Company Employee Benefit Plan. Each Company Employee Benefit Plan subject to Title IV of ERISA can be terminated in a standard termination under Section 4041(b) of ERISA, the PBGC has not

instituted proceedings to terminate any such plan and no event or condition has occurred or exists which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any such plan.

(v) None of the Company, any of its Subsidiaries nor, to the Knowledge of Seller, any other "disqualified person" or "party in interest" (as defined in Section 4975(e)(2) of the Code and Section 3(14) of ERISA, respectively), has engaged in any transaction in connection with any Company Employee Benefit Plan that has resulted in, or could reasonably be expected to result in, the imposition of a penalty pursuant to Section 502(i) of ERISA, damages pursuant to Section 409 of ERISA or a tax pursuant to Sections 4975 through 4980 of the Code, in each case, which such penalties, damages or taxes have had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(vi) The Company has not maintained any Company Employee Benefit Plan (other than a Company Employee Benefit Plan which is intended to be "qualified" within the meaning of Section 401(a) of the Code) which provides benefits with respect to Employees or former employees following their termination of service with the Company (other than as required under COBRA). Each Company Employee Benefit Plan subject to the requirements of COBRA has been operated in substantial compliance therewith, except where failures to so comply have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(vii) No Company Employee Benefit Plan that is subject to Title IV of ERISA has been terminated or is or has been the subject of termination proceedings pursuant to Title IV of ERISA and resulted, or would result, in an obligation by the Company to make future contributions to such Company Employee Benefit Plan.

(viii) No Company Employee Benefit Plan is a "multiemployer plan" (as defined in Section 3(37) of ERISA) and the Company has not been obligated to contribute to any multiemployer plan within the past six years.

(ix) With respect to each Company Employee Benefit Plan, (i) there are no audits or proceedings initiated pursuant to the Employee Plans Compliance Resolution System or similar proceedings pending with the Internal Revenue Service, the United States Department of Labor, the Pension Benefit Guaranty Corporation or any other Governmental Entity and (ii) there are no pending or, to the Knowledge of Seller, threatened, actions, suits or claims (other than routine claims for benefits), and, to the Knowledge of Seller, there are no facts or circumstances which could reasonably be expected to give rise to such audits, actions, suits or claims.

(x) Neither the execution of this Agreement nor the consummation of the transactions contemplated by this Agreement will, either alone or in combination with any other event, (i) result in any payment becoming due, or increase the amount of compensation due (other than such increases resulting from increases in stock value or improvements in performance metrics as a result of the transactions contemplated hereby), to any current or former employee or director of the Company or its Subsidiaries, (ii) increase any benefits payable under any Company Employee Benefit Plan, or (iii) result in any acceleration of the time of payment or vesting of any such compensation or benefits. Neither the Company nor any of its

Subsidiaries has announced any type of plan or binding commitment to (i) create any additional Company Employee Benefit Plan, (ii) enter into any agreement with any current or former employee or director, or (iii) amend or modify any existing Company Employee Benefit Plan or agreement with any current or former employee or director.

(xi) Except as otherwise required by applicable law, each Company Employee Benefit Plan may be amended, terminated, modified or otherwise revised, as provided in the Company Employee Benefit Plan, on and after the Closing, without further liability to the Company or any Subsidiary (excluding ordinary administrative expenses and routine claims for benefits).

(xii) Each Company Employee Benefit Plan that is a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code and associated Treasury Department guidance, including IRS Notice 2005-1 and Proposed Treasury Regulations at 70 Fed. Reg. 57930 (October 4, 2005) has either (i) been operated in reasonable, good faith compliance with Code Section 409A since January 1, 2005, or (ii) is not subject to the requirements of Section 409A.

(k) Taxes. Except as disclosed in Section 3.1(k) of the Disclosure Schedule:

(i) All United States Federal consolidated income tax returns of a Company Affiliated Group, all Income Tax Returns, and all other material returns and reports in respect of Taxes, in each case, required to be filed for any period ending on or before the Closing Date (taking into account extensions thereof) by or with respect to the Company and each of its Subsidiaries have been or will be timely filed;

(ii) All material amounts of Taxes due and owing by the Company, any Subsidiary of the Company and any Company Affiliated Group have been or will be timely paid, except for Taxes that are (A) being contested in good faith by appropriate proceedings as disclosed on Section 3.1(k) of the Disclosure Schedule or (B) to the extent an amount of Taxes is reflected or taken into account in the GAAP Financial Statements;

(iii) All such Tax returns and reports (as described in clause (i) above) are true, correct and complete in all material respects;

(iv) No deficiencies for any material Taxes have been proposed, asserted or assessed in writing against the Company or any of its Subsidiaries or any Company Affiliated Group other than Taxes (A) reserved for or taken into account on the GAAP Financial Statements, or (B) being contested in good faith by appropriate proceedings disclosed on Section 3.1(k) of the Disclosure Schedule, and no requests for waivers of the time to assess any such Taxes have been granted or are pending;

(v) No Federal, state, local or foreign audit or other administrative proceeding or court proceeding exists, has been initiated or has been threatened in writing with regard to Taxes or Tax returns of the Company and its Subsidiaries or any Company Affiliated Group which will not be completed by the Closing Date;

(vi) No Liens (other than Permitted Liens) for Taxes exist with respect to any of the assets or properties of the Company or any of its Subsidiaries or any Company Affiliated Group, except for Liens for Taxes that are (A) not yet due and payable, (B) being contested in good faith by appropriate proceedings disclosed on Section 3.1(k) of the Disclosure Schedule or (C) reflected or taken into account in the GAAP Financial Statements;

(vii) Neither the Company nor any Subsidiary of the Company has entered into a closing agreement or similar agreement with any Taxing Authority relating to material Taxes of the Company or any Subsidiary of the Company with respect to a taxable period for which the statute of limitations is still open;

(viii) Neither the Company nor any Subsidiary of the Company has granted any consent to extend any statute of limitations with respect to, or any extension of a period for the assessment of, any Tax, in either case, that will be outstanding after the Closing Date;

(ix) Neither the Company nor any of the Company subsidiaries has constituted either a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code (A) in the two (2) years prior to the date of this Agreement or (B) in a distribution which could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) in conjunction with the transactions contemplated by this Agreement;

(x) Neither the Company nor any Company Subsidiary is a party to any Tax sharing or Tax allocation agreement other than any such agreement that relates to the Company Affiliated Group. Since January 1, 1999, neither the Company nor any Company Subsidiary has ever been a member of a group filing a consolidated federal income Tax return or a combined, consolidated, unitary or other affiliated group Tax return for state, local or non-U.S. Tax purposes (other than any such group the common parent of which is the Company or a Subsidiary of the Company), and neither the Company nor any Company Subsidiary has any liability for the Taxes of any Person (except with respect to a group the common parent of which is the Company or a Subsidiary of the Company) under Treasury Regulation Section 1.1502-6 (or any corresponding provision of state, local or non-U.S. Tax law), or as a transferee or successor, or by contract;

(xi) Neither the Company nor any Subsidiary of the Company is a party to any agreement, contract, arrangement or plan that will result, separately or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code as a result of the sale and purchase of the Shares hereunder; and

(xii) Neither the Company nor any Subsidiary of the Company has net operating losses or capital loss carryforwards subject to limitation (A) under Section 382 or Section 383 of the Code, or (B) as losses incurred by the Company or its Subsidiaries during Tax years that are separate return years (as such term is defined in Section 1.1502-3 of the Treasury regulations promulgated under the Code) with respect to the Company Affiliated Group (in each case, other than limitations imposed as a result of the transactions contemplated by this Agreement).

Except to the extent of any specific references to the Code set forth in Section 3.1(j), notwithstanding any other provision of this Agreement to the contrary, none of the Company or any of its Subsidiaries or Seller makes any representation or warranty with respect to any matter relating to Taxes or any liabilities or obligations relating to Taxes except to the extent set forth in this Section 3.1(k).

(l) Compliance with Applicable Laws. Except as disclosed in Section 3.1(l) of the Disclosure Schedule, each of the Company and its Subsidiaries has and maintains in full force and effect all Federal, state, municipal, local and foreign governmental approvals, authorizations, consents, franchises, licenses, permits and rights (collectively, "Permits") necessary for it to own, lease or operate its properties and assets and to carry on its business as now conducted, except for those failures of such Permits to be in full force and effect which have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Except as disclosed in Section 3.1(l) of the Disclosure Schedule, the Company and its Subsidiaries are, and since December 31, 2005 have been, in compliance with all applicable statutes, laws, rules, regulations and orders of any Governmental Entity and the terms of the Permits, except for such noncompliance which has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, and no suspension or cancellation of any of the Permits is pending, or to the Knowledge of Seller, threatened. Except as set forth in Section 3.1(l) of the Disclosure Schedule, neither the Company nor any of its Subsidiaries has received written notice from any Governmental Entity asserting material noncompliance with any law. Except as set forth in Section 3.1(l) of the Disclosure Schedule, each of the Company and its Subsidiaries is in compliance with its policies applicable to the collection, use and disclosure of personal or private information of customers or consumers except for failures to be in compliance that have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(m) Litigation. Except as disclosed in Section 3.1(m) of the Disclosure Schedule, there is no suit, action, proceeding or arbitration (excluding those relating to claims arising under policies or contracts of insurance written by any Insurance Subsidiary) pending or, to the Knowledge of Seller, threatened in writing against or affecting the Company or any of its Subsidiaries that has had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, nor are there any judgments, decrees, injunctions or orders of any Governmental Entity or arbitrator outstanding against the Company or any of its Subsidiaries having, or which have had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect or that prohibits or restricts the Company or its Subsidiaries from operating their respective businesses as currently operated. Except as disclosed in Section 3.1(m) of the Disclosure Schedule, there is no suit, action, proceeding or arbitration pending or, to the Knowledge of Seller, threatened in writing against or affecting Seller, the Company or any of the Company's Subsidiaries that (i) seeks to restrain or enjoin the consummation of any of the transactions contemplated by this Agreement or (ii) would reasonably be expected to materially impair the ability of Seller to consummate any of the transactions contemplated by this Agreement. Except as disclosed in Section 3.1(m) of the Disclosure Schedule, neither the Company nor any of its Subsidiaries has received written notice of any investigation by any Governmental Entity regarding any accounting, internal control or disclosure practices of the Company or any of its Subsidiaries.

(n) Reserves. Seller has delivered to Buyer true, correct and complete copies of all actuarial reports prepared by third party consultants that are in the possession of Seller, the Company or any of its Subsidiaries relating to the loss reserves of any of the Insurance Subsidiaries as of any date on or after December 31, 2003. Notwithstanding any other provision of this Agreement (including Sections 3.1(f),(g) and (h)) except as set forth in this Section 3.1(n), Seller is not making any representations whatsoever, express or implied, in or pursuant to this Agreement or otherwise concerning the reserves for losses, loss adjustment expenses or uncollectible reinsurance of the Company, of any of the Insurance Subsidiaries, or of the Company and the Insurance Subsidiaries taken as a whole, including (i) whether such reserves are adequate or sufficient or (ii) whether such reserves were calculated, established or determined in accordance with any actuarial, statutory or other standard, or concerning any financial statement "line item" or asset, liability or equity amount which would be affected thereby.

(o) Contracts. Section 3.1(o) of the Disclosure Schedule contains a complete and correct list, as of the date hereof, of all Contracts. The term "Contracts" means all of the following types of contracts and agreements that are material to the Company and its Subsidiaries taken as a whole and to which the Company or any of its Subsidiaries is a party (excluding any policy or contract of insurance or reinsurance written, assumed or ceded and excluding agreements set forth in any other Section of the Disclosure Schedule) or by which any of its assets are bound:

(i) contracts and agreements with any present or former officer, director, trustee or employee of the Company or any Subsidiary of the Company (including employment agreements and agreements evidencing loans or advances to any such Person or any affiliate of such Person), other than (x) contracts and agreements that by their terms may be terminated by the Company or a Subsidiary of the Company with notice of not more than 60 days, (y) contracts and agreements relating to severance or retention that provide less than three months severance benefits or payments not in excess of $250,000 in any one case and (z) contracts and agreements that provide for payments based solely on products sold and require no minimum payments;

(ii) contracts and agreements containing any provision or covenant limiting the ability of the Company or any Subsidiary of the Company to engage in any line of business, the manner in which business is to be conducted, to compete with any Person or to do business with any Person or in any location or geographic area;

(iii) mortgages, indentures, loan or credit agreements, security agreements and other agreements and instruments relating to the borrowing of money or extension of credit to or by the Company or any Subsidiary of the Company or the direct or indirect guarantee by the Company or any Subsidiary of the Company of any obligation of any Person for borrowed money or other financial obligation of any Person or any other liability of the Company or any Subsidiary of the Company in respect of indebtedness for borrowed money or other financial obligations of any Person, in any case in excess of $250,000;

(iv) leases, subleases or licenses of real property used in the conduct of the business of the Company or any Company Subsidiary and all other leases, subleases, licenses or

rental or use contracts providing for annual rental payments in any case in excess of $250,000 (whether the Company or a Company Subsidiary is lessor, lessee, licensor or licensee);

(v) agency, broker, selling, marketing or similar agreements involving payments in 2005, or which, to the Knowledge of Seller, are reasonably likely to involve payments in 2006, in excess of $5,000,000;

(vi) asset management agreements with Seller or an affiliate of Seller or with a third Person under which Seller, such affiliate or such third Person manages assets of the Company or any of its Subsidiaries;

(vii) contracts and agreements under which Persons other than Seller or affiliates of Seller provide material information technology products or services to the Company or a Subsidiary of the Company and under which the annual fees in respect thereof exceed $250,000;

(viii) stock purchase agreements, asset purchase agreements and other acquisition or divestiture agreements relating to the acquisition, lease or disposition of material assets or properties used in conducting the business of the Company and its Subsidiaries or any capital stock or other equity interest of the Company or any of its Subsidiaries, in each case that was entered into after January 1, 2003 or under which the Company or any of its Subsidiaries has any executory indemnification or other continuing obligations;

(ix) any contract providing for the indemnification of any special purpose vehicle or other financing entity, including off balance sheet entities;

(x) any contract providing for future payments that are conditioned on, or that cause an event of default as a result of, a change of control of the Company or its Subsidiaries or any similar event;

(xi) any contract containing any restrictions on acquisitions of the equity of the counterparties thereto;

(xii) other contracts not listed above granting material exclusive distribution rights; and

(xiii) any other contract or agreement entered into other than in the ordinary course of business in each case involving aggregate payments reasonably expected to be in excess of $2,000,000 after the date of this Agreement.

Each Contract is valid and legal and is binding on the Company and each of its Subsidiaries party thereto and, to the Knowledge of Seller, each other party thereto and is in full force and effect, except for any such failure to be valid, legal and binding or to be in full force and effect that has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Except as set forth on Section 3.1(o) of the Disclosure Schedule, the execution and delivery of this Agreement do not, and the consummation of the transactions contemplated by this Agreement will not, require any consent under, give rise to a right of termination under, or result in the creation of any material Lien on any property or asset

of the Company or any of its Subsidiaries under, any Contract. Except as set forth on Section 3.1(o) of the Disclosure Schedule, there exists no breach or event of default on the part of the Company or any Subsidiary of the Company with respect to any Contract, or to the Knowledge of Seller by any other party thereto, and no condition exists or event has occurred that with the giving of notice or passage of time or both would constitute a violation or default thereunder by the Company or a Company Subsidiary, or to the Knowledge of Seller any other party thereto, which has had or would have reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(p) Insurance Regulatory Matters. The Company has made available to Buyer copies of all financial examination reports of state insurance departments with respect to any Insurance Subsidiary which have been completed since January 1, 2003. Except as set forth in Section 3.1(p) of the Disclosure Schedule, since January 1, 2003, no violations material to the financial condition of any Insurance Subsidiary have been asserted in writing by any Insurance Regulator, other than any violation which has been cured or otherwise resolved to the satisfaction of such Insurance Regulator or which is no longer being pursued by such Insurance Regulator following a response by the relevant Insurance Subsidiary.

(q) Technology and Intellectual Property. (i) Except as disclosed in Section 3.1(q) of the Disclosure Schedule and except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, the Company and its Subsidiaries own or possess, or have valid, enforceable rights or licenses to use, the patents, trademarks, service marks, trade names, Internet domain names, copyrights (including any registrations or applications to any of the foregoing), computer programs, trade secrets, know-how and patentable inventions (each, "Intellectual Property") that are used to carry on their businesses as now conducted free and clear of all Liens. Except as set forth in Section 3.1(q) of the Disclosure Schedule, neither the Company nor any of its Subsidiaries has received any written notice of any infringement of the rights of any third party with respect to any Intellectual Property used to carry on their businesses as now conducted that, if such infringement is determined to be unlawful, would, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. Except as set forth in Section 3.1(q) of the Disclosure Schedule, Seller has no Knowledge of any infringement of or challenges to the material Intellectual Property owned by the Company or any of its Subsidiaries.

(ii) Except as set forth in Section 3.1(q) of the Disclosure Schedule, no use by the Company or any of its Subsidiaries (A) of any Intellectual Property used to carry on their businesses as now conducted, to the Knowledge of Seller, infringes any Intellectual Property of any third party, except to the extent that such infringement, if determined to be unlawful, would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect or (B) of any Intellectual Property owned by the Company or any of its Subsidiaries requires any payment for the use of such Intellectual Property to any third party (except for the payment of licensing or maintenance fees).

(iii) Section 3.1(q) of the Disclosure Schedule contains a true, correct and complete list of material Intellectual Property owned by the Company or any of its Subsidiaries that is the subject of an application or registration with a Governmental Entity or Internet domain name registrar (including registration or application number and jurisdiction). Except as set forth

in Section 3.1(q) of the Disclosure Schedule, no action must be taken within 180 days following the Closing, which, if not taken would result in the loss or prejudice of any right with respect to such applications or registrations. All such registered Intellectual Property is maintained in compliance with all applicable formal legal requirements.

(r) Reinsurance. Section 3.1(r) of the Disclosure Schedule sets forth a description of all third-party reinsurance arrangements, including retrocessional agreements, to which any of the Insurance Subsidiaries is a party as of the date hereof under which any such Insurance Subsidiary has open claims as of the date hereof in excess of $1,000,000 in the aggregate. Assuming no default by any party other than any of the Insurance Subsidiaries, except as set forth on Section 3.1(r) of the Disclosure Schedule, all such arrangements, other than those which have been voided or commuted, are in full force and effect. None of the Insurance Subsidiaries nor, to the Knowledge of Seller, any other party thereto is in default in any material respect as to any provision thereof.

(s) Real Property. Section 3.1(s) of the Disclosure Schedule sets forth a true, correct and complete list of (i) all real property owned by the Company or any of its Subsidiaries (together with all improvements or fixtures thereon owned by Company or such Subsidiary, the "Owned Real Property") and (ii) all real property in which the Company or any of its Subsidiaries has a leasehold interest (the "Leased Real Property") that is material to the conduct of the business of the Company or such Subsidiary. The Company or one of its Subsidiaries, as the case may be, has good and marketable fee simple title to the Owned Real Property free and clear of all Liens, other than Liens disclosed on Section 3.1(s) of the Disclosure Schedule or (i) Liens for taxes and other governmental charges and assessments which are not yet due and payable or which are being contested in good faith by appropriate proceedings reserves for which are reflected in the GAAP Financial Statements, (ii) easements, rights of way, title imperfections and restrictions, zoning ordinances and other similar encumbrances affecting the real property which do not have a material and adverse effect on the present use of such real property, (iii) statutory Liens in favor of lessors arising in connection with any property leased to the Company or its Subsidiaries arising in the ordinary course of business for sums not yet due and payable, (iv) Liens reflected or reserved against in the GAAP Financial Statements and (v) any other Liens which do not materially and adversely interfere with the current use of properties affected thereby (collectively, "Permitted Liens"). Except as set forth in Section 3.1(s) of the Disclosure Schedule, the Company or one of the Company's Subsidiaries, as the case may be, has a valid and enforceable leasehold interest in the Leased Real Property free and clear of all Liens, other than Permitted Liens.

(t) Brokers. No broker, investment banker, financial advisor or other person, other than Credit Suisse Securities (USA) LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, the fees and expenses of which will be paid by Seller, is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller or the Company.

(u) Affiliate Transactions. Section 3.1(u) of the Disclosure Schedule lists all agreements in effect as of the date hereof between, and all services provided by or to, the

Company or any of its Subsidiaries on the one hand, and Seller or any of its affiliates (other than the Company or any of its Subsidiaries) on the other.

(v) Labor and Employment Matters. The Company and its Subsidiaries are in compliance in all material respects with all laws respecting employment and employment practices, terms and conditions of employment (including termination of employment), wages, hours of work, occupational safety and health, and worker classification, and are not engaged in any unfair labor practices. Neither the Company nor any of its Subsidiaries has received written notice of the intent of any Governmental Entity responsible for the enforcement of labor or employment laws to conduct an investigation with respect to or relating to employees and, to the Knowledge of Seller, no such investigation is in progress. Since December 31, 2004, no material strikes, work stoppages, slowdowns, lockouts, arbitrations or grievances, or other material labor disputes have occurred or, to the Knowledge of Seller, have been threatened in writing, involving the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries is a party to any collective bargaining agreements, and there are not, to the Knowledge of Seller, any union organizing activities concerning any employees of the Company or any of its Subsidiaries.

(w) Internal Controls. Each of the Company and its Subsidiaries maintains a system of internal accounting controls sufficient to comply in all material respects with all legal and accounting requirements applicable to their respective businesses. There are no significant deficiencies in any such internal accounting controls which would reasonably be expected to adversely affect in any material respect the ability of the Company or its Subsidiaries to record, process, summarize and report financial data. None of the Company, its Subsidiaries, Seller or its affiliates has received nor does Seller have Knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods, including any material complaint, allegation, assertion or claim that the Company or its Subsidiaries has engaged in questionable accounting or auditing practices.

(x) Sufficiency of Assets. Subject to discontinuing the services described in Section 3.1(u) and obtaining the consents listed in Section 3.1(e) of the Disclosure Schedule, immediately after giving effect to the transactions contemplated by this Agreement the Company and its Subsidiaries will own, possess, license, lease or have control of or the right to use all tangible and intangible assets and contractual rights necessary to conduct their respective businesses in all material respects as currently conducted and as the same are contemplated to be conducted on the Closing Date.

(y) Environmental Matters. Except as set forth in Section 3.1(y) of the Disclosure Schedule and to the Knowledge of Seller, each of the Company and its Subsidiaries has operated its respective business and now operates its respective business in compliance with all applicable environmental, health and safety laws, rules and regulations ("Environmental Laws") and with all permits, approvals and licenses issued thereunder, except where any non-compliance therewith has not had and would not be reasonably expected to have a Company Material Adverse Effect. This Section 3.1(y) contains the sole and exclusive representations and warranties of Seller with respect to environmental matters, including any matters arising under any Environmental Laws and in connection with any and all permits, approvals and licenses issued thereunder.

(z) Portfolio Investments. All investments included in the investment portfolios of each of the Insurance Subsidiaries as of the date of this Agreement comply with all laws applicable to the Insurance Subsidiaries, except for such failures to comply as have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. None of the material investments included in the investment portfolios of the Insurance Subsidiaries is in material default in the payment of principal or interest or dividends.

(aa) Investment Company. None of the Company or its Subsidiaries is, or is required to be registered, licensed or qualified as, an investment adviser or a broker-dealer or as a commodity trading advisor, a commodity pool operator or a futures commission merchant or any or all of the foregoing. None of the Company or its Subsidiaries is an investment company within the meaning of the Investment Company Act of 1940, as amended.

(bb) Agents. Section 3.1(bb) of the Disclosure Schedule sets forth the names of all insurance agents that accounted for five percent or more of the gross written premiums of the Company and the Company's Subsidiaries, taken as a whole, during the 12 month period prior to the date hereof ("Agents") and except as set forth in Section 3.1(bb) of the Disclosure Schedule, none of Seller, the Company or any Subsidiary of the Company has received any notice or has any reason to believe that any such insurance agent has or will terminate or has or will substantially reduce its business relationship with the Company or any Subsidiary of the Company.

(cc) Insurance. Section 3.1(cc) of the Disclosure Schedule sets forth a true, complete and correct list of all insurance policies maintained by the Company and its Subsidiaries insuring their respective properties and assets. Except as disclosed in Section 3.1(cc) of the Disclosure Schedule, such insurance policies are in full force and effect as of the date hereof.

Section 3.2 Representations and Warranties of Buyer. Buyer represents and warrants to Seller as follows:

(a) Organization, Standing and Corporate Power. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized and has the requisite corporate power and authority to carry on its business as now being conducted. Buyer is duly qualified to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification necessary, other than in such jurisdictions where the failure to be so qualified as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Buyer to consummate any of the transactions contemplated by this Agreement.

(b) Authority. Buyer has the requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by Buyer and the consummation by Buyer of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of Buyer. No action by the stockholders of Buyer is necessary to

authorize the execution and delivery by Buyer of this Agreement and the consummation by Buyer of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Buyer and, assuming this Agreement constitutes the valid, legal and binding agreement of Seller, constitutes a valid, legal and binding obligation of Buyer, enforceable against Buyer in accordance with its terms except that (i) such enforcement may be subject to applicable bankruptcy, insolvency or other similar laws, now or hereafter in effect, affecting creditors' rights generally and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) Noncontravention; Consents. The execution and delivery of this Agreement do not, and except as disclosed in Section 3.2(c) of the Disclosure Schedule, the consummation of the transactions contemplated by this Agreement will not, (i) conflict with, be prohibited by, or require any approval that has not already been obtained under, any of the provisions of the certificate of incorporation or the by-laws of Buyer or the comparable organizational documents of any of its Subsidiaries, (ii) subject to the matters referred to in the next sentence, conflict with, result in a breach of or default (with or without notice or lapse of time, or both) under, be prohibited by, require approval or consent under, give rise to a right of termination under, or result in the creation of any Lien on any property or asset of Buyer or any of its Subsidiaries under, any agreement, permit, franchise, license or instrument to which Buyer or any of its Subsidiaries is a party or (iii) subject to the matters referred to in the next sentence, contravene, be prohibited by, or require approval or consent under, any statute, law, rule, regulation, order, judgment, injunction or award applicable to Buyer or any of its Subsidiaries, which, in the case of clauses (ii) and (iii) above, would materially impair the ability of Buyer to consummate any of the transactions contemplated hereby. No consent, approval or authorization of, or declaration or filing with, or notice to, any Governmental Entity is required by or with respect to Buyer or any of its Subsidiaries in connection with the execution and delivery of this Agreement by Buyer or the consummation by Buyer of any of the transactions contemplated hereby, except for (i) the filing of premerger notification and report forms under the HSR Act, (ii) the approvals, filings and notices required under the insurance laws of the jurisdictions set forth in Section 3.2(c) of the Disclosure Schedule, (iii) such other consents, approvals, authorizations, declarations, filings or notices as are set forth in Section 3.2(c) of the Disclosure Schedule and (iv) such other consents, approvals, authorizations, declarations, filings or notices that are not required to be set forth pursuant to clauses (ii) and (iii) the failure to obtain or make which, in the aggregate, would not materially impair the ability of Buyer to consummate any of the transactions contemplated hereby.

(d) Purchase Not for Distribution. The Shares to be acquired under the terms of this Agreement will be acquired by Buyer for its own account and not with a view to distribution. Buyer will not resell, transfer, assign or distribute the Shares, except in compliance with the registration requirements of the Securities Act of 1933, as amended, or pursuant to an available exemption therefrom.

(e) Solvency. Assuming the representations and warranties of Seller in this Agreement are true, correct and complete as of the Closing Date, and that each of the representations and warranties in this Section 3.2(e) would be true, correct and complete immediately before giving effect to the transactions contemplated by this Agreement, then

immediately after giving effect to the transactions contemplated by this Agreement (including the payment of the Purchase Price and any financings to be undertaken in connection therewith), (i) none of the Company or any of its Subsidiaries will have incurred debts beyond its ability to pay such debts as they mature or become due, (ii) the then present fair saleable value of the assets of the Company and each of its Subsidiaries will not exceed the amount that will be required to pay its probable liabilities (including the probable amount of all contingent liabilities) and its debts as they become absolute and matured, (iii) the assets of the Company and each of its Subsidiaries, in each case at a fair valuation, will exceed its respective debts (including the probable amount of all contingent liabilities) and (iv) neither the Company nor any of its Subsidiaries will have unreasonably small capital to carry on its business as presently conducted or as proposed to be conducted. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement at the direction or otherwise on behalf of Buyer with the intent to hinder, delay or defraud any present or future creditors of the Company or any of its Subsidiaries.

(f) Litigation. There is no suit, action, proceeding or arbitration pending or, to the Knowledge of Buyer, threatened in writing against or affecting Buyer or any affiliate of Buyer that (i) seeks to restrain or enjoin the consummation of any of the transactions contemplated by this Agreement or (ii) would reasonably be expected to materially impair the ability of Buyer to consummate any of the transactions contemplated by this Agreement. Neither Buyer nor any of its affiliates nor, to the Knowledge of Buyer, any officer, director or employee of Buyer or any of its affiliates has been permanently or temporarily enjoined or barred by any order, judgment or decree of any Governmental Entity from engaging in or continuing any conduct or practice in connection with the business conducted by the Company or any of its Subsidiaries that would reasonably be expected to have a material adverse effect on the ability of Buyer to consummate any of the transactions contemplated by this Agreement.

(g) Approvals and Permits. Buyer has no reason to believe that it and its affiliates will not be able to obtain as promptly as practicable all necessary approvals, authorizations and consents of Governmental Entities required to be obtained to consummate the transactions contemplated by this Agreement.

(h) Brokers. No broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer or any affiliate.

(i) Financing. Buyer Parent has, and on the Closing Date Buyer will have, sufficient funds available to purchase the Shares and pay the Debt Payment Amount on the terms and conditions contemplated by this Agreement, to consummate the other transactions contemplated by this Agreement and to pay all associated costs and expenses required to be paid by Buyer.

(j) Independent Investigation. Buyer acknowledges that: (i) in making its decision to enter into this Agreement, it has relied solely upon independent investigations made by it or its representatives and advisors, and, except as set forth herein, not on any information or representations furnished by or on behalf of Seller or the Company; (ii) Buyer has conducted

extensive due diligence of the Company and its Subsidiaries, including a review of the documents contained in a data room prepared by or on behalf of Seller; (iii) Seller has made available to Buyer all documents, books and records pertaining to the Company and its Subsidiaries that Buyer and its representatives and advisors have requested; (iv) Buyer and such representatives and advisors have been given the opportunity to ask questions of, and to receive answers from, management of Seller and the Company with respect to the Company and its Subsidiaries; and (v) all such questions have been answered to the complete satisfaction of Buyer.

ARTICLE IV

COVENANTS

Section 4.1 Conduct of Business of the Company. Except as expressly contemplated or permitted by this Agreement or as required by applicable law, from the date of this Agreement to the Closing Date, Seller shall cause the Company and its Subsidiaries to carry on their respective businesses only in the ordinary course of business and, to the extent consistent therewith, to preserve and maintain the Permits and to use commercially reasonable efforts to maintain their rights, assets and franchises and to preserve intact their current business organizations and their material relationships with agents, brokers, insureds and others having business dealings with them. Seller shall, and shall cause the Company to, use its commercially reasonable efforts to maintain the Insurance Subsidiaries' financial-strength rating currently assigned to the Insurance Subsidiaries by A.M. Best Company, Inc.; provided that in connection therewith Seller shall not be required to increase the paid-in-capital of the Insurance Subsidiaries (unless the Purchase Price is increased by an amount equal to such paid-in-capital), enter into any guaranty, keep-well or other similar arrangement or incur any material expenditure or devote material time and resources, other than making employees of the Company reasonably available during normal business hours in connection with maintaining such rating. Without limiting the generality of the foregoing, from the date of this Agreement to the Closing Date, except as expressly contemplated by this Agreement or as set forth in Section 4.1 of the Disclosure Schedule, Seller shall not permit the Company or any of its Subsidiaries to, without the prior consent of Buyer, which consent shall not be unreasonably withheld:

(i) (A) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property) in respect of, any of the Company's or the Company's Subsidiaries outstanding capital stock (other than dividends payable solely to the Company or a Company Subsidiary) (it being understood that nothing contained in this subclause (A) shall limit the ability of the Company to make scheduled payments of principal, payments of accrued and unpaid interest and payments of current interest under the Term Loan Agreement or the Revolving Loan Agreement), (B) adjust, recapitalize, split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its outstanding capital stock or (C) purchase, redeem or otherwise acquire, any shares of capital stock of the Company or any of its Subsidiaries or any securities convertible into or exchangeable for, or any rights, warrants or options to acquire, any such shares;

(ii) authorize, issue, sell, dispose of, grant, pledge or otherwise encumber any shares of its capital stock, any other voting securities or any securities convertible into or exchangeable for, or any rights, warrants or options to acquire, any such shares, voting securities or convertible or exchangeable securities or any stock based performance units;

(iii) sell, lease, license or otherwise dispose of (including by way of reinsurance) any of its material assets (other than investments), except for the sale of obsolete assets and the disposition of investments in the ordinary course of business; and in the case of investments consistent with the Company's and its Subsidiaries' investment policies and procedures;

(iv) amend its certificate of incorporation, by-laws or other comparable organizational documents;

(v) acquire, or agree to acquire, in a single transaction or a series of related transactions any interest in any corporation, partnership, joint venture, association or other business organization or division thereof (other than as part of the investment portfolio of the Company or any Company Subsidiary in the ordinary course of business and consistent with the Company's and its Subsidiaries' investment policies and procedures as in effect from time to time), or a material amount of property or assets of any Person or enter into a plan of consolidation, merger, share exchange, reorganization or complete or partial liquidation;

(vi) (A) incur or assume any material indebtedness for borrowed money or guarantee or otherwise become responsible for any such indebtedness of another person, (B) make any loans, advances or capital contributions to, or investments in, any other Person, other than to the Company or to any direct or indirect Subsidiary of the Company and loans, guarantees and advances to agents and employees in the ordinary course of business and other than as to such matters related to the investment portfolio of the Company or any Company Subsidiary in the ordinary course of business and consistent with the Company's and its Subsidiaries' investment policies and procedures or (C) create or assume any other liability or obligation material to the Company or any Company Subsidiary, other than in the ordinary course of business, or grant or create a Lien on any of its assets;

(vii) change or make any Tax election, file any amended Tax return, enter into any closing agreement, take any positions on a Tax return filed after the date hereof and prior to the Closing Date that the value of the Company and its Subsidiaries is different from the Purchase Price or settle or compromise any material tax liability or consent to any extension or waiver of the limitation period applicable to any material Tax claim or assessment, unless any such action (x) is taken in the ordinary course of business of the Company or its Subsidiaries, (y) is required by applicable law, or (z) would not have a material adverse effect on Buyer, the Company or the Company's Subsidiaries after the Closing Date;

(viii) make any material change in accounting methods, principles or practices used by the Company or any of its Subsidiaries (including reserve methods, practices or policies as in effect at December 31, 2005), except insofar as may be required by law, by any Insurance Regulator or by a change in applicable accounting principles;

(ix) make any material change in its underwriting or claims handling, methods, principles or practices;

(x) enter into, amend, modify or terminate any material contract other than in the ordinary course of business, provided, however, that no amendment or modification of the terms of the Term Loan Agreement, the Revolving Loan Agreement or other available lines of credit that is materially adverse to the Company or any of its Subsidiaries shall be made;

(xi) settle any material claim, action or proceeding or waive any material rights or material claims in respect of the business of the Company or its Subsidiaries;

(xii) enter into or terminate any exclusive distribution agreement with respect to the Business;

(xiii) forfeit, abandon, modify in a manner adverse to any Insurance Subsidiary, waive or terminate any material Permit;

(xiv) make or dispose of any material investments, other than in the ordinary course of business and pursuant to the investment policies, methods, principles and practices of the Company and its Subsidiaries as in effect from time to time, or make any material change in its investment, policies, methods, principles or practices other than any such material change resulting from or implemented in connection with the AXA Acquisition;

(xv) make any capital expenditures in excess of $1,500,000 individually or $10,000,000 in the aggregate;

(xvi) (A) pay or commit to pay any retention, transaction bonus, severance or termination pay to any current or former director, officer, employee or consultant of the Company or any of its Subsidiaries except to the extent provided for under the terms of an existing Company Employee Benefit Plan or disclosed in Section 3.1(j) of the Disclosure Schedule, (B) enter into any employment, deferred compensation, consulting, severance or similar agreement (or any amendment to any such existing agreement) with any current or former director, officer, employee or consultant of the Company or any of its Subsidiaries, (C) increase or commit to increase in any material respect any compensation or employee benefits payable to any current or former director, officer, employee or consultant of the Company or any of its Subsidiaries, including wages, salaries, fees, compensation, pension, severance, termination pay, fringe benefits or other benefits or payments (except for increases in salary or wages in the ordinary course of business or as required by an existing Company Employee Benefit Plan as in effect on the date hereof or applicable law), (D) adopt or make any commitment to adopt any additional employee benefit plan or other arrangement that would be a Company Employee Benefit Plan if it were in existence on the date of this Agreement, (E) make any contribution to any Company Employee Benefit Plan, other than regularly scheduled contributions or contributions required by the terms of such Company Employee Benefit Plan or by applicable law, (F) amend or extend (or make any commitments to amend or extend or terminate) any Company Employee Benefit Plan, except for amendments required by applicable law;

(xvii) terminate any executive officer, except for cause;

(xviii) terminate, elect not to renew, cause a lapse of or amend in any material respect any reinsurance treaty or agreement in force as of the date hereof to which the Company or any Subsidiary of the Company is a ceding party; or

(xix) enter into a contract to do, or to authorize, or commit to take any of the foregoing actions.

Nothing contained in this Agreement shall give to Buyer, directly or indirectly, the right to control or direct the operation of the business of the Company or its Subsidiaries prior to the Closing. Nothing contained in this Agreement shall limit the ability of Seller and its affiliates, prior to the Closing, to exercise, consistent with the terms and conditions of this Agreement, complete control and supervision of the operations of the business of the Company and its Subsidiaries.

Section 4.2 Access to Information; Confidentiality.

(a) Seller shall cause the Company and its Subsidiaries to afford to Buyer and to the officers, employees and other representatives of Buyer reasonable access upon reasonable notice during normal business hours during the period prior to the Closing Date to all of its properties, books, contracts, commitments and records and, during such period, Seller shall cause the Company and its Subsidiaries to furnish to Buyer such information concerning its business, properties, financial condition, operations and personnel as Buyer may from time to time reasonably request, other than any such properties, books, contracts, commitments, records and information that (i) are subject to an attorney-client or other legal privilege which would be impaired by such disclosure or (ii) are subject to an obligation of confidentiality, provided that Seller, the Company and its Subsidiaries shall have used commercially reasonable efforts to obtain the consent of the applicable third party to such inspection or disclosure. All requests for access or information pursuant to this Section 4.2(a) shall be directed to the Person or persons identified in Section 4.2(a) of the Disclosure Schedule or such other Person or persons as Seller shall designate after the date hereof in writing. Without limiting the terms thereof, the Confidentiality Agreement shall govern the obligations of Buyer and its Representatives (as defined in the Confidentiality Agreement) with respect to all information of any type furnished or made available to them pursuant to this Section 4.2(a).

(b) From and after the Closing, Seller shall not, and shall cause each of its controlled affiliates and such affiliates' officers, directors, employees and professional advisers not to, disclose to any other Person any Business Confidential Information; provided that Seller and such affiliates may disclose Business Confidential Information (i) to the extent required by law, in any report, statement, testimony or other submission to any Governmental Entity or (ii) in order to comply with any law, or in response to any summons, subpoena or other legal process or formal or informal investigative demand issued to Seller or its affiliates in the course of any litigation, investigation or administrative proceeding; provided, further, that, if Seller or any of its controlled affiliates becomes legally compelled by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar judicial or administrative process to disclose any such Business Confidential Information, Seller shall provide Buyer with prompt prior written notice of such requirement, and, to the extent reasonably practicable, cooperate with Buyer to obtain a protective order or similar remedy to cause such Business Confidential

Information not to be disclosed, including interposing all available objections thereto. In the event that such protective order or other similar remedy is not obtained, such Seller and its controlled affiliates shall furnish only that portion of Business Confidential Information that has been legally compelled. For purposes of this Section 4.2(b), "Business Confidential Information" means all non-public information disclosed prior to the Closing by the Company to Seller that is related to the business of the Company and its Subsidiaries, provided that the term Business Confidential Information shall not include any information independently developed by Seller without violating any obligation under this Agreement so long as such information was not obtained from a third party that Seller knew or should have known was subject to a contractual, legal, fiduciary or other obligation of confidentiality with respect to such information.

Section 4.3 Commercially Reasonable Efforts. Upon the terms and subject to the conditions and other agreements set forth in this Agreement, each of the parties agrees to use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

Section 4.4 Consents, Approvals and Filings.

(a) Seller and Buyer shall each use their commercially reasonable efforts, and shall cooperate fully with each other (i) to comply as promptly as practicable with all governmental requirements applicable to the transactions contemplated by this Agreement and (ii) to obtain as promptly as practicable all necessary permits, orders or other consents, approvals or authorizations of Governmental Entities and consents or waivers of all third parties necessary in connection with the consummation of the transactions contemplated by this Agreement. In connection therewith, Seller and Buyer shall make and cause their respective affiliates to make all legally required filings as promptly as practicable in order to facilitate prompt consummation of the transactions contemplated by this Agreement, and shall provide and shall cause their respective affiliates to provide such information and communications to Governmental Entities as such Governmental Entities may request. Subject to any restrictions under law, each of the parties shall provide to the other party copies of all applications or other communications to Governmental Entities in connection with this Agreement in advance of the filing or submission thereof. To the extent that the rights of the Company or any of its Subsidiaries under any license or other contract (including services agreements, software licenses and hardware leases) may not be transferred or made available to Buyer without obtaining the consent of a third party, Buyer shall be responsible for the costs (including any license or other fees and expenses) associated with obtaining the consents from such third party to obtain such rights or replacement of such rights.

(b) Without limiting the generality of the foregoing, within 15 Business Days after the date hereof, each of Seller, the Company and the Company's Subsidiaries, on the one hand, and Buyer, on the other hand, shall file with all applicable Insurance Regulators requests for approval of the transactions contemplated by this Agreement, which requests shall include all required exhibits. A reasonable time prior to furnishing any written materials to any Insurance Regulator in connection with the transactions contemplated by this Agreement, Buyer or Seller, as the case may be, shall furnish the other with a copy thereof and a reasonable opportunity to

provide comments thereon. Buyer or Seller, as the case may be, shall give to the other prompt written notice if it (including the Company and its Subsidiaries, in the case of Seller) receives any notice or other communication from any Insurance Regulator in connection with the transactions contemplated by this Agreement, and, in the case of any such notice or communication which is in writing, shall promptly furnish the other a copy thereof. If any Insurance Regulator requires that a hearing be held in connection with any such approval, Buyer or Seller, as the case may be, shall use its commercially reasonable efforts to arrange for such hearing to be held promptly after it receives notice that such hearing is required. Buyer or Seller, as the case may be, shall give to the other reasonable prior written notice of the time and place when any meetings or other conferences may be held by it with any Insurance Regulator in connection with the transactions contemplated by this Agreement, and shall permit it to have a representative or representatives attend or otherwise participate in any such meeting or conference.

Section 4.5 Access to Books and Records. Following the Closing Date, Buyer shall afford, and shall cause its Subsidiaries to afford, to Seller and any affiliates of Seller, and their respective counsel and accountants, during normal business hours, reasonable access (subject to applicable law, any applicable legal privilege and any contractual limitations on Buyer) to inspect, audit and take copies of the books and records of the Company and its Subsidiaries with respect to the period prior to the Closing Date to the extent that such access may be reasonably required by Seller or any affiliate of Seller for any lawful business purpose, including the investigation, litigation and final disposition of any claims which may have been or may be made against Seller or such affiliate in connection with the business of the Company and its Subsidiaries. Buyer shall not, and shall cause its affiliates not to, dispose of, alter or destroy any such books and records until the later of (i) seven years after the Closing Date and (ii) 30 days after giving notice to Seller to permit it, at its expense, to examine, duplicate or repossess such books and records (subject to applicable law, any applicable legal privilege and any contractual limitations on Buyer). Also following the Closing Date, Buyer shall cooperate, and shall cause its Subsidiaries to cooperate, with Seller and any affiliates of Seller and their respective counsel and accountants in the exercise of any and all rights held by the Subsidiaries of Buyer to inspect, audit and take copies of the books and records of third parties, where such access may be reasonably required by Seller or any affiliate of Seller for any lawful business purpose, including the investigation, litigation and final disposition of any claims which may have been or may be made against Seller or such affiliate by such third parties in connection with business in which the Company and its Subsidiaries may have been involved. Notwithstanding the foregoing, this Section 4.5 shall not apply to the Tax returns and other materials covered by Section 9.7.

Section 4.6 Public Announcements. Buyer and Seller, and their respective affiliates, shall consult with each other before issuing, and provide each other the opportunity to review and comment upon, any press release or other public statement with respect to the transactions contemplated by this Agreement and shall not issue any such press release or make any such public statement without the advance approval of the other party following such consultation (such approval not to be unreasonably withheld or delayed), except as may be required by applicable law, court process or by the requirements of any securities exchange.

Section 4.7 Intercompany Accounts. Section 4.7 of the Disclosure Schedule sets forth a list of all intercompany accounts between the Company or any Subsidiary of the Company, on one hand, and Seller or any affiliate thereof (other than the Company or any Subsidiary of the Company) on the other hand. At or immediately prior to the Closing, all such intercompany accounts set forth in Section 4.7 of the Disclosure Schedule under the caption "Intercompany Accounts to be Settled" shall be settled by payment in full or otherwise as specifically set forth in Section 4.7 of the Disclosure Schedule.

Section 4.8 Use of Names.

(a) Prior to or at the Closing, the Company and its Subsidiaries shall transfer any and all right, title or interest, including all associated goodwill, which any of them may have in or to the names, trademarks and service marks set forth on Section 4.8(a) of the Disclosure Schedule or any name, trademark, service mark, acronym or logo based on or incorporating any of such names, trademarks or service marks (collectively, the "Seller Trademarks") or any Internet domain name containing all or a portion of a Seller Trademark to Seller or to such Person as Seller may direct. Prior to or at the Closing, Seller or an affiliate of Seller shall enter into a royalty-free license (the "Trademark License") with the Company permitting the Company and the Subsidiaries to use the Seller Trademarks solely in the property and casualty insurance and reinsurance business in the United States for the applicable period set forth in Section 4.8(b).

(b) (i) On or prior to the Closing Date, Seller shall cause the Company and its Subsidiaries which are not Insurance Subsidiaries (the "Non-Insurance Subsidiaries") to amend their respective certificates of incorporation to change their corporate names to names selected by Buyer that do not include any Seller Trademark or any confusingly similar name. Following the Closing, Buyer shall cause the Company and each of the Non-Insurance Subsidiaries to take all actions as shall be necessary to cease all use of the Seller Trademarks, including changing all trademark or service mark use of Seller Trademarks to marks that do not include any Seller Trademark or any confusingly similar mark. The term of the Trademark License for the Company and the Non-Insurance Subsidiaries shall be 90 days from the Closing Date or for such longer period as Seller and Buyer shall agree.

(ii) Within 45 days following the date hereof, Buyer shall select a new name for each Trademark Insurance Subsidiary (as defined below) that does not include a Seller Trademark or any confusingly similar name. Promptly following the Closing, Buyer shall cause each of the Trademark Insurance Subsidiaries to take all such actions (including making filings and obtaining approvals) as shall be necessary (x) to change its name to such new name and (y) to cease all use of the Seller Trademarks, including changing all trademark or service mark use of Seller Trademarks to marks that do not include any Seller Trademark or any confusingly similar mark. The term of the Trademark License with respect to each Trademark Insurance Subsidiary shall be 180 days from the Closing Date. The term of the Trademark License with respect to each Insurance Subsidiary which is not a Trademark Insurance Subsidiary shall be 90 days from the Closing Date or for such longer period as may be required to enable the Company and its Subsidiaries to comply with applicable law. "Trademark Insurance Subsidiary" means each Insurance Subsidiary of the Company that currently has a corporate name that includes a Seller Trademark.

(c) Notwithstanding any other provision of this Section 4.8, Buyer shall use its commercially reasonable efforts to cause the Company and its Subsidiaries to cease using any Seller Trademark as soon as practicable following the Closing. In any event, upon the expiration of the term of the Trademark License as to any licensee, such licensee shall cease all use of the Seller Trademarks. Any new corporate name, trademark or service mark selected by Buyer pursuant to Section 4.8(b) shall comply with all applicable laws and regulations.

Section 4.9 Further Assurances. Seller and Buyer agree, and Seller, prior to the Closing, and Buyer, after the Closing, agree to cause the Company and each Subsidiary of the Company, to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be reasonably necessary or desirable in order to consummate or implement expeditiously the transactions contemplated by this Agreement.

Section 4.10 Officers and Directors. Seller shall use its reasonable efforts to deliver to Buyer the resignations of all members of the board of directors of the Company from their positions as directors of the Company immediately prior to the Closing, such resignations to become effective upon the Closing. From and after the Closing, for a period of six years Buyer shall indemnify and hold harmless each person who is or at any time prior to the date hereof or who becomes prior to the Closing an officer or director of the Company or any of its Subsidiaries in respect of all acts or omissions occurring at or prior to the Closing to the same extent provided under the organizational documents of the Company or such Subsidiary in effect as of the date hereof, provided that such indemnification shall be subject to any limitation imposed from time to time under applicable law. Such officers and directors are intended third party beneficiaries of this Section 4.10 and may specifically enforce its terms.

Section 4.11 Services Agreements.

(a) Upon Buyer's request, prior to or at the Closing, Seller and Buyer shall negotiate in good faith to execute and deliver, or cause their applicable affiliates to execute and deliver, a Transition Services Agreement in substance and form reasonably acceptable to Seller and Buyer pursuant to which Seller or its affiliates shall cause services in connection with the operation of the businesses of the Company and its Subsidiaries to be provided to the Company and its Subsidiaries for a transitional period from and after the Closing.

(b) Upon Seller's request, prior to or at the Closing, Seller and Buyer shall negotiate in good faith to execute and deliver, or cause their applicable affiliates to execute and deliver, one or more agreements in substance and form reasonably acceptable to Seller and Buyer pursuant to which Buyer shall cause the Company and its Subsidiaries to provide services in connection with the divestiture of former affiliates of Seller to Seller and its affiliates or on behalf of Seller and its affiliates for a period from and after the Closing.

Section 4.12 Certain Dispositions. Prior to the Closing, Seller shall, and shall cause the Company to, divest the Company of its interest in the Winterthur Funds, including obtaining any necessary consents or approvals from any Governmental Entity or third party in connection therewith.

Section 4.13 Notice of Proceedings. Buyer shall promptly notify Seller, and Seller shall promptly notify Buyer, in writing, upon (a) becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the execution of this Agreement or the consummation of the transactions contemplated by this Agreement, or (b) receiving any notice from any Governmental Entity of its intention to (i) institute a suit or proceeding to restrain or enjoin the execution of this Agreement or the consummation of the transactions contemplated by this Agreement or (ii) nullify or render ineffective this Agreement or such transactions if consummated.

Section 4.14 Non-Competition.

(a) During the 24 month period following the Closing Date, except as permitted by this Section 4.14 and subject to applicable law, Seller shall not, and shall cause its Subsidiaries not to, directly or indirectly, in the United States engage in any business that competes with the property and casualty insurance business of the Company or its Subsidiaries as conducted in the United States on and as of the Closing Date ("Restricted Business"). This Section 4.14 shall cease to be applicable to any Person at such time as it is no longer a Subsidiary of Seller.

(b) Notwithstanding the provisions of Section 4.14(a) and without agreeing or acknowledging (implicitly or explicitly) that the following activities would be subject to the provisions of Section 4.14(a), nothing in this Agreement shall prohibit, preclude or restrict Seller or any of its Subsidiaries from engaging in any manner in any (i) Existing Business Activity, (ii) Financial Services Business, (iii) De Minimis Business or (iv) business activity that would otherwise violate this Section 4.14 if such business is acquired from any person (an "After-Acquired Business") or is carried on by any Person that is acquired by or combined with Seller or any of its Subsidiaries, or otherwise becomes a Subsidiary of Seller after the date hereof (an "After-Acquired Company"); provided, however, that, with respect to clause (iv) above, as soon as reasonably practicable after the purchase or other acquisition of the After-Acquired Business or After-Acquired Company, but in no event after the expiration of this Section 4.14, Seller or such Subsidiary shall (A) use commercially reasonable efforts to dispose of the After-Acquired Business or the relevant portion of the After Acquired Company's business or capital stock or (B) cause the business of the After-Acquired Company to comply with this Section 4.14.

(c) As used herein, the following terms have the meanings set forth below:

"De Minimis Business" means (a) any minority investment by Seller or any of its affiliates in any Person (i) where the amount invested was less than $100,000,000, or (ii) in which Seller or such affiliate does not have the right to designate a majority, or such higher amount constituting a controlling number, of the members of the board of directors (or similar governing body) of such Person or (iii) in which Seller or such affiliate owns less than 20% of the outstanding voting securities, or (b) any investment in any Person by any affiliate of Seller that is engaged in the asset management business, the private equity business or the Financial Services Business, in each of the cases of the preceding clauses (a) and (b), other than any joint venture or other arrangement to engage, directly or indirectly, in the property and casualty insurance business in the United States with any Person that is principally engaged in the property and casualty insurance business in the United States.

"Existing Business Activities" means any business conducted by AXA and its affiliates (including Seller but not including the Company and its Subsidiaries) on and as of the date hereof.

"Financial Services Business" means the offering, sale, distribution or provision, directly or through any distribution system or channel, of any life insurance, annuity or financial products, reinsurance (other than reinsurance arrangements entered into to circumvent the intent of this Section 4.14), financial services, asset management services, back-office billing, processing, collection and administrative services or products or products or services related or ancillary to any of the foregoing.

Section 4.15 Non-Solicit. During the 24 month period following the Closing Date, Seller shall not, and shall cause its Subsidiaries not to, directly or indirectly, solicit for employment any Employee, or solicit any Agent to cease doing business, or reduce the amount of business done, with Buyer, the Company or its Subsidiaries; provided, however, that nothing in this Agreement shall prohibit Seller or any of its Subsidiaries from offering employment to or employing persons (i) who respond to a general solicitation or advertisement that is not specifically directed only to Employees (and nothing shall prohibit the making of such solicitation or advertisement), (ii) who are referred to Seller or any of its Subsidiaries by search firms, employment agencies or other similar entities, so long as such entities have not been specifically instructed by Seller or any of its Subsidiaries to solicit such Employees or (iii) who have not been employed by Buyer or any of its affiliates for a period of six consecutive months.

Section 4.16 Parent Guarantee.

(a) Guarantee. Buyer Parent hereby absolutely, unconditionally and irrevocably guarantees (the "Guarantee"), as principal and not as a surety, to Seller (i) the prompt and complete payment in full as and when due and payable by Buyer (and its successors and permitted assigns) of any and all amounts payable by Buyer pursuant to the terms of this Agreement (such payment obligations, the "Guaranteed Payments"), and (ii) the prompt and complete performance in full by Buyer (and its successors and assigns) of its other obligations under the terms of this Agreement (the "Guaranteed Obligations"). The Guaranteed Payments and Guaranteed Obligations are sometimes referred to herein collectively as the "Obligations." If for any reason Buyer shall fail or be unable promptly and fully to pay any Guaranteed Payment as and when the same shall be due and payable hereunder or to perform any Guaranteed Obligation, Buyer Parent shall forthwith pay or cause to be paid such Guaranteed Payment to Seller or shall forthwith perform or cause to be performed such Guaranteed Obligation, as the case may be, and Seller shall not be obligated to pursue remedies against Buyer as a condition to enforcement of the Guarantee. Buyer Parent represents and warrants to Seller that it has the full corporate power and authority to provide the Guarantee, to perform its obligations with respect thereto and to execute this Agreement for the purposes thereof. The provision of the Guarantee, the performance of Buyer Parent's obligations with respect thereto and the execution and delivery of this Agreement for purposes of this Section 4.16 have been duly and validly authorized and approved by all requisite corporate action of Buyer Parent and no other acts or proceedings on its part are necessary with respect thereto.

(b) Guarantee Absolute. Buyer Parent hereby guarantees that the Guaranteed Payments will be paid and the Guaranteed Obligations will be performed strictly in accordance with the terms of this Agreement. The obligations of Buyer Parent under the Guarantee constitute a present and continuing guarantee of payment and performance, and not of collectibility. Subject to Section 4.16(g), the liability of Buyer Parent under this Section 4.16 shall be absolute, unconditional, present, continuing and irrevocable until all of the Obligations have been indefeasibly paid in full or performed, as applicable, irrespective of:

(i) any assignment or other transfer of this Agreement or any of the rights hereunder of Buyer hereunder;

(ii) any amendment, waiver, renewal or extension of, or release or consent under, this Agreement, in each case other than in respect of this Section 4.16;

(iii) any acceptance by Seller of partial payment or performance from Buyer;

(iv) any bankruptcy, insolvency, reorganization, arrangement, composition, adjustment, dissolution, liquidation or other like proceeding relating to Buyer, or any action taken with respect to this Agreement by any trustee or receiver, or by any court, in any such proceedings; or

(v) any absence of any notice to, or knowledge of, Buyer Parent, of the existence or occurrence of any of the matters set forth in the foregoing subsections (i) through (iv).

Subject to Section 4.16(g), the obligations of Buyer Parent hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claims of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise, provided that nothing contained in this Section 4.16 shall limit the ability of Buyer or Buyer Parent to bring any action or claim under this Agreement.

(c) Continuing Guarantee. The Guarantee is a continuing Guarantee and shall (i) remain in full force and effect until the complete performance of all of the Guaranteed Obligations and the indefeasible payment in full of all of the Guaranteed Payments, (ii) be binding upon Buyer Parent, its successors and permitted assigns and (iii) inure to the benefit of and be enforceable by Seller and its successors, transferees and permitted assigns; provided, however, that the obligations of Buyer Parent in this Section 4.16 may not be assigned, transferred or delegated without the prior written consent of Seller. Any attempted assignment or transfer in violation of this Section 4.16(c) shall be void.

(d) Waiver. Buyer Parent hereby waives promptness, diligence, all setoffs, presentments, protests and notice of acceptance and any other notice relating to any of the Obligations or this Section 4.16.

(e) Subrogation Waiver. Buyer Parent agrees that it shall not have any rights (direct or indirect) of subrogation, contribution, reimbursement, indemnification, or other rights

of payment or recovery from Buyer for any payments made by Buyer Parent hereunder until all Obligations have been fully and indefeasibly paid and performed, and Buyer Parent hereby irrevocably waives and releases, absolutely and unconditionally, any such rights of subrogation, contribution, reimbursement, indemnification and other rights of payment or recovery it may now have or hereafter acquire against Buyer until all Obligations have been fully and indefeasibly paid and performed.

(f) Reinstatement. The obligations of Buyer Parent under this Section 4.16 shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Payments is rescinded or must otherwise be returned to Buyer or any other entity, or any of the Guaranteed Obligations is rescinded or annulled, upon the insolvency, bankruptcy, arrangement, adjustment, composition, liquidation or reorganization of Buyer, as though such payment had not been made or performance had not occurred, as applicable.

(g) Certain Defenses. Seller agrees that notwithstanding anything contained herein to the contrary, except as provided in the last sentence of this Section 4.16(g), Buyer Parent shall not be obligated to pay or perform any Obligation hereunder to the extent that Buyer is not required to pay or perform such Obligation as a result of any right or offset, counterclaim or other defense available to Buyer with respect to such Obligation in accordance with the provisions of the this Agreement (collectively, a "Purchaser Defense"). In furtherance thereof, Buyer Parent shall be entitled to assert any Purchaser Defense to the same extent that any such Purchaser Defense could be asserted by Buyer in any action brought by Seller to enforce the Obligations against Buyer. Notwithstanding the foregoing provisions of this Section 4.16(g), in no event shall any stay or discharge or other impairment of or limitation on the Obligations as the result of any bankruptcy, insolvency, reorganization, arrangement, composition, adjustment, dissolution, liquidation or other like proceeding relating to Buyer or any action taken with respect to this Agreement by any trustee or receiver, or by any court, in any such proceeding, give rise to any defense to payment or performance by Buyer Parent hereunder.

Section 4.17 Contact with Agents. From and after the date hereof, subject to any limitations imposed by law or contract, Seller shall and shall cause the Company and each of its Subsidiaries to make reasonably available during normal business hours and upon reasonable notice their respective employees to assist Buyer in preserving the business of the Company and its Subsidiaries including permitting Buyer to participate in meetings and conference calls among Seller, the Company, the Company's Subsidiaries and the insurance agents doing business with them, to send communications (the content of which shall be subject to Seller's prior review and approval) to such insurance agents, and to encourage such insurance agents to otherwise maintain their business relationships with the Company and its Subsidiaries following Closing.

Section 4.18 Liquidation of Investments. If and to the extent Buyer so requests in writing no later than three Business Days after the date hereof, Seller shall, on or before January 31, 2007, cause the Company and each of its Subsidiaries to liquidate any investment of the Company or any such Subsidiary (other than any investment listed on Section 4.18 of the Disclosure Schedule) not held in cash or liquid investment grade fixed interest rate debt with maturities of one year or less and invest the proceeds thereof in cash or such fixed interest debt, provided that Buyer shall be responsible and shall indemnify Seller for any costs and expenses

and for any Losses in respect of Taxes arising out of or resulting from such liquidation if the Closing shall not occur.

Section 4.19 Guaranties; Specified Matters.

(a) Guaranties. From and after the Closing, Buyer shall cause the Company promptly to perform and comply in all respects with all of its obligations under the guaranties listed on Section 4.19(a) of the Disclosure Schedule.

(b) Specified Matters. From and after the Closing, and subject to and without limiting any of the provisions set forth in Section 8.2, Buyer shall (i) diligently defend in good faith any claim, demand, action or proceeding arising out of the matters identified on Section 4.19(b) of the Disclosure Schedule (the "Specified Matters") that could reasonably be expected to result in Losses that are indemnifiable by Seller hereunder, (ii) take all reasonable steps to prevent any Specified Matter from resulting in a Third Party Claim (as defined herein) and mitigate any such Losses upon and after becoming aware of any facts, matters, failures or circumstances that could reasonably be expected to result in such Losses, and (iii) not, and shall not permit the Company or any of its Subsidiaries to, admit any liability with respect to, or settle, compromise or discharge any such claim, demand, action or proceeding without Seller's prior written consent (which shall not be unreasonably withheld or delayed) if such admission, settlement, compromise or discharge could reasonably be expected to result in Losses that are indemnifiable by Seller hereunder. Except to the extent prohibited by applicable law or confidentiality obligation or to the extent the attorney-client or another applicable legal privilege would be impaired (Buyer having first used commercially reasonable efforts to obtain the consent of any applicable third party to any disclosure or provision of notice or right to participate contemplated by the following clauses (x), (y) and (z)), Buyer shall provide Seller (x) promptly upon receipt, with a copy of all written communications received by Buyer, the Company or any of the Company's Subsidiaries in connection with the Specified Matters, (y) with a reasonable opportunity to review and comment in advance on any written communications to be delivered by Buyer, the Company or any of the Company's Subsidiaries in connection with the Specified Matters, and (z) with advance notice of, and the right to participate in, all meetings and conference calls involving the Buyer, the Company or any of its Subsidiaries, on the one hand, and the party or parties that have made or brought or make or bring any such claim, demand, action or proceeding, on the other hand. Buyer shall keep Seller apprised of the status of the Specified Matters and shall promptly advise Seller of any changes in such status. Buyer and Seller acknowledge and agree that they have a common interest in defending against any claims, demands, actions or proceedings arising out of the Specified Matters. For the avoidance of doubt, at such time as Buyer shall notify Seller of any Third Party Claim in respect of a Specified Matter, the procedures set forth in Section 8.2 shall apply to such Third Party Claim.

ARTICLE V

EMPLOYEE MATTERS

Section 5.1 Severance Benefits. For a period of 12 months following the Closing Date, Buyer shall provide, or cause the Company or a Subsidiary to provide, severance

benefits for Employees of the Company or its Subsidiaries whose employment is terminated during such period which are at least equal to the severance benefits described in the severance plan set forth on Section 5.1 of the Disclosure Schedule.

Section 5.2 Certain Contracts. Following the Closing Date, Buyer shall honor, or shall cause the Company or a Subsidiary to honor, all individual employment and severance agreements in effect for Employees (or former employees) of the Company or its Subsidiaries as of the date hereof, all as disclosed on Section 5.2 of the Disclosure Schedule.

Section 5.3 Credit for Service. On and after the Closing Date, Buyer shall provide, or cause to be provided, to each Transferred Employee under each Employee Benefit Plan maintained by the Company or a Company Subsidiary and each other Employee Benefit Plan maintained or contributed to by Buyer or any affiliate in which Transferred Employees are eligible to participate (collectively, the "Buyer Employee Benefit Plans") credit for purposes of eligibility to participate, vesting and benefit accruals (other than benefit accrual under any defined benefit pension plan) for full and partial years of service with Seller or its affiliates (including the Company or any Subsidiary thereof) performed at any time prior to the Closing Date to the extent such service was credited under the analogous predecessor plan, except where such crediting results in the duplication of benefits.

Section 5.4 Employee Benefit Plans. For a period of 12 months following the Closing Date (a) the benefits and coverages provided to Transferred Employees by the Company, Buyer or their respective Subsidiaries or other affiliates shall be no less favorable in the aggregate than those provided to such Transferred Employees immediately prior to the Closing Date, and (b) base annual compensation paid to each Transferred Employee on and after the Closing Date shall not be less than the base annual compensation paid to such Transferred Employee on the date immediately preceding the Closing Date.

Section 5.5 Preexisting Conditions, Exclusions and Waiting Periods; Deductibles. The Company, Buyer and their respective Subsidiaries and other affiliates shall (a) waive all limitations as to preexisting conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to Employees under any Buyer Employee Benefit Plans that are "employee welfare benefit plans" (within the meaning of Section 3(1) of ERISA) which replace any of the Company Employee Benefit Plans that are employee welfare benefit plans in which such Employees participate, other than limitations or waiting periods that are already in effect with respect to such Employees and that have not been satisfied as of the Closing Date and (b) provide each Employee with credit for any co-payments and deductibles paid by such Employee for the plan year in which the Closing Date occurs for purposes of satisfying any applicable deductible or out-of-pocket requirements under any employee welfare benefit plans in which Employees are eligible to participate for the plan year in which the Closing Date occurs, to the extent credited under such Company Employee Benefit Plans.

Section 5.6 COBRA. Buyer shall be, or shall cause the Company to be, responsible and liable for providing the appropriate COBRA notices and coverages to Transferred Employees who experience a COBRA "qualifying event" on or after the Closing. Notwithstanding any provision of this Agreement to the contrary, Buyer shall be, or shall cause the Company to be, responsible and liable for providing, or continuing to provide, health care

continuation coverage as required under COBRA with respect to any individual who experienced a COBRA "qualifying event" before the Closing under any Company Employee Benefit Plan subject to COBRA.

Section 5.7 Leaves of Absence. Each employee of the Company or any Subsidiary of the Company on an approved leave of absence on the Closing Date shall be governed by the leave of absence policies of the Company or such Subsidiary as in effect at such time until the end of such leave of absence, whether or not such leave of absence is required by law or is a voluntary employer-provided leave of absence.

Section 5.8 Retention Bonuses. Seller shall be solely responsible for and shall pay when due any and all retention bonuses or other similar payments (including those in respect of the retention of employees, transaction success, and change of control, but excluding severance or any amounts payable in the ordinary course of business) payable as a direct result of, and contingent upon, the transactions contemplated hereby that are payable to current or former directors, officers or employees of the Company and the Subsidiaries of the Company. Buyer and Seller agree that to the extent Seller makes any payments directly to a recipient pursuant to this Section 5.8, such payment, net of any credit or payment made to Seller relating to the assumed Tax benefit deemed realized by the Company or its Subsidiaries as determined pursuant to this Section 5.8, shall be deemed to have been contributed by Seller as a capital contribution to the Company and then paid by the Company or a Subsidiary of the Company to the recipient for all purposes hereunder, including Tax purposes. Notwithstanding anything in this Section 5.8 to the contrary, to account for the Tax benefits the Company or its Subsidiaries will receive relating to payments made by Seller or an affiliate pursuant to this Section 5.8, (i) to the extent Seller or an affiliate makes a payment directly to the Company or its Subsidiaries (or other affiliates) pursuant to this Section 5.8, Seller's payment obligation under this Section 5.8 shall be limited to 65% of the amount payable to any such current or former director, officer or employee and (ii) to the extent Seller or an affiliate makes a payment directly to such current or former director, officer or employee pursuant to this Section 5.8, the Company shall, within 10 days of receipt of written notice of such payment, pay to Seller an amount equal to 35% of the amount paid to such current or former director, officer or employee.

Section 5.9 No Third Party Beneficiary Rights. Nothing contained in this Agreement shall confer upon any employee of the Company or any Company Subsidiary any right with respect to continued employment by Seller, the Company, its Subsidiaries or Buyer. No provision of this Agreement shall create any third-party rights in any such employee, or any beneficiary or dependent thereof, with respect to the compensation, terms and conditions of employment and benefits that may be provided to such employee by Buyer, the Company or any Subsidiary of the Company or under any benefit plan that Buyer, the Company or any Subsidiary of the Company may maintain.

ARTICLE VI

CONDITIONS PRECEDENT

Section 6.1 Conditions to Each Party's Obligations. The respective obligations of each party to effect the purchase and sale of the Shares and the other actions to be taken at the

Closing are subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) Governmental Consents. All filings required to be made prior to the Closing Date with, and all consents, approvals, permits and authorizations required to be obtained prior thereto from, Governmental Entities, including those set forth in Sections 3.1(e) and 3.2(c) of the Disclosure Schedule, in connection with the consummation of the transactions contemplated hereby by Seller and Buyer shall have been made or obtained which consents, approvals, permits and authorizations shall not contain any conditions, restrictions, undertakings or limitations that would have a Company Material Adverse Effect.

(b) HSR Act. The waiting period (and any extension thereof) applicable to the transactions contemplated hereby under the HSR Act shall have been terminated or shall have otherwise expired.

(c) No Injunctions or Restraints. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction and no statute, law, rule or regulation of any Governmental Entity preventing the consummation of the purchase and sale of the Shares or any of the other transactions contemplated hereby shall be in effect; provided, however, that the party invoking this condition shall have used all reasonable efforts to have any such order or injunction vacated, and no Governmental Entity shall have instituted any proceeding that is pending seeking any such order, preliminary or permanent injunction or other order to prohibit consummation of the purchase and sale of the Shares or any of the other transactions contemplated hereby.

Section 6.2 Conditions to Obligations of Buyer. The obligations of Buyer to effect the purchase and sale of the Shares and the other actions to be taken at the Closing are further subject to the satisfaction or waiver by Buyer on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties. The representations and warranties of Seller in this Agreement shall be true and correct (without regard to any qualifications or references to Company Material Adverse Effect, "material", or any other materiality qualifications or references contained in any specific representation or warranty), in each case as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date, except (i) to the extent any such representation and warranty speaks as of an earlier date, in which event such representation and warranty shall be true and correct as of such date, and (ii) for those failures of the representations or warranties to be so true and correct that have not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Buyer shall have received a certificate signed on behalf of Seller by an executive officer of Seller to the effect set forth in this paragraph.

(b) Performance of Obligations of Seller. Seller shall have performed in all material respects all obligations required to be performed by it under this Agreement on or prior to the Closing Date, and Buyer shall have received a certificate signed on behalf of Seller by an executive officer of Seller to such effect.

(c) Dispositions. The dispositions contemplated by Section 4.12 shall have been completed.

(d) FIRPTA Certificate. Buyer shall have received certification from the Company, dated no more than 30 days before the Closing Date and signed by a responsible officer of the Company and/or it Subsidiaries, that the Company is not and has not been, during the five years preceding the date of such certification, a United States real property holding company, as defined in Section 897(c)(2) of the Code.

Section 6.3 Conditions to Obligations of Seller. The obligations of Seller to effect the purchase and sale of the Shares and the other actions to be taken at the Closing are further subject to the satisfaction or waiver by Seller on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties. The representations and warranties of Buyer set forth in this Agreement shall be true and correct (without regard to any qualifications or references to "material adverse effect", "material", or any other materiality qualifications or references contained in any specific representation or warranty), in each case as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date, except (i) to the extent any such representation and warranty speaks as of an earlier date, in which event such representation and warranty shall be true and correct as of such date, and (ii) for those failures of the representations or warranties to be so true and correct that have not had and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Buyer to consummate any of the transactions contemplated by this Agreement. Seller shall have received a certificate signed on behalf of Buyer by an executive officer of Buyer to the effect set forth in this paragraph.

(b) Performance of Obligations of Buyer. Buyer shall have performed in all material respects all obligations required to be performed by it under this Agreement on or prior to the Closing Date, and Seller shall have received a certificate signed on behalf of Buyer by an executive officer of Buyer to such effect.

ARTICLE VII

SURVIVAL OF REPRESENTATIONS AND WARRANTIES

Section 7.1 Survival of Representations and Warranties. All representations and warranties contained in this Agreement shall survive the Closing solely for purposes of Sections 8.1(a) and 8.1(b) and shall terminate and expire at the close of business on the later of nine months after the Closing Date or March 31, 2008; provided that (i) the representations and warranties contained in subclauses (i) through (xi) of Section 3.1(k) shall not survive the Closing, (ii) the representations and warranties contained in subclause (xii) of Section 3.1(k) shall survive until the date that is 60 days after the expiration of the applicable statute of limitations, and (iii) the representations and warranties contained in the first five sentences of Section 3.1(b) and the first four sentences of Section 3.1(c) shall survive indefinitely. All covenants and agreements contained in this Agreement, to the extent that the foregoing are to

have effect or be performed after the Closing, shall survive the Closing in accordance with their terms.

ARTICLE VIII

INDEMNIFICATION

Section 8.1 Obligation to Indemnify.

(a) Subject to the expiration of the representations and warranties of Seller as provided in Article VII and the limitations set forth in this Article VIII, Seller agrees to indemnify and hold harmless Buyer from and against all Losses to the extent arising from or related to (i) any breach of the representations and warranties of Seller contained in this Agreement (other than those in Section 3.1(k)) (any such breach to be determined without regard to any Company Material Adverse Effect or "materiality" qualifications contained in any such representation and warranty, except for such qualifications contained in the representations and warranties set forth in Sections 3.1(f), (g), (h), (i) and (y)), (ii) subject to Buyer's performance of its obligations under Section 4.19, the Excluded Liabilities or (iii) any breach of any of the covenants and agreements of Seller contained in this Agreement which survive the Closing; provided, however, that Seller shall not have any liability under clauses (i) or (ii) above or under Sections 9.1(a) and (e) unless the aggregate of all Losses for which Seller would, but for this proviso, be liable, together with the aggregate of all Tax Losses for which Seller would, but for this proviso, be liable, exceeds on a cumulative basis an amount equal to $43,000,000 (the "Indemnification Basket"), and then only to the extent of any such excess; provided, further, however, that Seller shall not have any liability under clauses (i) or (ii) above or under Sections 9.1(a) and (e) for any individual items where the Loss or Tax Loss, as applicable, relating thereto is less than $50,000 and such items shall not be aggregated for purposes of the first proviso to this Section 8.1(a). As used herein, "Tax Losses" means all amounts, Taxes and Tax Contest Expenses for which Seller would be obligated to indemnify Buyer under Article IX, if Seller's obligations thereunder were not limited by the first two provisos to the preceding sentence. In any event, the maximum amount for which Seller shall be liable under Sections 8.1(a)(i), 8.1(a)(ii), 9.1(a) and 9.1(e) shall not exceed $171,000,000 (the "Indemnification Cap"); provided, however, that the Indemnification Basket and Indemnification Cap shall not apply to losses in respect of breaches of the representation and warranties contained in Section 3.1(b) and Section 3.1(c) as described in the provisions of Section 7.1.

(b) Subject to the expiration of the representations and warranties of Buyer as provided in Article VII and the limitations set forth in Section 8.2, Buyer agrees to indemnify and hold harmless Seller from and against all Losses to the extent arising from or related to (i) any breach of the representations and warranties of Buyer or Buyer Parent contained in this Agreement, (ii) the Excluded Liabilities, to the extent Seller has no obligation under this Agreement to indemnify Buyer therefor, or (iii) any breach of any of the covenants and agreements of Buyer or Buyer Parent contained in this Agreement which survive the Closing.

Section 8.2 Indemnification Procedures.

(a) In order for a party (the "Indemnified Party") to be entitled to any indemnification provided for under this Agreement in respect of, arising out of or involving a claim or demand made by, or an action, proceeding or investigation instituted by, any Person not a party to this Agreement (a "Third Party Claim"), such Indemnified Party must notify the other party (the "Indemnifying Party") in writing, and in reasonable detail, of the Third Party Claim promptly, and in any event within 15 calendar days, after such Indemnified Party learns of the Third Party Claim; provided, however, that any delay or failure to give such notification shall not affect the indemnification provided hereunder unless the Indemnifying Party shall have been actually prejudiced as a result of such failure (except that the Indemnifying Party shall not be liable for any expenses incurred during the period in which the Indemnified Party failed to give such notice). Thereafter, the Indemnified Party shall deliver to the Indemnifying Party, within five calendar days after the Indemnified Party's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim.

(b) If a Third Party Claim is made against an Indemnified Party, the Indemnifying Party will be entitled to participate in the defense thereof and, if it so chooses, to assume the defense thereof with counsel selected by the Indemnifying Party. Should the Indemnifying Party so elect to assume the defense of a Third Party Claim, the Indemnifying Party will not as long as it conducts such defense be liable to the Indemnified Party for legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof. If the Indemnifying Party assumes such defense, the Indemnified Party shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party, it being understood that the Indemnifying Party shall control such defense. The Indemnifying Party shall be liable for the fees and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has not assumed the defense thereof (other than during any period in which the Indemnified Party shall have not yet given notice of the Third Party Claim as provided above). If the Indemnifying Party chooses to defend or prosecute any Third Party Claim, all of the parties hereto shall cooperate in the defense or prosecution thereof. Such cooperation shall include the retention and (upon the Indemnifying Party's request) the provision to the Indemnifying Party of records and information which are relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Whether or not the Indemnifying Party shall have assumed the defense of a Third Party Claim, neither the Indemnifying Party nor the Indemnified Party, as the case may be, shall admit any liability with respect to, or settle, compromise or discharge, such Third Party Claim without the other party's prior written consent, which consent shall not be unreasonably withheld or delayed, except that consent may be withheld with respect to any injunctive or other non-monetary relief affecting the Indemnified Party.

(c) The indemnities provided in this Agreement shall survive the Closing; provided, however, that the indemnities provided under Sections 8.1(a)(i) and 8.1(b)(i) shall terminate when the applicable representation or warranty terminates pursuant to Article VII, except as to any item as to which the Person to be indemnified shall have, before the expiration of the applicable period, previously made a claim by delivering a notice (stating in reasonable detail the basis of such claim) to the Indemnifying Party. After the Closing, the indemnities provided in Sections 8.1(a) and 8.1(b) shall be the sole and exclusive remedy at law or in equity

for any breach of representation, warranty, covenant or agreement (other than those covenants and agreements which survive the Closing, including those in Article IX) or other claim arising out of this Agreement or the transactions contemplated hereby except for claims based on fraud.

(d) An Indemnified Party shall not be entitled to indemnification for any Losses for which indemnification is provided under this Agreement to the extent that such Indemnified Party has failed first to use commercially reasonable efforts to recover such Losses by exhausting any available remedies against insurers or other third parties. The amount of any Losses for which indemnification is provided under this Agreement shall be (i) net of any amounts recovered by the Indemnified Party from insurers or other third parties with respect to such Losses, (ii) net of any amounts reserved, accrued or expensed with reasonable specificity on the balance sheet included in the Interim GAAP Statements with respect to the facts, circumstances or matters giving rise to such Losses, (iii) increased to take account of any Tax cost incurred (grossed up for such increase) by the Indemnified Party arising from the receipt of indemnity payments hereunder, provided that such Tax cost shall be computed taking into account the receipt of any such indemnity payments, and (iv) reduced to take account of any Tax benefit realized by the Indemnified Party arising from the incurrence or payment of any such Losses, provided that such Tax benefit shall calculated in accordance with the principles set forth in Section 9.3.

(e) Notwithstanding anything contained herein to the contrary, (i) no Indemnifying Party shall be liable for lost profits or any punitive, exemplary, consequential or similar damages, except for lost profits or punitive, exemplary, consequential or similar damages actually paid to a third party in a Third Party Claim by an Indemnified Party, and (ii) no establishment or increase of or other adverse development in liabilities (or impairment of assets) for or in respect of losses or loss adjustment expenses under any policies or contracts of insurance written or assumed (or to be written or assumed) by an Insurance Subsidiary shall be the basis for any claim by Buyer or any of its affiliates that any representation or warranty in this Agreement has been breached.

(f) The Indemnified Party shall take, and shall cause its affiliates to take, all commercially reasonable steps to mitigate any Losses upon and after becoming aware of any facts, matters, failures or circumstances that would reasonably be expected to result in any Losses that are indemnifiable hereunder. In the event the Indemnified Party shall fail to take such commercially reasonable steps, then notwithstanding anything in this Agreement to the contrary, the Indemnifying Party shall not be required to indemnify the Indemnified Party for that portion of Losses that would reasonably have been expected to have been avoided if the Indemnified Party had taken such steps.

(g) In the event of payment by or on behalf of any Indemnifying Party to any Indemnified Party (including pursuant to this Article VIII) in connection with any claim or demand by any Person other than the parties hereto or their respective affiliates, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnified Party as to any events or circumstances in respect of which such Indemnified Party may have any right, defense or claim relating to such claim or demand against any claimant or plaintiff asserting such claim or demand. Such Indemnified Party shall cooperate with such Indemnifying

Party in a reasonable manner, and at the cost of such Indemnifying Party, in presenting any subrogated right, defense or claim.

Section 8.3 Tax Indemnification. Notwithstanding anything to the contrary in this Agreement, the rights and obligations of the parties with respect to indemnification for any and all Tax matters shall be governed by Article IX hereof and, with respect to the Losses in respect of Taxes described in Section 4.18, Section 4.18 and Article IX, and shall not be subject to this Article VIII, except for the limits on indemnification for Tax Losses set forth in Section 8.1(a).

ARTICLE IX

TAX MATTERS

Section 9.1 Indemnity.

(a) Seller agrees to indemnify and hold harmless Buyer, the Company and each Subsidiary against the following Taxes and Lost NOL Benefits (except for and to the extent of any Transfer Taxes and Disclosed Taxes) and, except as otherwise provided in Section 9.5, against any reasonable external out-of-pocket costs or expenses (including reasonable attorneys fees and expenses) incurred in contesting such Taxes ("Tax Contest Expenses"): (i) Taxes imposed on the Company, any Subsidiary or any Company Affiliated Group with respect to Taxable periods of such Person ending on or before December 31, 2006; (ii) with respect to Taxable periods beginning before December 31, 2006 and ending after December 31, 2006, Taxes imposed on the Company, any Subsidiary or any Company Affiliated Group which are allocable, pursuant to Section 9.1(c), to the portion of such period ending on December 31, 2006; (iii) subject to Section 9.2, any penalties imposed on the Company and its Subsidiaries by a Taxing Authority with respect to any Tax Returns filed by the Company or its Subsidiaries between the period commencing on January 1, 2007 and the Closing Date; (iv) the amount of Lost NOL Benefit for which Seller is required to indemnify Buyer pursuant to Section 9.1(e), and (v) Taxes of Seller or an affiliate of Seller (other than the Company or any Subsidiary) imposed on the Company or any Subsidiary by reason of Treasury Regulation Section 1.1502-6 (or any comparable provision under state, local or foreign law); provided, however, that all payments made pursuant to this Article IX shall be subject to the indemnification limitations, including the Indemnification Basket and the Indemnification Cap, described in Section 8.1(a).

(b) Buyer agrees to indemnify and hold harmless Seller for all Taxes and associated expenses not allocated to Seller pursuant to Section 9.1(a) above.

(c) In the case of Taxes (other than Transfer Taxes and Disclosed Taxes) that are payable with respect to a Taxable period that begins before December 31, 2006 and ends after December 31, 2006, the portion of any such Tax that is allocable to the portion of the period ending on December 31, 2006 shall be:

(i) in the case of Taxes that are either (A) based upon or related to income or receipts (other than premiums), or (B) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible) (other than conveyances

pursuant to this Agreement, as provided under Section 9.8), deemed equal to the amount which would be payable if the Taxable period ended on December 31, 2006; and

(ii) in the case of Taxes imposed on a periodic basis with respect to the assets of the Company or any Subsidiary, or otherwise measured by the level of any item, deemed to be the amount of such Taxes for the entire period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period), multiplied by a fraction the numerator of which is the number of calendar days in the period ending on December 31, 2006 and the denominator of which is the number of calendar days in the entire period; and

(iii) in the case of Taxes imposed on the basis of gross premiums, deemed equal to the amount of Taxes that would be payable based upon the amount of premium written as of December 31, 2006;

provided, however, that notwithstanding any provision of this Agreement to the contrary, neither Seller nor any affiliate of Seller (other than the Company or its Subsidiaries) is liable or responsible (whether by Law, pursuant to the terms of this Agreement, or otherwise) for any Taxes arising out of, relating to or resulting from any transactions or actions taken solely by or at the direction of Buyer or any affiliate thereof that occur on or after December 31, 2006 (which for purposes of this Article IX shall include the transactions described in Section 4.18 of this Agreement), and any such Taxes will be allocable to a taxable period beginning after December 31, 2006, for purposes of Section 9.1(a) and Section 9.1(b).

(d) Notwithstanding any provision of this Agreement to the contrary, the Company shall pay to Seller the excess of any amount accrued as a liability for Taxes (or otherwise taken into account) on the GAAP Financial Statements over the actual amount of the Company's Tax liabilities for the Tax year ending on December 31, 2006 as set forth on the applicable Tax return filed for such Tax year. Such payment shall be made within 10 days of such relevant Tax returns having been filed.

(e) Subject to Section 9.1(a), Seller agrees to indemnify Buyer for an amount equal to the present value of the loss of any Tax benefit resulting from a reduction of the amount of Seller NOLs below $340,000,000 to the extent such reduction in Seller NOLs results from: (A) a Final Determination made after December 31, 2006 that the Company or its Subsidiaries should have reported additional income in a taxable period ending on or before December 31, 2006 or not claimed a deduction that was taken in a taxable period ending on or before December 31, 2006 or (B) a breach of the representation set forth in Section 3.1(k)(xii) (the "Lost NOL Benefit"). For purposes of determining the Lost NOL Benefit, the parties hereto agree that the present value of the Lost NOL Benefit shall be determined by (i) first reducing the last dollar of Seller NOLs projected to be utilized (which have not already been deemed to have been lost on or prior to December 31, 2006 pursuant to the terms of this paragraph) as set forth on Section 9.1(e) of the Disclosure Schedule (the "NOL Schedule"), which, when delivered pursuant to this Section 9.1(e), shall (A) reflect the utilization of the $340,000,000 of net operating loss and capital loss carryforwards of the Company and its Subsidiaries and (B) be prepared in a manner consistent with and according to the provisions of this Section 9.1(e), (ii) assuming an effective marginal income tax rate of 35%, and (iii) calculating the present value of

the Lost NOL Benefits using a discount rate equal to 7%. No later than 30 days after the Closing, Seller shall deliver to Buyer the NOL Schedule (including supporting documentation) prepared according to and consistent with the provision of this Section 9.1(e). Buyer shall have 15 days from the date the NOL Schedule is received by Buyer or its representatives to review the NOL Schedule and provide to Seller any objections to the NOL Schedule. If no objection is provided within such 15 day period the NOL Schedule shall become final and binding upon the parties. If Buyer objects during such period, then the parties shall submit such dispute to a mutually selected national accounting firm and such accounting firm shall settle such dispute and the decision of the accounting firm shall be binding upon the parties and the NOL Schedule shall be revised to the extent necessary to reflect the decision of such accounting firm. Buyer, Seller and the Company shall, and the Company shall cause its Subsidiaries to, assist and cooperate with each other to the extent necessary to complete and finalize the NOL Schedule.

Section 9.2 Returns and Payments. The Company shall prepare and file or otherwise furnish in proper form to the appropriate Taxing Authority (or cause to be prepared and filed or so furnished) in a timely manner all Tax returns relating to the Company and its Subsidiaries that are due on or before the Closing Date (and Buyer shall (or shall cause the Company) to do the same with respect to any Tax return for the Company or its Subsidiaries due after the Closing Date) and the Company shall pay all Taxes reported as due on such Tax returns (subject to Seller's indemnification obligation under Section 9.1). Tax returns of the Company and its Subsidiaries not yet filed for any Taxable period that begins before the Closing Date shall be prepared in a manner consistent with past practices employed with respect to the Company and its Subsidiaries (except to the extent counsel for Seller or counsel for the Company renders a legal opinion that there is no reasonable basis in law therefor or determines that a Tax return cannot be so prepared and filed without being subject to penalties). With respect to any Tax return required to be filed by the Company and its Subsidiaries and as to which an amount of Tax is allocable to Seller under Sections 9.1(a) and 9.1(c), the Company shall provide Seller and its authorized representatives with a copy of such completed Tax return and a statement certifying the amount of Tax shown on such Tax return that is allocable to such other party pursuant to Section 9.1(c), together with appropriate supporting information and schedules at least 20 Business Days prior to the due date (including any extension thereof) for the filing of such Tax return, and Seller and its authorized representatives shall have the right to review and comment on such Tax return and statement prior to the filing of such Tax return. If after such review, Seller disagrees with any item on such Tax return and the parties cannot agree as to the appropriate treatment thereof, the issue in dispute shall be reviewed by a nationally recognized accounting firm mutually agreeable to the parties and such accounting firm shall (after taking into account the positions advocated by each party) determine in accordance with the terms of this paragraph the appropriate treatment thereof. The findings of such accounting firm shall be binding on all parties except to the extent there is a "determination" made to the contrary as such term is defined in Section 1313(a) of the Code, and the Tax return shall be completed and filed in a manner consistent with such findings; provided, however, that if any such decision has not been rendered and made available by the date that is two days prior to the date when such Tax return is required to be filed, the Company shall file such Tax return as of the date required by applicable law reflecting the positions of the Company with respect to all disputed items (the "Company Disputed Tax Positions"); provided, further however, that notwithstanding any provision in this Agreement to the contrary, Seller shall not be liable for any interest or penalties that are assessed against the Company or its Subsidiaries with respect to any Company Disputed

Tax Position and in all events the Company shall take all steps necessary to amend or revise any such Tax return to reflect the determination made by the accounting firm to the extent such determination is not consistent with the items reported and positions taken on such Tax return.

Section 9.3 Tax Benefits. Any indemnifiable Tax Losses payable by an indemnifying party under this Article IX shall be reduced by the amount of the Tax effect, if any, which for this purpose shall mean an amount equal to the present value to the indemnified party of any refund, credit or reduction in otherwise required Tax payments, including any interest payable thereon, of the indemnified party, or any affiliate thereof, resulting from or otherwise attributable to the indemnified Tax Losses, including any Tax savings (including any refund, credit or other Tax reduction) attributable to the deductibility of the indemnified party's or its affiliate's payment of any Tax Losses for which it receives an indemnification payment. Such present value shall be computed as of the first date on which the right to the refund, credit or other Tax reduction arises or otherwise becomes available to be utilized (i) using the maximum marginal rate of the relevant Tax payable by the indemnified party for any Tax year in which such savings or refund were or will be available after first reflecting all other items of income, gain, deduction, loss or credit for such period, and (ii) using the applicable short term federal rate (as such term is defined in Section 1274(d) of the Code) as of the relevant determination date. To the extent that the parties cannot agree whether any Tax savings exists (or will be realized) or on the appropriate treatment of any Tax savings, such disagreement shall be resolved by an accounting firm with a nationally recognized Tax practice jointly selected by the parties (provided that such firm has not performed any services for any party with respect to the transaction contemplated by this Agreement and is not the customary Tax advisor to any party).

Section 9.4 Tax Refunds. Any Tax refund (including any interest with respect thereto) relating to the Company or any Subsidiary of the Company for Taxes paid for any Taxable period ending on or prior to December 31, 2006 and not reflected or otherwise taken into account on the Interim GAAP Statements shall be the property of Seller, and if received by Buyer or the Company or any Subsidiary shall be paid over promptly to Seller; provided, however, that any Tax refund that relates to a carryback of a Company loss from a Taxable period or portion thereof beginning after December 31, 2006 and that would not otherwise have been received by Seller or an affiliate thereof shall be the property of Buyer. Notwithstanding any provision in this Agreement to the contrary, none of Buyer, the Company or any Subsidiary thereof shall take any position or action (including the filing of any amended Tax returns) that is reasonably likely to adversely affect Seller or any affiliate of Seller, without first obtaining Seller's written consent, such consent not to be unreasonably withheld or delayed, and neither Seller nor any Affiliate of Seller shall take any positions that are reasonably likely to adversely affect Buyer, the Company or its Subsidiaries after the Closing Date without first obtaining Buyer's written consent, such consent not to be unreasonably withheld or delayed.

Section 9.5 Tax Contests.

(a) After the Closing, Buyer shall promptly notify Seller in writing of the commencement of any Tax audit or administrative or judicial proceeding or of any demand or claim on Buyer, the Company or any of its Subsidiaries which, if determined adversely to the taxpayer, would be grounds for indemnification under this Article IX (a "Tax Contest"). Such notice shall contain factual information (to the extent known to Buyer, the Company or any of its

Subsidiaries) describing the asserted Tax liability in reasonable detail and shall include copies of any notice or other document received from any Taxing Authority in respect of any such asserted Tax liability. If Buyer fails to give Seller prompt notice of an asserted Tax liability as required by this Section 9.5, and such failure to give prompt notice results in a material detriment to Seller, then any amount which Seller is otherwise required to pay Buyer pursuant to Section 9.1 with respect to such liability shall be reduced by the amount of such material detriment.

(b) In the case of a Tax Contest that relates to (i) a Taxable period ending on or before, or that includes, December 31, 2006, (ii) any matter which could increase Seller's liability for Taxes (including Taxes which Seller is required to pay pursuant to Section 9.1(a) of this Agreement) or (iii) any matter that could otherwise adversely affect Seller, Seller shall have the right to participate in and control the conduct of such Tax Contest. If Seller does not assume the defense of any such Tax Contest, Buyer may defend the same in such manner as it may deem appropriate, including settling such Tax Contest (subject, however, to Section 9.5(c) if such settlement would adversely affect Seller) after giving 10 days' prior written notice to Seller setting forth the terms and conditions of settlement. Buyer shall control the conduct of all other Tax Contests. In the event of a Tax Contest that involves issues relating to a potential adjustment for which Seller has the right to control the conduct of such Tax Contest that also involves separate issues relating to a potential adjustment for which Seller does not have the right to control the conduct of such Tax Contest, Buyer shall have the right, at its expense, to control the Tax Contest but only with respect to the latter issues.

(c) Neither Buyer nor Seller shall enter into any compromise or agree to settle any claim pursuant to any Tax Contest which would adversely affect the other party for such year or a subsequent or prior year without first obtaining the written consent of the other party, which consent may not be unreasonably withheld or delayed.

Section 9.6 Time of Payment. Payment of any amounts due under this Article IX in respect of Taxes shall be made (i) with respect to any Tax period ending on December 31, 2006 for which there is no dispute, at least three Business Days before the due date of the applicable final Tax return required to be filed by the Company for such current Tax period that shows Taxes due for which the Seller is liable under Sections 9.1(a) and 9.1(c), and (ii) in all other cases, within three Business Days following the earlier to occur of an agreement between Seller and Buyer that an indemnity amount is payable, or a "determination" having been made as such term is defined in Section 1313(a) of the Code. If liability under this Article IX is in respect of Tax Contest Expenses, payment of any amounts due under this Article IX shall be made within five Business Days after the date when the relevant party has been notified that such party has a liability for a determinable amount under this Article IX and is provided with calculations or other materials supporting such liability.

Section 9.7 Cooperation and Exchange of Information. Seller and Buyer shall provide each other with such cooperation and information as either of them reasonably may request of the other in filing any Tax return, amended Tax return or claim for refund, determining a liability for Taxes or a right to a refund of Taxes, participating in or conducting any Tax Contest in respect of Taxes. Such cooperation and information shall include providing copies of relevant Tax returns or portions thereof, together with accompanying schedules, related work papers and documents relating to rulings or other determinations by Tax authorities. Each

party and its affiliates shall make its employees available on a basis mutually convenient to both parties to provide explanations of any documents or information provided hereunder. Seller and Buyer shall each retain all Tax returns, schedules and work papers, records and other documents in its possession relating to Tax matters of the Company and its Subsidiaries for each Taxable period first ending after the Closing Date and for all prior Taxable periods until the later of (i) the expiration of the statute of limitations of the Taxable periods to which such Tax returns and other documents relate, without regard to extensions except to the extent notified in writing of such extensions for the respective Tax periods, or (ii) three years following the due date (without extension) for such returns. Any information obtained under this Section 9.7 shall be kept confidential except as may be otherwise necessary in connection with the filing of Tax returns or claims for refund or in conducting a Tax Contest or as otherwise may be required by law, regulation or the rules of any stock exchange.

Section 9.8 Conveyance Taxes. Buyer shall be liable for and shall hold Seller harmless against any real property transfer or gains, sales, use, transfer, value added, stock transfer, and stamp taxes, any transfer, recording, registration, and other fees, and any similar Taxes which become payable in connection with the transactions contemplated by this Agreement, and Buyer shall file such applications and documents as shall permit any such Tax to be assessed and paid on or prior to the Closing Date in accordance with any available pre-sale filing procedure. Buyer or Seller, as appropriate, shall execute and deliver all instruments and certificates necessary to enable the other to comply with any filing requirements relating to any such Taxes.

Section 9.9 Miscellaneous.

(a) Seller and Buyer agree to treat all payments made by either of them to or for the benefit of the other (including any payments to the Company or any of its Subsidiaries) under this Article IX or under other indemnity provisions of this Agreement as adjustments to the Purchase Price or as capital contributions for Tax purposes and that such treatment shall govern for purposes hereof except to the extent that the laws of a particular jurisdiction provide otherwise.

(b) Notwithstanding any provision in this Agreement to the contrary, the obligations of Seller to indemnify and hold harmless Buyer, the Company and the Subsidiaries pursuant to this Article IX shall terminate 60 days after the expiration of the applicable statute of limitations; provided, however, that the representations and warranties set forth in subclauses (i) through (xi) of Section 3.1(k) shall terminate as of Closing and the representations and warranties set forth in subclause (xii) of Section 3.1(k) shall survive until the date that is 60 days after the expiration of the applicable statute of limitations.

(c) Buyer agrees that, for purposes of any Tax filings, it will use as the value for any allocation purpose the Purchase Price. Buyer agrees to provide Seller with copies of any such filings that are required to be made within the 12-month period after the Closing Date at least 10 days before the filing thereof.

ARTICLE X

TERMINATION PRIOR TO CLOSING

Section 10.1 Termination of Agreement. This Agreement may be terminated at any time prior to the Closing:

(a) by Seller or Buyer in writing, if there shall be any order, injunction or decree of any Governmental Entity which prohibits or restrains any party from consummating the transactions contemplated hereby, and such order, injunction or decree shall have become final and nonappealable;

(b) by Seller or Buyer in writing, if the Closing has not occurred on or prior to October 1, 2007, unless such failure to close arises out of, or results from, a material breach by the party seeking to terminate this Agreement of any representation, warranty, covenant or agreement contained herein or from such party's failure to materially perform each of its obligations under this Agreement required to be performed by it on or prior to the Closing Date; and

(c) at any time on or prior to the Closing Date, by mutual written consent of Seller and Buyer.

Section 10.2 Survival. If this Agreement is terminated and the transactions contemplated hereby are not consummated as described above, this Agreement shall become null and void and of no further force and effect, except for (a) the provisions of Section 4.6, this Section 10.2 and Article XI and (b) rights and obligations arising from any breach of this Agreement prior to such termination.

ARTICLE XI

GENERAL PROVISIONS

Section 11.1 Fees and Expenses. Whether or not the purchase and sale of the Shares is consummated, each party hereto shall pay its own fees and expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby. For the avoidance of doubt, Seller shall be solely responsible for the payment of all of the transaction expenses (net of any Tax Benefits to the Company and its Subsidiaries) incurred by or on behalf of Seller, the Company or the Subsidiaries of the Company incident to the transaction which is the subject of this Agreement, including investment banking fees, accounting fees and legal fees.

Section 11.2 Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be deemed given if delivered personally, by facsimile (which is confirmed as provided below) or sent by overnight courier (providing proof of delivery) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Buyer, to

QBE the Americas
Wall Street Plaza
88 Pine Street – 16th Floor
New York, NY 10005
Fax: (212) 422-1313

Attention: Pete Maloney

with a copy to:

Edwards Angell Palmer & Dodge LLP
90 State House Square
Hartford, CT 06103-2715
Fax: (860) 527-4198

Attention: Alan Levin

(b) if to Seller, to

Winterthur Schweizerische Versicherungs-Gesellschaft
General Guisan-Strasse 40
P.O. Box 357-8400
Winterthur, Switzerland
Fax: +41 52 261 48 20

Attention: General Counsel

with a copy to:

LeBoeuf, Lamb, Greene & MacRae LLP
125 West 55th Street
New York, NY 10019
Fax: (212) 424-8500

Attention: Alexander M. Dye

Notice given by personal delivery or overnight courier shall be effective upon actual receipt. Notice given by facsimile shall be confirmed by appropriate answer back and shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next Business Day if not received during the recipient's normal business hours. All notices by facsimile shall be confirmed promptly after transmission in writing by personal delivery or overnight courier.

Section 11.3 Interpretation. When a reference is made in this Agreement to a Section, Exhibit or Schedule, such reference shall be to a Section of, or an Exhibit or Schedule

to, this Agreement unless otherwise indicated. Any fact or item disclosed in any section of the Disclosure Schedule shall be deemed disclosed in all other sections of the Disclosure Schedule where it is reasonably apparent that the matters so disclosed are applicable to such other sections; provided that no fact or item set forth in the Disclosure Schedule shall be deemed to be disclosed for purposes of Sections 3.1(h) and Section 3.1(i) unless such fact or item is set forth in Section 3.1(h) or Section 3.1(i) of the Disclosure Schedule respectively. Disclosure of any item in the Disclosure Schedule shall not be deemed an admission that such item represents a material item, fact, exception of fact, event or circumstance or that occurrence or non-occurrence of any change or effect related to such item would result in a Company Material Adverse Effect or a material adverse effect on the ability of Buyer to consummate any of the transactions contemplated hereby. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". Whenever the phrase "ordinary course of business" is used in this Agreement, it shall be deemed to be followed by the words "in a commercially reasonable manner". Whenever the singular is used herein, the same shall include the plural, and whenever the plural is used herein, the same shall include the singular, where appropriate.

Section 11.4 Entire Agreement; Third-Party Beneficiaries. This Agreement (including all exhibits and schedules hereto) and the Confidentiality Agreement constitute the entire agreement, and supersede all prior agreements, understandings, representations and warranties, both written and oral, among the parties with respect to the subject matter of this Agreement. Buyer has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its purchase of the Shares and the other transactions contemplated hereby and is capable of bearing the economic risks thereof. This Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies.

Section 11.5 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

Section 11.6 Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties without the prior written consent of the other parties, and any such assignment that is not consented to shall be null and void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 11.7 Dispute Resolution; Enforcement.

(a) In the event of any dispute arising under this Agreement, prior to the commencement of litigation, a senior officer of Buyer and a senior officer of Seller shall attempt in good faith to resolve the dispute consistent with the terms of this Agreement. If they are unable to resolve the dispute in this manner within a reasonable period of time, the parties may

pursue judicial remedies with respect to such dispute. This Section shall not apply to any application to obtain emergency judicial intervention.

(b) Each of Seller and Buyer hereby irrevocably and unconditionally submits to the exclusive jurisdiction of any court of the United States or any state court, which in either case is located in the City of New York (each, a "New York Court") for purposes of enforcing this Agreement. In any such action, suit or other proceeding, each of Seller and Buyer irrevocably and unconditionally waives and agrees not to assert by way of motion, as a defense or otherwise any claim that it is not subject to the jurisdiction of any such New York Court, that such action, suit or other proceeding is not subject to the jurisdiction of any such New York Court, that such action, suit or other proceeding is brought in an inconvenient forum or that the venue of such action, suit or other proceeding is improper; provided, however, that nothing set forth in this sentence shall prohibit either Seller or Buyer from removing any matter from one New York Court to another New York Court. Each of Seller and Buyer also agrees that any final and unappealable judgment against a party hereto in connection with any action, suit or other proceeding shall be conclusive and binding on such party and that such award or judgment may be enforced in any court of competent jurisdiction, either within or outside of the United States. A certified or exemplified copy of such award or judgment shall be conclusive evidence of the fact and amount of such award or judgment. Seller and Buyer agree that any process or other paper to be served in connection with any action or proceeding under this Agreement shall, if delivered, sent or mailed in accordance with Section 11.2, constitute good, proper and sufficient service thereof.

Section 11.8 Severability; Amendment and Waiver.

(a) Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

(b) This Agreement may be amended, and the terms hereof may be waived, only by a written instrument signed by each of the parties or, in the case of a waiver, by the party waiving compliance.

(c) No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege, nor any single or partial exercise of any such right, power or privilege, preclude any further exercise thereof or the exercise of any other such right, power or privilege.

Section 11.9 Certain Limitations. Buyer acknowledges and agrees that none of Seller nor any of its affiliates, nor any employee, officer, director, agent, representative or advisor of any of them makes or has made, and Buyer has not relied on, any representation or

warranty to Buyer, oral or written, express or implied, other than as set forth in Section 3.1. Without limiting the generality of the foregoing, no such Person has made any representation or warranty to Buyer with respect to: (i) the Confidential Information Memorandum, dated as of September 2006, as amended or supplemented from time to time or any other evaluation materials regarding the business of the Company and its Subsidiaries provided by or on behalf of Seller to Buyer (collectively, the "Descriptive Materials"); (ii) any information set forth in any actuarial valuation or appraisal provided to Buyer by or on behalf of Seller in connection with the transactions contemplated hereby; or (iii) any financial projection or forecast relating to the business of the Company and its Subsidiaries. With respect to the Descriptive Materials and any such valuation, appraisal, projection or forecast delivered by or on behalf of Seller to Buyer, Buyer acknowledges that: (A) there are uncertainties inherent in attempting to make such valuations, appraisals, projections and forecasts; (B) it is familiar with such uncertainties; (C) it is not acting and has not acted in reliance on the Descriptive Materials or on any such valuation, appraisal, projection or forecast so furnished to it; and (D) it shall have no claim against any such Person with respect to the Descriptive Materials or any such valuation, appraisal, projection or forecast. Buyer further acknowledges and agrees that, notwithstanding anything to the contrary in this Agreement or any other agreement, document or instrument delivered or to be delivered in connection with the transactions contemplated hereby, Seller makes no representation or warranty with respect to, and nothing contained in this Agreement or in any other agreement, document or instrument delivered or to be delivered in connection with the transactions contemplated hereby is intended or shall be construed to be a representation or warranty (express or implied) of Seller with respect to, the calculation, establishment, adequacy or sufficiency of reserves on any line item, asset, liability or equity amount on the GAAP Financial Statements, the SAP Financial Statements or any other financial document. Buyer further acknowledges and agrees that no fact, condition, development or issue relating to reserves (including the adequacy or sufficiency thereof), other than as expressly set forth in this Agreement, may be used, directly or indirectly, to demonstrate or support the breach of any representation or warranty contained in this Agreement or any other agreement, document or instrument to be delivered in connection with the transactions contemplated hereby or thereby. Buyer further acknowledges and agrees that it shall be precluded from asserting that a condition set forth in Article VI has not been satisfied by reason of a fact, matter, failure or circumstance of which Buyer had Knowledge on or before the date hereof.

Section 11.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall together constitute one and the same instrument.

Section 11.11 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING IN ANY WAY ARISING OUT OF, RELATED TO OR CONNECTED WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.12 Commercially Reasonable Efforts. Buyer and Seller acknowledge and agree that any reference made to commercially reasonable efforts in this Agreement shall not include any obligation to commence or continue any contested arbitration or litigation other than the filing of a proof of claim or similar filing requirement necessary to preserve a claim against any insolvent or otherwise financially impaired debtor.

IN WITNESS WHEREOF, Seller, Buyer and Buyer Parent have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

WINTERTHUR SCHWEIZERISCHE
VERSICHERUNGS-GESELLSCHAFT

By _____
Name: JOHN R DACEY
Title: HEAD STRATEGY

By _____
Name: CATHERINE STALKER
Title: HEAD CORPORATE DEVELOPMENT

QBE REINSURANCE CORPORATION

By _____
Name:
Title:

QBE INSURANCE GROUP LIMITED

By _____
Name:
Title:

IN WITNESS WHEREOF, Seller, Buyer and Buyer Parent have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

WINTERTHUR SCHWEIZERISCHE
VERSICHERUNGS-GESELLSCHAFT

By _____
Name:
Title:

By _____
Name:
Title:

QBE REINSURANCE CORPORATION

By _____
Name: TIMOTHY M. KENNY
Title: EVP

QBE INSURANCE GROUP LIMITED

By _____
Name:
Title:

IN WITNESS WHEREOF, Seller, Buyer and Buyer Parent have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

WINTERTHUR SCHWEIZERISCHE VERSICHERUNGS-GESELLSCHAFT

By _____
Name:
Title:

By _____
Name:
Title:

QBE REINSURANCE CORPORATION

By _____
Name:
Title:

QBE INSURANCE GROUP LIMITED

By _____
Name: F.J. O'Halloran
Title: Director and CEO