

[Final Execution Copy]

COMMON STOCK AND SURPLUS DEBENTURE SUBSCRIPTION AGREEMENT

Dated as of May 7, 2012

By and Among

NORTH COAST LIFE INSURANCE COMPANY (the "Company")

and

CERTAIN CONTROLLING SHAREHOLDERS OF THE COMPANY
(the "Controlling Shareholders"),

and

GOVERNMENT PERSONNEL MUTUAL LIFE INSURANCE COMPANY
(the "Purchaser")

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COMMON STOCK AND SURPLUS DEBENTURE SUBSCRIPTION AGREEMENT

THIS COMMON STOCK AND SURPLUS DEBENTURE SUBSCRIPTION AGREEMENT (the "Agreement") is made and entered into as of May 7, 2012 by and among **NORTH COAST LIFE INSURANCE COMPANY**, a Washington stock life insurance company (the "Company") and **CERTAIN CONTROLLING SHAREHOLDERS OF THE COMPANY** identified on the signature pages to this Agreement (the "Controlling Shareholders"); and **GOVERNMENT PERSONNEL MUTUAL LIFE INSURANCE COMPANY**, a Texas mutual life insurance company (the "Purchaser").

WITNESSETH:

WHEREAS, the Company is a stock life insurance company duly organized, existing and in good standing under the laws of the State of Washington with an authorized capital of 1,500,000 shares of common stock with a par value of \$3.01 per share (the "Common Stock"), of which 736,983 shares are issued and outstanding (the "Outstanding Common Shares"); and 1,000,000 shares of preferred stock with a par value of \$1.00 per share of which 360,791 shares are designated as Class "A" Preferred Stock (the "Preferred Stock") and are issued and outstanding (the "Outstanding Preferred Shares"); and

WHEREAS, the Purchaser is a mutual life insurance company duly organized, existing and in good standing as a organized under the laws of the State of Texas; and

WHEREAS, the Company desires to redeem the Outstanding Preferred Shares at an aggregate redemption price determined in accordance with resolutions of the Board of Directors of the Company dated August 5, 1992 (the "Preferred Stock Resolutions"), establishing the relative rights, characteristics, preferences and limitations of the Preferred Stock (the "Redemption Price"), such redemption to be effective on the Redemption Date as defined in this Agreement and the Company desires to fund such redemption by the issuance of an additional 763,017 shares of Common Stock (the "Subscription Shares") to Purchaser at a price of \$7.66 per share (the "Subscription Share Price") and a surplus debenture in the form of **Appendix 1** attached hereto and made a part hereof, to be issued by the Company to the Purchaser in the face amount of \$469,115 (the "Surplus Debenture") to the Purchaser, and the Purchaser desires to purchase the Subscription Shares and the Surplus Debenture from the Company;

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

ARTICLE I
DEFINITIONS

1.1 Terms Defined. The capitalized terms used in this Agreement and not defined herein shall have the meanings specified in **Exhibit A**.

1.2 Other Definitional Provisions. Unless the context otherwise requires, (a) references in this Agreement to the singular number shall include the plural, and the plural number shall include the singular; (b) words denoting gender shall include the masculine, feminine and neuter; (c) the words "hereof," "herein" and "hereunder" and words of similar

import refer to this Agreement as a whole and not to any particular provision of this Agreement, (d) unless otherwise specified, all Article and Section references pertain to this Agreement; (e) the term "or" means "and/or"; and (f) the phrase "ordinary course of business and consistent with past practice" refers to the business and practice of the Company, as the case may be.

ARTICLE II **PURCHASE AND SALE OF THE SUBSCRIPTION SHARES AND THE SURPLUS** **DEBENTURE AND CLOSING**

2.1 Purchase and Sale of the Subscription Shares and the Surplus Debenture.

Pursuant to the terms of this Agreement, on the Closing Date (as hereinafter defined), the Purchaser hereby subscribes for and agrees to purchase the Subscription Shares and the Surplus Debenture from the Company, and the Company shall sell and issue the Subscription Shares and the Surplus Debenture to the Purchaser upon the terms and conditions set forth in this Agreement.

2.2 Execution of Ancillary Agreements. On the Closing Date, the Controlling Shareholders, the Company, the Purchaser, and a subsidiary of the Purchaser incorporated in the State of Washington (the "Merger Sub") shall enter into an Agreement and Plan of Merger in substantially the form of **Exhibit B** attached hereto and made a part hereof (the "Merger Agreement"), and the Controlling Shareholders and the Purchaser shall enter into a Shareholders' Agreement in substantially the form of **Exhibit C** attached hereto and made a part hereof (the "Shareholders' Agreement"), and, collectively, the "Ancillary Agreements."

2.3 Redemption Price. The Redemption Price on the Closing Date shall be determined by *multiplying* (a) \$10.00 per share for each share of Preferred Stock outstanding on the Closing Date, *plus* (b) accrued and unpaid dividends on each share of Preferred Stock, whether or not declared as of the Closing Date; *times* (c) the number of shares of Preferred Stock outstanding on the Closing Date.

2.4 Aggregate Share Subscription Price and Surplus Debenture Price. The total number of shares of Common Stock subscribed for and to be purchased by the Purchaser on the Closing Date shall be all of the authorized but unissued shares of Common Stock of the Company, or 763,017 shares. The aggregate purchase price of the Subscription Shares (the "Aggregate Share Subscription Price") shall be Five Million Eight Hundred Forty-Four Thousand Seven Hundred Ten Dollars (\$5,844,710.00). The face amount of the Surplus Debenture subscribed for and to be purchased by the Purchaser on the Closing Date (the "Surplus Debenture Price") shall be Four Hundred Sixty-Nine Thousand One Hundred Fifteen Dollars (\$469,115.00).

2.5 Notice of Redemption. On a date to be mutually agreed upon between the Company and the Purchaser following the receipt of the Regulatory Approvals contemplated in **Sections 5.1 and 6.1**, or, if no date has been agreed upon, on the fifth Business Day following the receipt of the Regulatory Approvals contemplated in **Sections 5.1 and 6.1**, the Company will, in accordance with the terms and provisions of the Preferred Stock Resolutions, send a notice of redemption (the "Redemption Notice") to the holders of the Outstanding Preferred Shares

specifying a date, not fewer than thirty (30) nor more than sixty (60) days prior to the date specified in the Redemption Notice for redemption of the Outstanding Preferred Shares (the "Redemption Date") by first class mail, postage prepaid, to the last known address of each holder of the Outstanding Preferred Shares as shown on the Books and Records of the Company.

2.6 The Closing; Closing Date. The closing of the issuance and purchase of the Subscription Shares and the Surplus Debenture contemplated herein (the "Closing") will take place, assuming satisfaction or waiver of each of the conditions set forth in Articles VII and VIII hereof (other than delivery of officers' certificates), at the offices of the Company, 1116 West Riverside Avenue, Spokane, Washington 99201, at 10:00 a.m. (Spokane time) on the Business Day immediately preceding the Redemption Date (the "Closing Date"). At the option of the Parties, documents to be delivered at Closing may be delivered by facsimile transmission, and the delivery of the original documents shall be made on the first Business Day following the Closing Date.

(a) At the Closing, the Parties shall (i) deliver the documents and certificates required to be delivered by Articles VII and VIII hereof; (ii) provide proof or indication of the satisfaction or waiver of each of the conditions set forth in Articles VII and VIII hereof; (iv) execute and deliver the Ancillary Agreements; (iii) consummate the purchase and sale of the Subscription Shares by delivery of certificates representing the Subscription Shares, duly executed by the proper officers of the Company, to the Purchaser, transferring good and indefeasible title to the Subscription Shares to the Purchaser, free and clear of all encumbrances, and in consideration of the Aggregate Share Subscription Price; and (iv) consummate the sale of the Surplus Debenture by the issuance of the Surplus Debenture, duly executed by the proper officers of the Company to the Purchaser, in the principal face amount equal to the Surplus Debenture Price.

(b) At the Closing, the Purchaser shall irrevocably deposit, in cash, the amount of the Aggregate Share Subscription Price *plus* the Surplus Debenture Price in an account designated by the Company (the "Redemption Account") at Washington Trust Bank, Spokane, Washington (the "Paying Agent"), which shall be remitted by the Purchaser to the Paying Agent by wire transfer of immediately available funds to the Redemption Account, and the Company will deposit, in cash, an amount equal to: (i) the Redemption Price, *minus* (ii) the Aggregate Share Subscription Price *plus* the Surplus Debenture Price (the "Redemption Shortfall Amount") by wire transfer of immediately available funds to the Redemption Account. The Company shall provide the Purchaser with wire transfer instructions and bank routing numbers for the payment of the Aggregate Share Subscription Price and the Surplus Debenture Price at least forty-eight (48) hours prior to the Closing Date. The Controlling Shareholders agree that one-quarter (25.0%) of any portion of the Redemption Price payable to any of the Controlling Shareholders for shares of Preferred Stock held by any of the Controlling Shareholders shall be deposited (which, together with any amounts deposited pursuant to Section 1.03(a) of the Merger Agreement, the "Escrow Deposit") in the Indemnification Escrow Account established pursuant to Subsection (c) of this Section and held until the second anniversary of the Effective Date (as defined in the Merger Agreement) of the merger of the Merger Sub with and into the Company.

(c) Indemnification Escrow Account. On the Closing Date, the Purchaser and the Controlling Shareholders will establish an escrow account (the "Indemnification Escrow Account") with Washington Trust Bank, Spokane, Washington (the "Escrow Agent") pursuant to the terms and provisions of an escrow agreement entered into by and among the Purchaser, the Controlling Shareholders and the Escrow Agent in the form attached hereto as Exhibit D and hereby made a part hereof (the "Escrow Agreement"). The Purchaser shall be responsible for all of the expenses of establishing and maintaining the Indemnification Escrow Account, including, without limitation, fees and expenses of the Escrow Agent. Upon the redemption of any shares of Preferred Stock held by any of the Controlling Shareholders, the Controlling Shareholders will direct the Paying Agent to deposit one-quarter (25.0%) of the Redemption Price due and payable to the such Controlling Shareholders in the Indemnification Escrow Account. On and after the Effective Date of the Merger, the Exchange Agent designated in the Merger Agreement shall deposit a sum equal to one-quarter (25.0%) of the Common Share Merger Price (as defined in the Merger Agreement) payable to the Controlling Shareholders for the Converted Common Shares (as defined in the Merger Agreement) held by the Controlling Shareholders, which will be held in the Indemnification Escrow Account until the second anniversary of the Effective Date to secure the performance of the Controlling Shareholders' indemnification obligations under this Agreement and the Merger Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE CONTROLLING SHAREHOLDERS

The Company and the Controlling Shareholders hereby represent and warrant to the Purchaser as follows:

3.1 Organization. The Company is a life insurance corporation duly organized, validly existing and in good standing under the laws of the State of Washington and is duly authorized, qualified, or admitted to do business and in good standing in all other jurisdictions in which the failure to be so authorized, qualified or admitted and in good standing, individually or in the aggregate with other such failures, has or may reasonably be expected to have a Material Adverse Effect upon the validity or enforceability of this Agreement or the ability of the Company to perform its obligations under this Agreement, or on the Business or Condition of the Company. The Company and each of the Controlling Shareholders has full power and authority to enter into this Agreement, to issue and sell the Subscription Shares and the Surplus Debenture to the Purchaser upon the terms and conditions set forth herein, and to perform its respective obligations under this Agreement, and each of the Ancillary Agreements to which it is a party. The Company has furnished to the Purchaser true and complete copies of the articles of incorporation (as certified by the appropriate governmental or regulatory authorities) and the bylaws of the Company, including all amendments thereto.

3.2 Authority. The Board of Directors of the Company has duly and validly approved this Agreement and the transactions contemplated hereby. Each of the Controlling Shareholders has duly and validly approved this Agreement and the transactions contemplated

hereby. The execution and delivery of this Agreement by the Company and the Controlling Shareholders and the performance by the Company and the Controlling Shareholders of each of their respective obligations under this Agreement have been duly and validly authorized by all necessary corporate action on the part of the Company, and all necessary individual, corporate or other actions required under the organizational documents of each of the Controlling Shareholders and the Company and each of the Controlling Shareholders represents and warrants that it has full power and authority to enter into this Agreement, and to consummate the sale of the Subscription Shares and the Surplus Debenture to the Purchaser. This Agreement constitutes a legal, valid, and binding obligation of the Company and the Controlling Shareholders, and is enforceable against the Company and the Controlling Shareholders in accordance with its terms, except to the extent that (a) enforcement may be limited by or subject to any bankruptcy, insolvency, reorganization, moratorium, or similar Laws now or hereafter in effect relating to or limiting creditors' rights generally and (b) the remedy of specific performance and injunctive and other forms of equitable relief are subject to certain equitable defenses and to the discretion of the court or other similar Person before which any proceeding therefore may be brought.

3.3 Capital Stock. The authorized capital stock of the Company consists of 1,500,000 shares of Common Stock, par value \$3.01 per share, of which 736,983 shares are validly issued and outstanding, fully paid and non-assessable, and 1,000,000 shares of Preferred Stock, par value \$1.00 per share, of which 360,791 shares are validly issued and outstanding, fully paid and non-assessable. 620,474 shares of the Outstanding Common Shares are owned, directly or indirectly, and beneficially or of record, by the Controlling Shareholders, and are free and clear of all Liens, except for Liens disclosed in Section 3.3 of the Disclosure Schedule. There are no outstanding securities, obligations, rights, subscriptions, warrants, options, charter or founders insurance policies, phantom stock rights, or (except for this Agreement) other Contracts of any kind that give any Person the right to (a) purchase or otherwise receive or be issued any shares of capital stock of the Company (or any interest therein) or any security or Liability of any kind convertible into or exchangeable for any shares of capital stock of the Company (or any interest therein) or (b) receive any benefits or rights similar to any rights enjoyed by or accruing to a holder of the Common Stock, or any rights to participate in the equity, income, or election of directors or officers of the Company.

3.4 Subsidiaries. Except as disclosed on Section 3.4 of the Disclosure Schedule, the Company does not control (whether directly or indirectly, whether through the ownership of securities or by Contract or proxy, and whether alone or in combination with others) any corporation, partnership, business organization, or other similar Person. For purposes of this section, "control" shall mean the power to direct, or cause the direction of, the management and policies of a Person, and shall be presumed to exist through the ownership or the power to vote ten percent (10.0%) or more of the voting securities or authority of the Person.

3.5 No Conflicts or Violations. Except as disclosed on Section 3.5 of the Disclosure Schedule, the execution and delivery of this Agreement by the Company and each of the Controlling Shareholders does not, and the performance by the Company and each of the Controlling Shareholders of its respective obligations under this Agreement will not:

(a) subject to obtaining the Regulatory Approvals contemplated by Sections 5.1 and 6.1 hereof, violate any term or provisions of any Law or any writ, judgment, decree, injunction, or similar order applicable to the Company or the Controlling Shareholders;

(b) conflict with or result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default under, any of the terms, conditions, or provisions of the articles or certificate of incorporation or bylaws of the Company, or of any organizational documents of the Controlling Shareholders;

(c) result in the creation or imposition of any Lien upon the Company or the Controlling Shareholders, or any of their respective Assets and Properties that individually or in the aggregate with any other Liens has or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement, on the ability of the Company and the Controlling Shareholders to perform its respective obligations under this Agreement, or on the Business or Condition of the Company;

(d) conflict with or result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default under, or give to any Person any right of termination, cancellation, acceleration, or modification in or with respect to, any Contract to which either of the Company or any of the Controlling Shareholders is a party or by which any of their respective Assets or Properties may be bound and as to which any such conflicts, violations, breaches, defaults, or rights individually or in the aggregate have or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement, on the ability of the Company and each of the Controlling Shareholders to perform its respective obligations under this Agreement, or on the Business or Condition of the Company; or

(e) require the Company or any of the Controlling Shareholders to obtain any consent, approval, or action of, or make any filing with or give any notice to, any Person except: (i) as contemplated in Section 5.1 hereof; (ii) as disclosed in Section 3.5(e) of the Disclosure Schedule; or (iii) those which the failure to obtain, make, or give individually or in the aggregate with any other such failures has or may reasonably be expected to have no Material Adverse Effect on the validity or enforceability of this Agreement, on the ability of the Company and each of the Controlling Shareholders to perform its respective obligations under this Agreement, or on the Business or Condition of the Company.

3.6 Books and Records. The minute books and other similar records of the Company contain a true and complete record, in all Material respects, of all actions taken at all meetings and by all written consents in lieu of meetings of the shareholders, Board of Directors, and each committee thereof of the Company. The Books and Records of the Company accurately reflect in all Material respects the Business or Condition of the Company, and have been maintained in all Material respects in accordance with good business and bookkeeping practices.

3.7 SAP Statements. The Company has previously delivered to the Purchaser true and complete copies of the following SAP Statements:

(a) Annual Statements of the Company for each of the years ended December 31, 2008, 2009, and 2010 (and the notes relating thereto, whether or not included therein), together with a report of independent accountants for the Company, certifying the accuracy thereof;

(b) Quarterly Statements of the Company for each fiscal quarter in 2010 and the first three quarters of 2011;

(c) Internal Financial Statements of the Company for periods ending December 31, 2010 and December 31, 2011;

(d) Reports of Independent Auditors of the Company for each of years ended December 31, 2008, 2009 and 2010; and

(e) Annual Statement for the year ended December 31, 2011.

Except as disclosed in Section 3.7 of the Disclosure Schedule, to the Best Knowledge of the Company and the Controlling Shareholders, each such SAP Statement complied in all Material respects with all applicable Laws when so filed, and all Material deficiencies known to the Company or the Controlling Shareholders with respect to any such SAP Statement have been cured or corrected. To the Best Knowledge of the Company and the Controlling Shareholders, each such SAP Statement (and the notes relating thereto, whether or not included therein), including, without limitation, each balance sheet and each of the statements of operations, capital and surplus account, and cash flow contained in the respective SAP Statement, was prepared in accordance with SAP, is true and complete in all Material respects, and fairly presents the financial condition, the Assets and Properties, and the Liabilities of the Company as of the respective dates thereof and the results of operations and changes in capital and surplus and in cash flow of the Company for and during the respective periods covered thereby.

3.8 No Other Financial Statements. Except for the financial statements described in Section 3.7, (collectively, the "Financial Statements"), since December 31, 2010 no other financial statements have been prepared by or with respect to the Company (whether on a GAAP, SAP, or other basis).

3.9 Reserves. Except as disclosed on Section 3.9 of the Disclosure Schedule, all reserves and other similar amounts with respect to insurance as established or reflected in the SAP Statements of the Company dated as of December 31, 2010, March 31, 2011, June 30, 2011 and September 30, 2011 (including, without limitation, the reserves and amounts reflected respectively on lines 1 through 11.3 of page 3 of the December 31, 2010 Annual Statement and March 31, 2011, June 30, 2011 and September 30, 2011 Quarterly Statements of the Company) and the Annual Statement of the Company for the period ended December 31, 2011 were computed in accordance with commonly accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles that are in accordance with those called for by the provisions of the related insurance Contracts and in the related reinsurance,

coinsurance, and other similar Contracts of the Company, which meet the requirements of the insurance Laws of the State of Washington and each state or jurisdiction in which such insurance Contracts were issued or delivered. All such reserves and related actuarial items held in support of the insurance Contracts of the Company, when considered in light of the assets held by the Company with respect to the reserves and related actuarial items, including, without limitation, investment earnings on the assets and considerations anticipated to be received and retained under the insurance Contracts, will make good, sufficient and adequate provision (under commonly accepted actuarial standards consistently applied and fairly stated in accordance with sound actuarial principles) to cover the total amount of all reasonably anticipated matured and unmatured benefits, dividends, claims, expenses and other Liabilities of the Company under all insurance Contracts under which the Company has or will have any Liability (including, without limitation, any Liability arising under or as a result of any reinsurance, coinsurance, or other similar Contract) on the respective dates of such SAP Statements. The Company owns assets that qualify as legal reserve assets under applicable insurance Laws in an amount at least equal to all such required reserves and other similar amounts.

3.10 Absence of Changes. Except as disclosed in Section 3.10 of the Disclosure Schedule or as reflected in the September 30, 2011 Quarterly Statement and December 31, 2011 Annual Statement of the Company, or except for changes or developments relating to the conduct of the business of the Company after the date of this Agreement in conformity with this Agreement or upon the requests of the Purchaser, since December 31, 2010, there has not been, occurred, or arisen any change in, or any event (including without limitation any damage, destruction, or loss whether or not covered by insurance), condition, or state of facts of any character that individually or in the aggregate has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company. Except as disclosed in Section 3.10 of the Disclosure Schedule (with paragraph references corresponding to those set forth below), or except as reflected in the September 30, 2011 Quarterly Statements of the Company, or except for changes or developments relating to the conduct of the business of the Company after the date of this Agreement in conformity with this Agreement or the requests of the Purchaser, since December 31, 2010, the Company has operated only in the ordinary course of business and consistent with past practice, and (without limiting the generality of the foregoing) there has not been, occurred, or arisen:

(a) any declaration, setting aside, or payment of any dividend or other distribution in respect of the capital stock of the Company or any direct or indirect redemption, purchase, or other acquisition by the Company of any such stock or of any interest in or right to acquire any such stock;

(b) any employment, deferred compensation, or other salary, wage, or compensation Contract entered into between the Company and any of its respective officers, directors, employees, agents, consultants, or similar representatives, except for normal and customary Contracts with agents, employees and consultants in the ordinary course of business and consistent with past practice; or any increase in the salary, wages, or other compensation of any kind, whether current or deferred, of any officer, director, employee, agent, consultant, or other similar representative of the Company other than routine increases that were made in the ordinary course of business and consistent with

past practice and that did not result in an increase of more than five percent (5%) of the respective salary, wages, or compensation of any such Person; or any creation of any Benefit Plan or any contribution to or amendment or modification of any Benefit Plan;

(c) any issuance, sale, or disposition by the Company of any debenture, note, stock, or other security issued by the Company, or any modification or amendment of any right of the holder of any outstanding debenture, note, stock, or other security issued by the Company;

(d) any Lien created on or in any of the Assets and Properties of the Company, or assumed by the Company with respect to any of such Assets and Properties, which Lien individually or in the aggregate with any other Liens has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company;

(e) any prepayment of any Liabilities which individually or in the aggregate has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company;

(f) any Liability involving the borrowing of money by the Company;

(g) any Liability incurred by the Company in any transaction (other than pursuant to any insurance Contract entered into in the ordinary course of business and consistent with past practice) not involving the borrowing of money, except such Liabilities incurred by the Company, the result of which individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company;

(h) any damage, destruction, or loss (whether or not covered by insurance) affecting any of the Assets and Properties of the Company, which damage, destruction, or loss individually or in the aggregate has or might reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company;

(i) any work stoppage, strike, slowdown, other labor difficulty, or (to the Best Knowledge of the Company and the Controlling Shareholders) union organizational campaign (in process or threatened) at or affecting the Company;

(j) any Material change in any underwriting, actuarial, investment, financial reporting, or accounting practice or policy followed by the Company, or in any assumption underlying such a practice or policy, or in any method of calculating any bad debt, contingency, or other reserve for financial reporting purposes or for any other accounting purposes;

(k) any payment, discharge, or satisfaction by the Company of any Lien or Liability other than Liens or Liabilities that were paid, discharged, or satisfied since December 31, 2010 in the ordinary course of business and consistent with past practice, or were paid, discharged, or satisfied as required under this Agreement;

(l) any cancellation of any Liability owed to the Company by any other Person;

(m) any Material write-off or write-down of, or any determination to write off or down any of, the Assets and Properties of the Company or any portion thereof;

(n) any Material sale, transfer, or conveyance of any investments, or any other Assets and Properties of the Company, except in the ordinary course of business and consistent with past practice, or as otherwise required by the terms of this Agreement;

(o) any amendment, termination, waiver, disposal, or lapse of, or other failure to preserve, any license, permit, or other form of authorization of the Company, the result of which individually or in the aggregate has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company;

(p) any transaction or arrangement under which the Company paid, lent, or advanced any amount to or in respect of, or sold, transferred, or leased any of its Assets and Properties or any service to, any of the Controlling Shareholders (except for payments of salaries and wages in the ordinary course of business and consistent with past practice, and except for payments made pursuant to any Contract disclosed in Section 3.10(b) or Section 3.17(a) of the Disclosure Schedule), or of any Affiliate of the Company, or any officer or director thereof; (ii) any business or other Person in which any Controlling Shareholder, the Company, or any such officer or director, or any such Affiliate has any material interest, except for advances made to, or reimbursements of expenses of, any of the Controlling Shareholders or any officers or directors of the Company for travel and other business expenses in reasonable amounts in the ordinary course of business and consistent with past practice; or advances or payments to any Affiliate of the Company pursuant to any Contract of the type described in Section 3.17(g);

(q) any Material amendment of, or any failure to perform all of its obligations under, or any default under, or any waiver of any right under, or any termination (other than on the stated expiration date) of, any Contract that involves or reasonably would involve the annual expenditure or receipt by the Company of a Material amount or that individually or in the aggregate is Material to the Business or Condition of the Company;

(r) any Material decrease in the amount of, or any Material change in the nature of, the insurance Contracts in force of the Company or any Material change in the amount or nature of the reserves, liabilities or other similar amounts of the Company with respect to such insurance Contracts (including, without limitation, reserves and other similar amounts of a type required to be reflected respectively on lines 1 through 11.3 on page 3 of any SAP Annual Statement of the Company);

(s) any amendment to the articles or certificate of incorporation or bylaws of the Company except as otherwise required by the terms of this Agreement and the Merger Agreement

(t) any termination, amendment, or execution by the Company of any reinsurance, coinsurance, or other similar Contract, as ceding or assuming insurer;

(u) any expenditure or commitment for additions to property, plant, equipment or other tangible or intangible capital assets of the Company, except for any expenditure or commitment the result of which individually or in the aggregate does not have and may not reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company;

(v) any amendment or introduction by the Company of any insurance Contract other than in the ordinary course of business and consistent with past practice; or

(w) any Contract to take any of the actions described in this Section other than actions expressly permitted under this Section.

3.11 No Undisclosed Liabilities. Except to the extent reflected in the balance sheet included in the December 31, 2011 Annual Statement of the Company (or in the notes relating thereto), or except as disclosed in Section 3.11 of the Disclosure Schedule, there were no Liabilities (other than policyholder benefits payable in the ordinary course of business and consistent with past practice) against, relating to, or affecting the Company as of December 31, 2011 that individually or in the aggregate have or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company. Except to the extent reflected in the balance sheet included in the December 31, 2011 Annual Statement of the Company (or in the notes relating thereto), or except as disclosed in Section 3.11 of the Disclosure Schedule, since December 31, 2010, the Company has not incurred any Liabilities (other than policyholder benefits payable in the ordinary course of business and consistent with past practice) that individually or in the aggregate have or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company.

3.12 Taxes. Except as disclosed in Section 3.12 of the Disclosure Schedule (with paragraph references corresponding to those set forth below):

(a) All Tax Returns required to be filed with respect to the Company have been duly and timely filed, and all such Tax Returns are true and complete in all Material respects. The Company has duly and timely paid all Taxes that are due, or claimed or asserted by any taxing authority to be due, from the Company for the periods covered by such Tax Returns or has duly provided for all such Taxes in the Books and Records of the Company and in accordance with SAP, including, without limitation, in the Financial Statements. There are no Liens with respect to Taxes (except for Liens with respect to real and personal property Taxes not yet due) upon any of the Assets and Properties of the Company.

(b) With respect to any period for which Tax Returns have not yet been filed, or for which Taxes are not yet due or owing, the Company has made due and sufficient current accruals for such Taxes in its respective Books and Records and in accordance

with GAAP and SAP, and such current accruals through December 31, 2011 are duly and fully provided for in the Financial Statements of the Company for the period then ended.

(c) The United States federal income Tax Returns of the Company have not been audited or examined by the IRS, and the statute of limitations for all periods through the year 2006 has expired. The state, local, and foreign income Tax Returns of the Company have not been audited or examined, and all statutes of limitation for all applicable state, local, and foreign taxable periods through the respective years specified in Section 3.12(c) of the Disclosure Statement have expired. There are no outstanding agreements, waivers, or arrangements extending the statutory period of limitation applicable to any claim for, or the period for the collection or assessment of, Taxes due from the Company for any taxable period. The Company has previously delivered to the Purchaser true and complete copies of each of the most recent audit reports relating to the United States federal, state, local, and foreign income Taxes due from the Company and the United States federal, state, local, and foreign income Tax Returns, for each of the last three taxable years, filed by the Company (insofar as such returns relate to the Company, if filed by any affiliated or consolidated group of which the Company was then a member).

(d) No audit or other proceeding by any court, governmental or regulatory authority, or similar Person is pending or (to the Best Knowledge of the Controlling Shareholders or the Company) threatened with respect to any Taxes due from the Company or any Tax Return filed by or relating to the Company. To the Best Knowledge of the Controlling Shareholders and the Company, no assessment of Tax is proposed against the Company, or any of its Assets and Properties.

(e) No election under any of Sections 108, 168, 338, 441, 463, 472, 1017, 1033, or 4977 of the Code (or any predecessor provisions) has been made or filed by or with respect to the Company or any of its Assets and Properties. None of the Assets and Properties of the Company is an asset or property that the Purchaser or any of its Affiliates is or will be required to treat as being owned by any other Person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately before the enactment of the Tax Reform Act of 1986, or tax-exempt use property within the meaning of Section 168(h)(1) of the Code. No closing agreement pursuant to Section 7121 of the Code (or any predecessor provision) or any similar provision of any state, local, or foreign Law has been entered into by or with respect to the Company or any of its Assets and Properties.

(f) The Company has not agreed to, nor is it required to make any adjustment pursuant to Section 481(a) of the Code (or any predecessor provision) by reason of any change in any accounting method of the Company, and the Company does not have any application pending with any taxing authority requesting permission for any changes in any accounting method of the Company. To the Best Knowledge of the Controlling Shareholders and the Company, the IRS has not proposed any such adjustment or change in any accounting method of the Company.

(g) Neither the Company nor any of the Controlling Shareholders has been or is presently in violation (or with notice or lapse of time or both, would be in violation) of any applicable Law relating to the payment or withholding of Taxes. The Company has duly and timely withheld from employee salaries, wages, and other compensation and paid over to the appropriate taxing authorities all amounts required to be so withheld and paid over for all periods under all applicable Laws.

(h) Neither any of the Controlling Shareholders nor the Company is a party to, is bound by, or has any obligation under, any Tax sharing Contract, Tax allocation Contract or similar Contract; notwithstanding any disclosure contained in the Disclosure Schedule, the Controlling Shareholders and the Company represent and warrant that, at the Closing, neither the Controlling Shareholders nor the Company shall be a party to, be bound by or have any obligation under, any Tax sharing Contract, Tax allocation Contract or similar Contract or arrangement. The Company is not a foreign person within the meaning of Section 1445(f)(3) of the Code.

(i) Other than a certain reinsurance agreement number YC-1 entered into between the Company and Purchaser dated December 31, 2008, there are no reinsurance, coinsurance, or other similar Contracts under which the Company receives or has received surplus relief.

(j) The Company has not made any direct, indirect, or deemed distributions that have been or could be taxed under Section 815 of the Code.

(k) All ceding commission expenses paid or accrued by the Company in connection with any assumption reinsurance arrangement or Contract in which the Company is or was the reinsurer have been capitalized and amortized over the life or lives of such reinsurance arrangement or Contract in accordance with the decision of the United States Supreme Court in Colonial American Life Insurance Company v. Commissioner of Internal Revenue, 109 S.Ct. 2408 (1989).

(l) No Material Liabilities have been proposed in connection with any audit or other proceeding by any court, governmental or regulatory authority, or similar Person with respect to any Taxes due from the Company or any Tax Return filed by or relating to the Company.

(m) Neither any of the Controlling Shareholders nor the Company is a party to any agreement, contract, plan or arrangement that has resulted, or would result, separately or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

3.13 Litigation. Except as disclosed in Section 3.13 of the Disclosure Schedule (with paragraph references corresponding to those set forth below):

(a) There are no actions, suits, investigations, or proceedings pending, or (to the Best Knowledge of the Controlling Shareholders) threatened, against the Controlling Shareholders, or any of their respective Assets and Properties, at law or in equity, in,

before, or by any Person that individually or in the aggregate have or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement, on the ability of the Controlling Shareholders to perform their obligations under this Agreement, or on the Business or Condition of the Company.

(b) There are no actions, suits, investigations, or proceedings pending, or (to the Best Knowledge of the Controlling Shareholders and the Company) threatened, against the Company or any of its Assets and Properties, at law or in equity, in, before, or by any Person that individually involve a claim or claims for any injunctive or similar relief or for damages that has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company, or which contain or allege an unspecified amount of damages.

(c) There are no writs, judgments, decrees, or similar orders of any Person outstanding against the Company that individually or in the aggregate have or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company, and there are no injunctions or similar orders of any Person outstanding against any of the Controlling Shareholders or the Company.

3.14 Compliance With Laws. Except as disclosed in Section 3.14 of the Disclosure Schedule, the Company has not been and currently is not in violation (or with or without notice or lapse of time or both, would be in violation) of any term or provision of any Law or any writ, judgment, decree, injunction, or similar order applicable to the Company or any of its Assets and Properties, the result of which violation individually or violations in the aggregate has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company. Without limiting the generality of the foregoing:

(a) Since January 1, 2009, the Company has duly and validly filed or caused to be so filed all reports, statements, documents, registrations, filings, or submissions that were required by Law to be filed with any Person and as to which the failure to so file, individually or in the aggregate with other such failures, has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company; all such filings complied with applicable Laws in all Material respects when filed and, no Material deficiencies have been asserted by any Person with respect to any such filings. The Company has previously delivered to the Purchaser copies of the holding company registration statements, including the most recent annual amendments thereto, of the Company as filed with the Insurance Commissioner in its state of domicile.

(b) The Company has previously delivered to the Purchaser the reports reflecting the results of the most recent financial and market conduct examinations of the Company issued by the Insurance Commissioner in its state of domicile. Except as disclosed in Section 3.14(b) of the Disclosure Schedule, all Material deficiencies or violations in such report have been resolved to the satisfaction of the Insurance Commissioner of the state of domicile of the Company.

(c) To the Best Knowledge of the Controlling Shareholders and the Company, and except as disclosed in Section 3.14(c) of the Disclosure Schedule, all outstanding insurance Contracts issued, reinsured, or underwritten by the Company are, to the extent required under applicable Laws, on forms which were submitted to and approved by the insurance regulatory authorities of each jurisdiction where such insurance Contracts were issued or delivered, or have been filed with and not objected to by such authorities within the period provided for objection. The rates charged for insurance under the insurance Contracts issued by the Company have been determined in accordance with usual and customary actuarial principles and practices, and are not based upon the race of the insureds or proposed insureds under such insurance Contracts. The Company has procedures in place for coordinating policy information in the Company's database with the federal Social Security database to determine whether insureds under life insurance and annuity Contracts are deceased.

(d) (i) To the Best Knowledge of the Controlling Shareholders and the Company, Section 3.14(d) of the Disclosure Schedule contains a true and complete list of each master or prototype (as well as any individually designed) pension, profit sharing, defined benefit, Code Section 401(k), and other retirement or employee benefit plan or Contract (including, but not limited to, simplified employee pension plans, Code Section 403(a), (b) and (c) annuities, Keogh plans, and individual retirement accounts and individual retirement annuities) offered or sold by the Company to, or maintained or sponsored for the benefit of any employees of, any other Person, and each determination letter relating to the creation or amendment of any such plan or Contract. To the Best Knowledge of the Controlling Shareholders and the Company, and except as disclosed in Section 3.14(d) of the Disclosure Schedule, each such plan or Contract in all material respects conforms with, and has been offered, sold, maintained, and sponsored in accordance with, all applicable Laws. To the Best Knowledge of the Controlling Shareholders and the Company, and except as disclosed in Section 3.14(d) of the Disclosure Schedule, the Company is not a fiduciary with respect to any plan or Contract referenced in this Section 3.14(d).

(ii) The Company does not provide administrative or other contractual services for any plan or Contract referenced in this Section 3.14(d), including, but not limited to, any third party administrative services for an Employee Welfare Benefit Plan.

(iii) To the extent that the Company maintains any collective or commingled funds or accounts which restrict the Persons who may invest therein to tax-exempt entities or qualified plans, each such fund or account (of which a true and complete list and description is disclosed in Section 3.14(d)(3) of the Disclosure Schedule) has been established, maintained and operated in accordance with all applicable Laws, has maintained its tax-exempt status and has no nonqualified plans or trusts or other taxable entities investing in it.

(iv) In addition to the representations and warranties contained in Section 3.13, there are no claims pending, or (to the Best Knowledge of the Controlling Shareholders and the Company) threatened, against the Company or any of its Assets and

Properties, under any fiduciary liability insurance policy issued by or to the Company that individually or in the aggregate has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company.

3.15 Benefit Plans; ERISA.

(a) Section 3.15(a) of the Disclosure Schedule contains a true and complete list and description of, and discloses the amount accrued or payable for the year ended December 31, 2011 under each of the Benefit Plans and identifies each of the Benefit Plans that is an Employee Pension Benefit Plan or an Employee Welfare Benefit Plan, and sets forth the valuation date of each such Benefit Plan. Neither the Controlling Shareholders nor the Company, nor any of its Affiliates has any Contract, plan, or commitment, whether legally binding or not, to create any additional Benefit Plan or to modify or change any existing Benefit Plan. Each contribution or other payment required to be made or to be voluntarily made by the Company on or before December 31, 2011 with respect to any of the Benefit Plans is disclosed in Section 3.15(a) of the Disclosure Schedule, together with the date such contribution or payment is due or is to be made. Except as disclosed in Section 3.15(a) of the Disclosure Schedule, no Common Stock or other security issued by the Company or any of its Affiliates forms or has formed a material part of the Assets and Properties of any Benefit Plan.

(b) None of the Benefit Plans is or has been a multi-employer plan, as that term is defined in Section 3(37) of ERISA. To the Best Knowledge of the Controlling Shareholders and the Company, there has been no transaction, action, or omission involving the Controlling Shareholders or the Company, any ERISA Affiliate, or (to the Best Knowledge of the Controlling Shareholders and the Company) any fiduciary, trustee, or administrator of any Benefit Plan, or any other Person dealing with any such Benefit Plan or the related trust or funding vehicle, that in any manner violates or will result in a violation (with or without notice or lapse of time or both) of Sections 404 or 406 of ERISA or constitutes or will constitute (with or without notice or lapse of time or both) a prohibited transaction (as defined in Section 4975(c)(I) of the Code or Section 406 of ERISA) for which there exists neither a statutory nor a regulatory exemption and which could subject the Company or any party in interest (as defined in Section 3(14) of ERISA) to criminal or civil sanctions under Section 501 or 502 of ERISA, or to Taxes under Code Section 4975, or to any other Liability.

(c) To the Best Knowledge of the Controlling Shareholders and the Company, and except as disclosed in Section 3.15(c) of the Disclosure Schedule, there has been no reportable event (as defined in Section 4043(b) of ERISA) with respect to any Employee Pension Benefit Plan or any Employee Welfare Benefit Plan for which notice to the PBGC has not been waived by rule or regulation. To the Best Knowledge of the Controlling Shareholders and the Company, neither any of the Controlling Shareholders nor the Company, nor any ERISA Affiliate has any Liability to the PBGC (other than any Liability for insurance premiums not yet due to the PBGC), to any present or former participant in or beneficiary of any Benefit Plan (or any beneficiary of any such participant or beneficiary), or to any Employee Pension Benefit Plan or any Employee

Welfare Benefit Plan. To the Best Knowledge of the Controlling Shareholders and the Company, no event, fact, or circumstance has arisen or occurred that has resulted or may reasonably be expected to result in any such Liability or a claim against the Company by the PBGC, by any present or former participant in or any beneficiary of any Employee Pension Benefit Plan or any Employee Welfare Benefit Plan (or any beneficiary of any such participant or beneficiary), or by any such Benefit Plan. To the Best Knowledge of the Controlling Shareholders and the Company, and except as disclosed in Section 3.15(c) of the Disclosure Schedule, no filing has been or will be made by the Controlling Shareholders or the Company, or any ERISA Affiliate, and no proceeding has been commenced, for the complete or partial termination of any Employee Pension Benefit Plan or any Employee Welfare Benefit Plan, and no complete or partial termination of any such Benefit Plan has occurred or, as a result of the execution or delivery of this Agreement or the consummation of the transactions contemplated hereby, will occur.

(d) To the Best Knowledge of the Controlling Shareholders and the Company, all amounts that the Company is required to pay by Law or under the terms of the Benefit Plans as a contribution or other payment to or in respect of such Benefit Plans as of the last day of the most recent fiscal year of each of the Benefit Plans have been paid. The funding method used in connection with each Benefit Plan that is or at any time has been subject to the funding requirements of Title I, Subtitle B, Part 3 of ERISA, meets the requirements of ERISA and the Code. No Benefit Plan subject to Title IV of ERISA (or any trust established thereunder) has ever incurred any accumulated funding deficiency (as defined in Section 302 of ERISA and Section 412 of the Code), whether or not waived, as of the last day of the most recent fiscal year of such Benefit Plan. With respect to any period for which any contribution or other payment to or in respect of any Benefit Plan is not yet due or owing, the Company has made due and sufficient current accruals for such contributions and other payments in accordance with SAP, and such current accruals through December 31, 2011 are duly and fully provided for in the Internal Financial Statements of the Company for the period then ended.

(e) To the Best Knowledge of the Controlling Shareholders and the Company, each Benefit Plan is and has been operated and administered in all material respects in accordance with all applicable Laws, including, without limitation, ERISA and the Code. Each of the Employee Pension Benefit Plans and Employee Welfare Benefit Plans that is intended to be qualified within the meaning of Section 401(a) of the Code is so qualified and satisfies the requirements of Sections 401(a) and 501(a) of the Code, or an application for such qualification has been filed with the IRS and is currently pending. To the Best Knowledge of the Controlling Shareholders and the Company, there exists no fact, condition, or set of circumstances that has or may reasonably be expected to have a Material Adverse Effect on the qualified status of any Employee Pension Benefit Plan or any Employee Welfare Benefit Plan intended to be so qualified or the intended United States federal income Tax treatment or consequences of any Employee Pension Benefit Plan or any Employee Welfare Benefit Plan. None of the Benefit Plans, or any related trust or funding vehicle, conducts or has conducted any unrelated trade or business as that term is defined in Section 513 of the Code. All necessary governmental approvals, determinations, and notifications for all Employee Pension Benefit Plans and all

Employee Welfare Benefit Plans have been obtained, or an application for such approval, determination or notification is pending with respect thereto.

(f) To the Best Knowledge of the Controlling Shareholders and the Company, the actuarial assumptions utilized, where appropriate, in connection with determining the funding of each Employee Pension Benefit Plan (as set forth in the actuarial report for such Benefit Plan) are reasonable in all Material respects. Based on such actuarial assumptions, as of December 31, 2011 the fair market value of the Assets or Properties held under each Employee Pension Benefit Plan exceeds the actuarially determined present value of all accrued benefits of such Benefit Plan (whether or not vested) determined on an ongoing-Benefit Plan basis.

(g) Except as disclosed in Section 3.15(g) of the Disclosure Schedule, and except for claims by third parties for benefits owed to participants or beneficiaries under the Benefit Plans, and except for divorce proceedings, there are no pending or (to the Best Knowledge of any of the Controlling Shareholders or the Company) threatened actions, suits, investigations, or other proceedings by any present or former participant or beneficiary under any Benefit Plan (or any beneficiary of any such participant or beneficiary) involving any Benefit Plan or any rights or benefits under any Benefit Plan or any rights or benefits under any Benefit Plan other than ordinary and usual claims for benefits by participants or beneficiaries thereunder. There is no writ, judgment, decree, injunction, or similar order of any court, governmental or regulatory authority, or other similar Person outstanding against or in favor of any Benefit Plan or any fiduciary thereof.

3.16 Properties. Except as disclosed in Section 3.16 of the Disclosure Schedule (with paragraph references corresponding to those set forth below):

(a) The Company has good and valid title to all debentures, notes, stocks, securities, and other assets that are of a type required to be disclosed in Schedules B through DB of its SAP Annual Statement and that are owned by it, free and clear of all Liens.

(b) The Company owns good and indefeasible title to, or has a valid leasehold interest in, all real property used in the conduct of its business, operations, or affairs, and are of a type required to be disclosed in Schedule A of its SAP Annual Statement, free and clear of all Liens. No improvement on any such real property owned, leased, or held by the Company encroaches upon any real property of any other Person. The Company owns, leases, or has a valid right under Contract to use adequate means of ingress and egress to, from, and over all such real property.

(c) The Company owns good and indefeasible title to, or has a valid leasehold interest in or has a valid right under Contract to use, all tangible personal property that is used in the conduct of its respective business, operations, or affairs, free and clear of all Liens.

(d) The Company has, and at all times after the Closing Date will have, the right to use, free and clear of any royalty or other payment obligations, claims of infringement or alleged infringement, or other Liens, all marks, names, trademarks, service marks, patents, patent rights, assumed names, logos, trade secrets, copyrights, trade names, and service marks that are used in the conduct of its respective business, operations, or affairs (of which a true and complete list and description is disclosed in Section 3.16(d) of the Disclosure Schedule), and all computer software, programs, and similar systems owned by or licensed to the Company, or any Affiliate of the Company, or used in the conduct of its business, operations, or affairs (of which a true and complete list and description is disclosed in Section 3.16(d) of the Disclosure Schedule). Neither the Company nor any of its Affiliates is in conflict with or in violation or infringement of, nor has the Company or any Affiliate received any notice of any conflict with or violation or infringement of or any claimed conflict with, any asserted rights of any other Person with respect to any intellectual property or any computer software, programs, or similar systems, including, without limitation, any of such items disclosed in Section 3.16(d) of the Disclosure Schedule.

3.17 Contracts. Section 3.17 of the Disclosure Schedule (with paragraph references corresponding to those set forth below) contains a true and complete list of each of the following Contracts or other documents or arrangements (true and complete copies, or, if none, written descriptions, of which have been made available to the Purchaser, together with all amendments thereto), to which the Company is a party or by which any of its respective Assets and Properties is or may be bound:

(a) all employment, agency, consultation, or representation Contracts or other Contracts of any type (including, without limitation, loans or advances) with any present officer, director, employee, agent, consultant, or other similar representative of the Company (or former officer, director, employee, agent, consultant or similar representative of the Company, if there exists any present or future liability with respect to such Contract, whether now existing or contingent) (other than Contracts with consultants and similar representatives who do not receive compensation of \$50,000 or more per year and other than employment or agency Contracts with agents who do not receive compensation of \$50,000 or more per year), and the name, position, and rate of compensation of each such Person and the expiration date of each such Contract, as well as all sick leave, vacation, holiday, and other similar practices, procedures, and policies of the Company established or administered other than as Benefit Plans;

(b) all Contracts with any Person containing any provision or covenant limiting the ability of the Company to engage in any line of business or to compete with or to obtain products or services from any Person or limiting the ability of any Person to compete with or to provide products or services to the Company;

(c) all partnership, joint venture, profit-sharing, or similar Contracts with any Person (other than Benefit Plans);

(d) all Material Contracts relating to the borrowing of money by the Company or to the direct or indirect guarantee by the Company of any obligation for borrowed money for the Company or any of its Affiliates, or any other Liability in respect of indebtedness of any other Person, including without limitation any Contract relating to the maintenance of compensating balances that are not terminable by the Company without penalty upon not more than sixty (60) calendar days' notice, any line of credit or similar facility, the payment for property, products, or services of any other Person even if such property, products, or services are not conveyed, delivered, or rendered, or the obligation to take-or-pay, keep-well, make-whole, or maintain surplus or earnings levels or perform other financial ratios or requirements; Section 3.17(d) of the Disclosure Schedule contains a true and complete list of any requirements for consents or approvals of creditors needed to consummate the transactions contemplated hereby;

(e) all leases or subleases of real property used in the business, operations, or affairs of the Company, and all other leases, subleases, or rental or use Contracts for which the Company is liable;

(f) all Contracts relating to the future disposition or acquisition of any investment in or security of any Person or of any interest in any business enterprise (other than the disposition or acquisition of investments in the ordinary course of business and consistent with past practice);

(g) all Contracts or arrangements (including, without limitation, those relating to the sharing or allocation of expenses, personnel, services, or facilities) between or among the Company and any of its Affiliates or any other Person who is described in Section 3.10(p);

(h) all reinsurance, coinsurance, or other similar Contracts indicating, with respect to each such Contract, the information required to be disclosed in Schedule S of the SAP Annual Statements of the Company;

(i) all outstanding proxies, powers of attorney, or similar delegations of authority of the Company, except for powers of attorney for the service of process pursuant to applicable insurance Laws;

(j) all Contracts for any product, service, equipment, facility, or similar item (other than insurance Contracts issued, reinsured, or underwritten by the Company and other than reinsurance, coinsurance, and other similar Contracts) that by its terms do not expire or terminate or are not terminable by the Company; without penalty or other Liability, within six (6) months after December 31, 2011; and,

(k) all other Contracts (other than insurance Contracts issued, reinsured, or underwritten by the Company) that involve the payment or potential payment pursuant to the terms of such Contracts, by or to the Company that are Material to the Business or Condition of the Company.

To the Best Knowledge of the Controlling Shareholders and the Company, each Contract disclosed or required to be disclosed in the Disclosure Schedule pursuant to this Section is in full force and effect and constitutes a legal, valid, and binding obligation of the Company and of each other Person that is a party thereto in accordance with its terms, and neither the Company nor (to the Best Knowledge of any of the Controlling Shareholders or the Company) any other party to such Contract is in violation or breach of or default under any such Contract (or with or without notice or lapse of time or both, would be in violation or breach of or default under any such Contract). Except as disclosed in Section 3.17 of the Disclosure Schedule (with a specific reference to this sentence), the Company is not a party to or bound by any Contract that was not entered into in the ordinary course of business and consistent with past practice or that has or may reasonably be expected to have, individually or in the aggregate with any other Contracts, a Material Adverse Effect on the Business or Condition of the Company. The Company is not a party to or bound by any collective bargaining or similar labor Contract.

3.18 Insurance Issued or Assumed by the Company. All of the life insurance policies and annuity Contracts of the Company have been directly issued by the Company or assumed by the Company in transactions involving assumption reinsurance and novation of the life insurance policies and annuity Contracts so that the Company is directly liable to the holders of such life insurance policies and annuity Contracts. As of the date of this Agreement the Company has, and as of the Closing Date, the Company will have, no fewer than Ninety-Five Hundred (9,500) life insurance policies and annuity Contracts in force and outstanding. Except as required by Law or except as disclosed in Section 3.18 of the Disclosure Schedule (with paragraph references corresponding to those set forth below):

(a) All insurance Contract benefits payable by the Company to any other Person that is a party to or bound by any insurance, reinsurance, coinsurance, or other similar Contract with the Company have in all material respects been paid in accordance with the terms of the insurance, reinsurance, coinsurance and other Contracts under which they arose, except for such benefits for which the Company reasonably believes there is a reasonable basis to contest payment.

(b) No outstanding insurance Contract issued, reinsured, or underwritten by the Company entitles the holder thereof or any other Person to receive dividends, distributions, or to share in the income of the Company or to receive any other benefits based on the revenues or earnings of the Company or any other Person.

(c) The underwriting standards utilized and ratings applied by the Company and (to the Best Knowledge of the Controlling Shareholders and the Company) by any other Person that is a party to or bound by any reinsurance, coinsurance, or other similar Contract with the Company conform in all Material respects to industry accepted practices and to the standards and ratings required pursuant to the terms of the respective reinsurance, coinsurance, or other similar Contracts.

(d) To the Best Knowledge of the Controlling Shareholders and the Company, all of the Company's liability under insurance Contracts issued, reinsured, or underwritten by the Company which is beyond the Company's normal retention is fully

reinsured under valid reinsurance Contracts with solvent reinsurers, and all amounts to which the Company is entitled under reinsurance, coinsurance, or other similar Contracts (including without limitation amounts based on paid and unpaid losses) are fully collectible.

(e) To the Best Knowledge of the Controlling Shareholders and the Company, each insurance agent, at the time such agent wrote, sold, or produced business for the Company, was duly licensed as an insurance agent (for the type of business written, sold, or produced by such insurance agent) in the particular jurisdiction in which such agent wrote, sold, or produced such business for the Company.

(f) To the Best Knowledge of the Controlling Shareholders and the Company, no such insurance agent violated (or with or without notice or lapse of time or both, would have violated) any term or provision of any Law or any writ, judgment, decree, injunction, or similar order applicable to the writing, sale, or production of business for the Company.

(g) The Controlling Shareholders and the Company do not have any reason to believe that the tax treatment under the Code of all insurance, annuity or investment policies, plans, or Contracts; all financial products; employee benefit plans, individual retirement accounts or annuities; or any similar or related policy, Contract, plan, or product, whether individual, group, or otherwise, issued or sold by the Company is not and at any time has not been the same or more favorable to the purchaser, policyholder or intended beneficiaries thereof as the tax treatment under the Code for which such Contracts qualified or purported to qualify at the time of its issuance or purchase. For purposes of this Section 3.18(g), the provisions of the Code relating to the tax treatment of such contracts shall include, but not be limited to, Sections 72, 79, 89, 101, 104, 105, 106, 125, 130, 401, 402, 403, 404, 408, 412, 415, 419, 419A, 501, 505, 817, 818, 7702, and 7702A of the Code.

3.19 Threats of Cancellation. To the Best Knowledge of the Controlling Shareholders and the Company, except as disclosed in Section 3.19 of the Disclosure Schedule, since December 31, 2011 no policyholder, group of policyholder Affiliates, or Persons writing, selling, or producing insurance business that individually or in the aggregate accounted for five percent (5.0%) or more of the premium or annuity income of the Company for the year ended December 31, 2011, has terminated or (to the Best Knowledge of the Controlling Shareholders and the Company) threatened to terminate its insurance Contract or relationship with the Company.

3.20 Licenses and Permits. Except as disclosed in Section 3.20 of the Disclosure Schedule (with paragraph references corresponding to those set forth below):

(a) The Company owns or validly holds, all licenses, franchises, permits, approvals, authorizations, exemptions, classifications, certificates, registrations, and similar documents or instruments that are required for its business, operations, and affairs

and that the failure to so own or hold has or may reasonably be expected to have a Material Adverse Effect on its Business or Condition.

(b) All such licenses, franchises, permits, approvals, authorizations, exemptions, classifications, certificates, registrations, and similar documents or instruments are valid and in full force and effect, and free of any restrictions imposed by any Person.

3.21 Operations Insurance. Section 3.21 of the Disclosure Schedule contains a true and complete list and description of all liability, property, workers' compensation, directors and officers liability, and other similar insurance Contracts that insure the business, operations, or affairs of the Company, or affect or relate to the ownership, use, or operations of any of the Assets and Properties of the Company and that have been issued to the Company or any of its Affiliates (including, without limitation, the names and addresses of the insurers, the expiration dates thereof, and the annual premiums and payment terms thereof) or that are held by the Company or by any Affiliate of the Company for the benefit of the Company or either of the Company following the Closing. All such insurance is in full force and effect and (to the Best Knowledge of the Controlling Shareholders and the Company) is with financially sound and reputable insurers and, in light of the business, operations, and affairs of the Company, is in amounts and provides coverage that are reasonable and customary for Persons in similar businesses.

3.22 Intercompany Liabilities. Except as reflected in the December 31, 2011 Internal Financial Statements of the Company, or except as disclosed in Section 3.22 of the Disclosure Schedule, (a) there are no Liabilities between the Company, the Controlling Shareholders, or any of their Affiliates, and (b) neither any of the Controlling Shareholders nor any of its Affiliates provides or causes to be provided to the Company any products, services, equipment, facilities, or similar items that, in the case of this clause (b), individually or in the aggregate are or may reasonably be expected to be Material to the Business or Condition of the Company. Except as disclosed in Section 3.22 of the Disclosure Schedule, since December 31, 2011 no such intercompany Liabilities of a Material amount have been paid, and all settlements of such intercompany Liabilities have been made, and all allocations of such intercompany expenses have been applied, in the ordinary course of business and consistent with past practice.

3.23 Bank Accounts. Section 3.23 of the Disclosure Schedule contains a true and complete list of the names and locations of all banks, trust companies, securities brokers, and other financial institutions at which the Company has an account or safe deposit box or maintains a banking, custodial, trading, or other similar relationship and a true and complete list and description of each such account, box, and relationship, indicating in each case the account number and the names of the officers, employees, agents, or other similar representatives of the Company transacting business with respect thereto.

3.24 Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by the Controlling Shareholders and the Company directly with the Purchaser or the Purchaser's agents, without the intervention of any Person on behalf of the Controlling Shareholders or the Company in such manner as to give rise to any

valid claim by any Person against the Purchaser, the Controlling Shareholders or the Company for a finder's fee, brokerage commission, or similar payment, except for Robert D. Shapiro and The Shapiro Network, Inc., Milwaukee, Wisconsin, which firm was engaged by the Company and whose fees shall be the sole responsibility of the Controlling Shareholders.

3.25 Disclosure. Neither this Agreement nor any certificate furnished by or on behalf of the Controlling Shareholders or the Company to the Purchaser in connection with this Agreement or the transactions contemplated hereby contains any untrue statement of a Material fact by the Controlling Shareholders or the Company or omits to state a Material fact by the Controlling Shareholders or the Company necessary to make the statements herein or therein not misleading in light of the circumstances in which they were made.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the Controlling Shareholders and the Company as follows:

4.1 Organization. The Purchaser is a Texas mutual life insurance corporation duly incorporated, validly existing, and in good standing under the Laws of the State of Texas and has full corporate power and authority to enter into this Agreement and to perform its obligations under this Agreement. The Purchaser is duly licensed, qualified, or admitted to do business and is in good standing in all jurisdictions in which the failure to be so licensed, qualified, or admitted and in good standing, individually or in the aggregate with other such failure, has or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement, on the ability of the Purchaser to perform its obligations under this Agreement or on the Business or Condition of the Purchaser.

4.2 Authority. The Board of Directors of the Purchaser has duly and validly approved this Agreement and the transactions contemplated hereby. The execution and delivery of this Agreement by the Purchaser and the performance by the Purchaser of its obligations under this Agreement have been duly and validly authorized by all necessary corporate action on the part of the Purchaser. This Agreement constitutes a legal, valid, and binding obligation of the Purchaser and is enforceable against the Purchaser in accordance with its terms, except to the extent that enforcement may be limited by or subject to any bankruptcy, insolvency, reorganization, moratorium, or similar Laws now or hereafter in effect relating to or limiting creditors' rights generally and the remedy of specific performance and injunctive and other forms of equitable relief are subject to certain equitable defenses and to the discretion of the court or other similar Person before which any proceeding therefore may be brought.

4.3 No Conflicts or Violations. The execution and delivery of this Agreement by the Purchaser does not, and the performance by the Purchaser of its obligations under this Agreement will not:

(a) subject to obtaining the Regulatory Approvals contemplated by Sections 5.1 and 6.1 hereof, violate any term or provision of any Law or any writ, judgment, decree, injunction, or similar order applicable to the Purchaser;

(b) conflict with or result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default under, any of the terms, conditions, or provisions of the articles of incorporation or bylaws of the Purchaser;

(c) result in the creation or imposition of any Lien upon the Purchaser or any of its Assets and Properties that individually or in the aggregate with any other Liens has or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement or on the ability of the Purchaser to perform its obligations under this Agreement;

(d) conflict with or result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default under, or give to any person any right of termination, cancellation, acceleration, or modification in or with respect to, any Contract to which the Purchaser is a party or by which any of its Assets and Properties may be bound and as to which any such conflicts, violations, breaches, defaults, or rights individually or in the aggregate have or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement or on the ability of the Purchaser to perform its obligations under this Agreement; or,

(e) require the Purchaser to obtain any consent, approval, or action of, or make any filing with or give any notice to, any Person except as contemplated in Sections 6.1, as disclosed in writing to the Controlling Shareholders and the Company, or those which the failure to obtain, make, or give individually or in the aggregate with other such failures has or may reasonably be expected to have no Material Adverse Effect on the validity or enforceability of this Agreement or on the ability of the Purchaser to perform its obligations under this Agreement.

4.4 Litigation. There are no actions, suits, investigations, or proceedings pending against the Purchaser, or (to the Best Knowledge of the Purchaser) threatened against the Purchaser, at law or in equity, in, before, or by any Person, that individually or in the aggregate have or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement, on the ability of the Purchaser to perform its obligations under this Agreement or on the Business and Condition of the Purchaser.

4.5 Purchase for Investment. The Subscription Shares will be acquired by the Purchaser for its own account for the purpose of investment and not for the purpose or with intent of further offer, sale or other distribution or disposition thereof. The Purchaser has sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of its investment in the Subscription Shares. The Purchaser will refrain from offering, selling, transferring or otherwise disposing of any of the Subscription Shares, or any interest therein, in such manner as to violate any registration provisions of state and federal securities Laws.

4.6 Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by the Purchaser directly with the Controlling Shareholders and the Company, without the intervention of any Person on behalf of the Purchaser in such manner as to give rise to any valid claim by any Person against and of the Controlling Shareholders, the Company or the Purchaser for a finder's fee, brokerage commission, or similar payment, except for Robert D. Shapiro and The Shapiro Network, Inc., Milwaukee, Wisconsin, which firm was engaged by the Company and whose fees shall be the sole responsibility of the Controlling Shareholders.

ARTICLE V

COVENANTS OF THE CONTROLLING SHAREHOLDERS AND THE COMPANY

The Controlling Shareholders and the Company covenant and agree with the Purchaser that, at all times before the Closing, each of the Controlling Shareholders will comply and will cause the Company to comply with all of the covenants and provisions of this Article V, except to the extent the Purchaser may otherwise consent in writing or to the extent otherwise required or permitted by this Agreement.

5.1 Regulatory Approvals. The Controlling Shareholders and the Company will take all commercially reasonable steps necessary or desirable, and proceed diligently and in good faith and use all commercially reasonable efforts to obtain, as promptly as practicable, all approvals, authorizations, and clearances of governmental and regulatory authorities required of the Controlling Shareholders or the Company to consummate the transactions contemplated in this Agreement and the Merger Agreement, including, without limitation, the approval of the Office of the Insurance Commissioner of the State of Washington for the issuance of the Surplus Debenture and the payment of an extraordinary dividend to the holders of the Outstanding Preferred Shares in connection with the redemption of such Outstanding Preferred Shares by the Company, the amendment to the Company's articles of incorporation to reduce the par value of its common stock to \$1.67 per share, effective upon the consummation of the Merger; and the issuance of a solicitation permit pursuant to RCW 48.06.030 and 48.06.060 to authorize the sale and issuance of the Subscription Shares to the Purchaser; provide such other information and communications to such governmental and regulatory authorities as the Purchaser or such authorities may reasonably request; and cooperate with the Purchaser in obtaining, as promptly as practicable, all approvals, authorizations, and clearances of governmental or regulatory authorities and others required of the Purchaser to consummate the transactions contemplated in this Agreement and the Merger Agreement, including, without limitation, any required approvals of the Insurance Commissioner of the State of Washington.

5.2 Investigation by the Purchaser. The Controlling Shareholders will provide, and will cause the Company to provide (a) the Purchaser and its counsel, accountants, actuaries, and other representatives with full access, upon prior notice and during normal business hours, to all facilities, officers, employees, agents, accountants, actuaries, Assets and Properties, and Books and Records of the Company and will furnish the Purchaser and such other Persons during such period with all such information and data (including, without limitation, copies of Contracts, Benefit Plans, and other Books and Records) concerning the business, operations, and affairs of the Company as the Purchaser or any of such other Persons reasonably may request and (b) the

Purchaser with timely notice of and full access to all meetings (and all actions by written consent in lieu thereof) of the board of directors and shareholders of the Company involving matters which are not in the ordinary course of business and consistent with past practice.

5.3 No Negotiations, etc. The Controlling Shareholders will not take, and will not permit the Company or any Affiliate of the Controlling Shareholders or the Company (or permit any other Person acting for or on behalf of the Controlling Shareholders, the Company, or any Affiliate of the Controlling Shareholders or the Company) to take, directly or indirectly, any action (a) to seek or encourage any offer or proposal from any Person to acquire any shares of capital stock or any other securities of the Company or any interest therein or Assets and Properties thereof or any interest therein; (b) to merge, consolidate, or combine, or to permit any other Person to merge, consolidate or combine, with the Company; (c) to liquidate, dissolve, or reorganize the Company in any manner; (d) to acquire or transfer any Assets and Properties of the Company or any interests therein, except as contemplated by the terms of this Agreement; (e) to reach any agreement or understanding (whether or not such agreement or understanding is absolute, revocable, contingent, or conditional) for, or otherwise to attempt to consummate, any such acquisition, transfer, merger, consolidation, combination, or reorganization; or (f) to furnish or cause to be furnished any information with respect to the Company to any Person (other than the Purchaser or the Office of the Insurance Commissioner of the State of Washington) that the Controlling Shareholders or any Affiliate of the Controlling Shareholders (or any Person acting for or on behalf of the Controlling Shareholders, the Company, or any other Affiliate of the Controlling Shareholders or the Company) knows or has reason to believe is in the process of attempting or considering any such acquisition, transfer, merger, consolidation, combination, liquidation, dissolution, or reorganization. If the Controlling Shareholders, the Company, or any other Affiliate of the Controlling Shareholders or the Company receives from any Person (other than the Purchaser) any offer, proposal, informational request, inquiry or contact that is subject to this Section, the Controlling Shareholders or the Company will promptly advise such Person, by written notice, of the terms of this Section and will promptly deliver a copy of such notice to the Purchaser and advise the Purchaser fully concerning the identity of such Person, the terms of any proposal or offer, or the nature of any informational request, inquiry or contact which is made.

5.4 Conduct of Business. Except to the extent otherwise permitted or required under this terms and conditions of this Agreement, the Controlling Shareholders will cause Company to conduct its business only in the ordinary course and consistent with past practice. Without limiting the generality of the foregoing:

(a) The Controlling Shareholders will use all commercially reasonable efforts to (i) preserve intact the Company's present business organization, reputation, and policyholder relations; (ii) keep available the services of the Company's present officers, directors, employees, agents, consultants, and other similar representatives; (iii) maintain all licenses, qualifications, and authorizations of the Company to do business in each jurisdiction in which it is so licensed, qualified, or authorized; (iv) maintain in full force and effect all Contracts, documents, and arrangements referred to in Section 3.17 hereof, (v) maintain all Assets and Properties of the Company in the working order and condition as the same exist on the date of this Agreement, ordinary wear and tear excepted, (vi)

continue all current marketing and selling activities relating to the business, operations, or affairs of the Company, (vii) exercise all commercially reasonable efforts to maintain and protect the confidential and proprietary nature of all of each of the Company's policyholder lists, lists of the Company's agents and producers, billing records and commission statements, marketing plans, lists of prospective customers or agents, and other materials relating to the Company's sales and marketing practices or in force business, all of which, upon the request of the Purchaser, shall be marked or designated by the Company as "confidential and proprietary information;" (viii) upon the request of the Purchaser, use their best efforts to retrieve all policyholder lists and copies thereof in the hands of any persons other than executive officers or employees of the Company, and make no further distributions of any such lists, except as required in group billings and commission statements distributed in the ordinary course of business; and (ix) upon the request of the Purchaser, deliver to each of the officers, agents and employees of the Company a written statement advising them of the proprietary and confidential nature of all of the information specified in subparagraph (a)(vii) of this Section and the possible legal implications for such officers, agents or employees of the use or distribution of any such information to any persons or for any purpose except as may be necessary in the ordinary course of business of the Company, and use their best efforts to obtain written acknowledgment of the receipt and understanding of such statement from each of the officers, agents and employees of the Company.

(b) The Controlling Shareholders will cause the Books and Records of the Company to be maintained in the usual manner that is consistent with the form and manner used by the Company to maintain the Books and Records of the Company during the five (5) years prior to the Closing Date, and will not permit a Material change in any underwriting, investment, actuarial, financial reporting, or accounting practice or policy of the Company or in any assumption underlying such practice or policy, or in any method of calculating any bad debt, contingency, or other reserve for financial reporting purposes or for other accounting purposes (including, without limitation, any practice, policy, assumption, or method relating to or affecting the determination of the Company's investment income, reserves or other similar amounts, or operating ratios with respect to expenses, losses, or lapses).

(c) The Controlling Shareholders and the Company will: (i) properly prepare and duly and timely file all reports and all Tax Returns required to be filed with any governmental or regulatory authorities with respect to the business, operations, or affairs of the Company; and (ii) duly and fully pay all Taxes indicated by such Tax Returns or otherwise levied or assessed upon the Company or any of its Assets and Properties, and withhold or collect and pay to the proper taxing authorities or hold in separate bank accounts for such payment all Taxes that the Company is required to so withhold or collect and pay, unless such Taxes are being contested in good faith and, if appropriate, reasonable reserves therefore have been established and reflected in the Books and Records of the Company in accordance with SAP.

(d) The Controlling Shareholders will cause the Company to: (i) cause all reserves and other similar amounts with respect to insurance Contracts established or

reflected in the Books and Records of the Company to be (A) computed and reflected on a basis consistent with those reserves and other similar amounts and reserving methods followed by the Company at December 31, 2011 and (B) good, sufficient and adequate (under commonly accepted actuarial standards consistently applied and fairly stated in accordance with sound actuarial principles) to cover the total amount of all reasonably anticipated matured and unmatured benefits, dividends, losses, claims, expenses, and other Liabilities of the Company under all insurance Contracts pursuant to which the Company has or will have any Liability (including, without limitation, any Liability arising under or as a result of any reinsurance, coinsurance, or other similar Contract); and (ii) continue to own assets that qualify as legal reserve assets under all applicable insurance Laws in an amount at least equal to the required reserves of the Company and other similar amounts.

(e) The Controlling Shareholders and the Company will use all commercially reasonable efforts to maintain in full force and effect until the Closing substantially the same levels of coverage as the insurance afforded under the Contracts listed in Section 3.21 of the Disclosure Schedule. Any and all benefits under such Contracts paid or payable (whether before or after the effective date of this Agreement) with respect to the business, operations, affairs, or Assets and Properties of the Company will be paid to the Company.

(f) The Controlling Shareholders will cause the Company to amend its lease agreement with W. 1116 Riverside Partners prior to the Closing Date to include a provision giving the Company the right to terminate the lease upon six (6) months' notice to W. 1116 Riverside Partners.

(g) The Controlling Shareholders will cause the Company to comply, and the Company will continue to comply, in all Material respects, with all Laws applicable to its respective business, operations, or affairs.

5.5 Financial Statements and Reports.

(a) As promptly as practicable after the end of each calendar year and each subsequent calendar quarter commencing on the date of this Agreement, the Company will deliver to the Purchaser a true and complete copy of the Annual Statement, Quarterly Statements and Monthly Statements of the Company filed by the Company for the preceding calendar year, quarter or month, prepared in accordance with SAP, and which shall present fairly the financial condition, the Assets and Properties, and the Liabilities of the Company as of the date(s) thereof and the results of operations, capital and surplus account, and cash flow of the Company for and during each of the periods covered thereby; and

(b) As promptly as practicable after the preparation thereof, the Controlling Shareholders and the Company will deliver to the Purchaser true and complete copies of such other Material financial statements, reports, or analyses as may be prepared by the Company or any Affiliate of the Company and as relate to the business, operations, or

affairs of the Company, including, without limitation, normal internal reports (such as those reflecting monthly premiums, claims, and cash flow) and special reports (such as those of consultants).

(c) On the Closing Date, the Company will deliver to the Purchaser a certificate executed by President or the chief financial officer of the Company setting forth: (i) a balance sheet showing the Closing Date Company Value; and (ii) a certificate executed by the President of the Company, based upon a contemporaneous report of the Company's independent actuary attached thereto, that there have been no Material changes in the statutory reserves of the Company from the last day of the preceding month to the Closing Date, and that the Company holds policy benefit and claims reserves, premium reserves and other Liabilities and reserves relating to insurance Contracts in force on the Closing Date at least equal to those shown on the December 31, 2011 Annual Statement of the Company, adjusted for normal changes of business in force, and that the life insurance policies and annuity Contracts in force in the Company as of December 31, 2011 have remained in force (excepting normal lapses and maturities) as of the Closing Date.

(d) As to each statement, presentation and other report or analysis required to be delivered by the Company and the Controlling Shareholders to the Purchaser pursuant to this Section 5.5, the Controlling Shareholders or the chief financial officer of the Company, as applicable, shall certify to the Purchaser that, to their Best Knowledge, the same is a full and true statement of the matters therein referred to and of the condition and affairs of the Company therein covered.

5.6 Use of Proceeds. The Controlling Shareholders shall cause the Company to use, and the Company shall use the proceeds received from the Purchaser as the Aggregate Share Subscription Price and Surplus Debenture Price solely and exclusively to fund the redemption of the Outstanding Preferred Shares.

5.7 Investments. From the date of this Agreement to the Closing Date, the Company will invest its future cash flow, any cash from matured and maturing investments, any cash proceeds from the sale of any of its respective Assets and Properties, and any cash funds currently held by the Company, in the ordinary course of its business and consistent with past practice to meet the reasonably anticipated current obligations of the Company. All such investments shall be limited to investment assets that shall be rated Class 1 or Class 2 by the Securities Valuation Office of the National Association of Insurance Commissioners. The Company shall provide the Purchaser with advance telephone, email or written notice of any proposed purchases, exchanges or sales of investment assets of the Company at least twenty-four (24) hours in advance of any such purchase, exchange or sale, and the Purchaser shall have the right to disapprove all such purchases, exchanges or sales, and the Company shall not complete the proposed purchase, exchange or sale if the Purchaser provides the Company with telephone, email or written disapproval within such period. The Company shall, within 15 days after the Effective Date of the Merger (as defined in the Merger Agreement), sell all of the real estate mortgages on the books of the Company shown on the attached **Exhibit G** to R. J. Martin Mortgage Company at an aggregate purchase price of \$105,783.11, less each principal payment

made on such loans after February 19, 2012 times the “% of Balance” shown on such **Exhibit G** corresponding to the loan on which the principal payment was made. R.J. Martin Mortgage Company shall purchase such loans at the price computed as described above.

5.8 Employee Matters.

Except as may be required by Law or as disclosed in Section 5.8 of the Disclosure Schedule, or except for such representations, promises, changes, alterations, or amendments that do not and will not result in any Material Liability to the Company or the Purchaser, or as otherwise requested in writing by the Purchaser, the Controlling Shareholders will refrain, and will cause the Company to refrain, from directly or indirectly:

(a) making any representation or promise, oral or written, to any officer, director, employee, agent, consultant, or other similar representative of the Company concerning any Benefit Plan;

(b) making any change to, or amending in any way, the Contracts, salaries, wages, or other compensation of any officer, director, employee, agent, consultant, or other similar representative of the Company whose annual compensation exceeds \$50,000, other than routine changes or amendments that (i) are made in the ordinary course of business and consistent with past practice, (ii) do not and will not result in increases of more than five percent (5.0%) in the salary, wages, or other compensation of any such Person, and (iii) do not and will not exceed, in the aggregate, five percent (5.0%) of the total salaries, wages, and other compensation of all employees of the Company, or (iv) are made in accordance with preexisting contractual obligations;

(c) adopting, entering into, amending, altering, or terminating, partially or completely, any Benefit Plan;

(d) except for routine agents contracts entered into by the Company with insurance agents in the ordinary course of business, adopting, entering into, amending, altering, or terminating, partially or completely, any employment, agency, consultation, or representation Contract that is, or had it been in existence on the effective date of this Agreement would have been, required to be disclosed in Section 3.17(a) of the Disclosure Schedule;

(e) approving any general or company-wide pay increases for officers, directors, employees, agents, consultants, or other similar representatives of the Company; or,

(f) entering into any Contract with any officer, director, employee, agent, consultant, or other similar representative of the Company that is not terminable by the Company, without penalty or other Liability, upon not more than sixty (60) calendar days' notice.

5.9 No Charter Amendments. The Controlling Shareholders shall cause the Company to take, and the Company shall undertake all corporate action to amend its articles of

incorporation to reduce the par value of its Common Stock from \$3.01 to \$1.67 per share, effective upon the Effective Date of the Merger (as those terms are defined in the Merger Agreement), and except for such amendment, the Controlling Shareholders and the Company will not further amend the articles or certificate of incorporation or bylaws of the Company and will refrain from taking any action with respect to any such amendment.

5.10 No Issuance of Securities. The Controlling Shareholders and the Company will refrain from authorizing or issuing, any shares of capital stock or other equity securities, surplus debentures or notes of the Company (other than the Subscription Shares and the Surplus Debenture), or from entering into any Contract or granting any option, warrant, or right calling for the authorization or issuance of any such shares or other equity securities, surplus debentures or notes, or creating or issuing any securities directly or indirectly convertible into or exchangeable for any such shares or other equity or debt securities, or issuing any options, warrants, or rights to purchase any such convertible securities.

5.11 No Dividends. The Company will refrain from declaring, setting aside, or paying any dividend or other distribution in respect of its capital stock and from directly or indirectly redeeming, purchasing, or otherwise acquiring any of its capital stock or any interest in or right to acquire any such stock.

5.12 No Disposal of Property. Except as consented to in writing by the Purchaser or as otherwise expressly provided in this Agreement, the Company will not (a) dispose of any of its Assets and Properties or permit any of its Assets and Properties to be subjected to any Liens, except to the extent any such disposition or any such Lien is made or incurred in the ordinary course of the business and consistent with past practice; (b) sell any Material part of its insurance products, operations, or business to any third party (other than sales of insurance products in the ordinary course of business consistent with past practice); (c) enter into any Contracts obligating the Company to administer the insurance operations of any Person or (d) enter into any Contracts permitting any Person to administer the Company's insurance operations. Notwithstanding the foregoing, prior to the Closing Date, the Controlling Shareholders will cause the Company to enter into a binding agreement whereby the Company shall agree to sell its entire interest in 1124 West Riverside Ave. Partners at a price not less than the value of such investment as shown on the Company's most recent SAP Statement.

5.13 No Breach or Default. The Company will not violate or breach, and will not take or fail to take any action that (with or without notice or lapse of time or both) would constitute a violation, breach, or default in any way under any term or provision of any Contract to which it is a party or by which any of its Assets and Properties is or may be bound.

5.14 Prepayments of Indebtedness. The Company will not create, incur, assume, guarantee, or otherwise become liable for, and will not cancel, pay, agree to cancel or pay, or otherwise provide for a complete or partial discharge in advance of a scheduled payment date with respect to, any Liability, and will not waive any right to receive any direct or indirect payment or other benefit under any Liability owing to it.

5.15 No Acquisitions. Neither the Company nor the Controlling Shareholders will (a) merge, consolidate, or otherwise combine or agree to merge, consolidate, or otherwise combine with any other Person, (b) acquire or agree to acquire blocks of business of, or all or substantially all the Assets and Properties or capital stock or other equity securities of any other Person, or (c) otherwise acquire or agree to acquire control or ownership of any other Person.

5.16 Intercompany Liabilities; Intercompany Contracts. Except as otherwise required by the terms of this Agreement, neither the Controlling Shareholders nor the Company will enter into any Contract with each other or any Affiliates or, except as required by any Contract disclosed in Section 3.17(g) of the Disclosure Schedule, engage in any transaction with any of their respective Affiliates.

5.17 Tax Matters. The Controlling Shareholders will refrain, and will cause the Company to refrain (a) from making, filing, or entering into (whether before or after the Closing) any election, consent, or agreement described in Section 3.12(e) or Section 3.12(f) with respect to the Company or any of its Assets and Properties and (b) from entering into, amending or cancelling any reinsurance, coinsurance, or other Contract described in Section 3.12(i) of the Disclosure Schedule.

5.18 Vacancies on Board of Directors. Prior to the Redemption Date, the Controlling Shareholders and the Company will not cause the vacancy on the Board of Directors created by the resignation of a director previously elected by the holders of the Outstanding Preferred Shares to be filled, and shall cause the other director elected by the holders of the Outstanding Preferred Shares and another member of the Board of Directors designated by the Controlling Shareholders to resign from the Board of Directors of the Company, and, upon the Redemption Date, the Board of Directors will take appropriate action to elect three (3) individuals designated by the Purchaser to the Board of Directors of the Company.

5.19 Disclosure Schedule. The Controlling Shareholders and the Company shall deliver the Disclosure Schedule to the Purchaser no later than ten (10) Business Days after the date hereof.

5.20 Notice and Cure. The Controlling Shareholders and the Company will notify the Purchaser promptly in writing of, and contemporaneously will provide the Purchaser with true and complete copies of any and all information or documents relating to, and will use all commercially reasonable efforts to cure before the Closing, any event, transaction, or circumstance occurring after the date of this Agreement that causes or will cause any covenant or agreement of the Controlling Shareholders or the Company under this Agreement to be breached, or that renders or will render untrue any representation or warranty of the Controlling Shareholders or the Company contained in this Agreement as if the same were made on or as of the date of such event, transaction, or circumstance. The Controlling Shareholders and the Company also will use all commercially reasonable efforts to cure, before the Closing, any violation or breach of any representation, warranty, covenant, or agreement made by the Controlling Shareholders or the Company in this Agreement, whether occurring or arising before or after the date of this Agreement.

ARTICLE VI

COVENANTS OF THE PURCHASER

The Purchaser covenants and agrees with the Controlling Shareholders and the Company that, at all times before the Closing, the Purchaser will comply with all covenants and provisions of this Article VI, except to the extent the Controlling Shareholders or the Company may otherwise consent in writing or to the extent otherwise required or permitted by this Agreement.

6.1 Regulatory Approvals. The Purchaser will (a) take all commercially reasonable steps necessary or desirable, and proceed diligently and in good faith and use all commercially reasonable efforts to obtain, as promptly as practicable, all approvals, authorizations, and clearances of governmental and regulatory authorities required of the Purchaser to consummate the transactions contemplated in this Agreement and the Merger Agreement, including without limitation any required approvals of the insurance regulatory authorities in the State of Washington; (b) provide such other information and communications to such governmental and regulatory authorities as the Controlling Shareholders, the Company or such authorities may reasonably request; and (c) cooperate with the Controlling Shareholders and the Company in obtaining, as promptly as practicable, all approvals, authorizations, and clearances of governmental or regulatory authorities required of the Controlling Shareholders and the Company to consummate the transactions contemplated in this Agreement and the Merger Agreement.

6.2 Notice and Cure. The Purchaser will notify the Controlling Shareholders and the Company promptly in writing of, and contemporaneously will provide the Controlling Shareholders and the Company with true and complete copies of any and all information or documents relating to, and will use all commercially reasonable efforts to cure before the Closing, any event, transaction, or circumstance occurring after the date of this Agreement that causes or will cause any covenant or agreement of the Purchaser under this Agreement to be breached, or that renders or will render untrue any representation or warranty of the Purchaser contained in this Agreement as if the same were made on or as of the date of such event, transaction, or circumstance. The Purchaser also will use all commercially reasonable efforts to cure, before the Closing, any violation or breach of any representation, warranty, covenant, or agreement made by it in this Agreement, whether occurring or arising before or after the date of this Agreement.

ARTICLE VII

CONDITIONS TO OBLIGATIONS OF THE PURCHASER

The obligations of the Purchaser hereunder are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by the Purchaser).

7.1 Representations and Warranties. The representations and warranties made by the Controlling Shareholders and the Company in this Agreement and the statements of the Controlling Shareholders and the Company contained in the Disclosure Schedule shall be true as of the date of this Agreement, the certifications given pursuant to Section 5.5(d) shall be true as

of the date given, and all of such representations, warranties, certifications and statements shall be true on and as of the Closing Date as though such representations, warranties, certifications and statements were made on and as of the Closing Date.

7.2 Performance. The Controlling Shareholders and the Company shall have performed and complied with all agreements, covenants, obligations, and conditions required by this Agreement to be so performed or complied with by them at or before the Closing Date, including those specifically referred to elsewhere in this Article VII. In addition, the Controlling Shareholders and the Company shall have delivered to the Purchaser certificates, dated as of the Closing Date and executed by (a) a duly authorized officer of each of the Controlling Shareholders and (b) the president and the secretary or any assistant secretary of the Company certifying that each of the Controlling Shareholders and the Company has duly and validly taken all corporate action necessary to authorize its execution and delivery of this Agreement and its performance of its respective obligations under this Agreement (including, without limitation, the issuance and sale of the Subscription Shares to the Purchaser), and that the resolutions (true and complete copies of which shall be attached to the certificate) of the Controlling Shareholders and the Board of Directors of the Company with respect to this Agreement and the transactions contemplated hereby have been duly and validly adopted and are in full force and effect.

7.3 Certificates of the Controlling Shareholders and the Company. The Controlling Shareholders and the Company shall each have delivered to the Purchaser a certificate, dated as of the Closing Date in the form of Exhibit E hereto, certifying (with respect to each of the Controlling Shareholders and the Company, respectively) as to the fulfillment of the conditions set forth in this Article VII. The Company shall have delivered to the Purchaser the certificate required by Section 5.5(c) of this Agreement.

7.4 No Litigation or Injunction. There shall not be in effect on the Closing Date any writ, judgment, injunction, decree, or similar order of any court or similar Person restraining, enjoining, or otherwise preventing consummation of any of the transactions contemplated by this Agreement.

7.5 No Proceeding or Litigation. There shall not be instituted, pending, or threatened any action, suit, investigation, or other proceeding in, before, or by any court, governmental or regulatory authority, or other Person to restrain, enjoin, or otherwise prevent consummation of any of the transactions contemplated by this Agreement or to recover any damages or obtain other relief as a result of this Agreement or any of the transactions contemplated hereby or as a result of any Contract entered into in connection with or as a condition precedent to the consummation hereof (including, without limitation, any action, suit, investigation or other proceeding seeking to challenge the redemption or conversion of the Preferred Shares at the ratio specified in the Preferred Stock Resolutions, or the issuance of the Subscription Shares to the Purchaser), or which action, suit, investigation, or other proceeding that may, in the reasonable opinion of the Purchaser, result in a decision, ruling, or finding that individually or in the aggregate has or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement, on the ability of the Controlling Shareholders, the Company or the Purchaser to perform its respective obligations under this Agreement, or on the Business or Condition of the Purchaser or the Company. There shall not

be in effect on the Closing Date any voluntary or involuntary bankruptcy, receivership, conservatorship, or similar proceeding with respect to the Company or any of the Controlling Shareholders.

7.6 Consents, Authorizations, etc. All Regulatory Approvals, orders, consents, permits, authorizations, approvals, and waivers of every Person described in Section 6.1 and necessary to permit the Purchaser to perform its obligations under this Agreement and to consummate the transactions contemplated hereby (including, without limitation, the Regulatory Approvals of the insurance regulatory authorities in the State of Washington, without the abrogation or diminishment of the Company's certificate of authority or license or the imposition of significant restrictions upon the transactions contemplated hereby) shall have been obtained and shall be in full force and effect, and the Controlling Shareholders and the Company shall have obtained all Regulatory Approvals, orders, consents, permits, authorizations, approvals and waivers of every Person described in Section 5.1, and the Purchaser shall have received evidence satisfactory to it of the receipt of such consents, approvals, authorizations, clearances, expirations and waivers.

7.7 No Adverse Change. Except as disclosed in Section 3.10 of the Disclosure Schedule or as specifically reflected in the December 31, 2011 Annual Statement of the Company (it being understood that no information has been disclosed or reflected that has a Material Adverse Effect upon the Business or Condition of the Company), or except for changes or developments relating to the conduct of the business of the Company after the date of this Agreement in conformity with this Agreement or in response to the requests of the Purchaser, since December 31, 2011 there shall not have been, occurred, or arisen any change in, or any event (including, without limitation, any damage, destruction, or loss whether or not covered by insurance), condition, or state of facts of any character that individually or in the aggregate has or may reasonably be expected to have a material adverse effect on the Business or Condition of the Company.

7.8 Due Diligence. The Purchaser shall have completed its due diligence examination of the Books and Records of the Company and made such further inquiries and investigation of the Company as provided in Section 5.2 as the Purchaser may, in its discretion, deem necessary or appropriate, and the Purchaser shall have provided written notice to the Controlling Shareholders and the Company, not later than thirty (30) days after the execution of this Agreement, of its satisfaction with the results of such examination, inquiries and investigation.

ARTICLE VIII **CONDITIONS TO OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS AND** **THE COMPANY**

The obligations of the Controlling Shareholders and the Company hereunder are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by the Controlling Shareholders and the Company).

8.1 Representations and Warranties. The representations and warranties made by the Purchaser in this Agreement shall be true as of the date of this Agreement and shall be true on and as of the Closing Date as though such representations and warranties were made on and as of the Closing Date.

8.2 Performance. The Purchaser shall have performed and complied with all agreements, covenants, obligations, and conditions required by this Agreement to be so performed or complied with by the Purchaser at or before the Closing Date.

8.3 Officer's Certificates. The Purchaser shall have delivered to the Controlling Shareholders and the Company a certificate, dated as of the Closing Date in the form of Exhibit F hereto and executed by the president of the Purchaser, certifying with respect to the Purchaser as to the fulfillment of the conditions set forth in this Article VIII. In addition, the Purchaser shall have delivered to the Controlling Shareholders and the Company a certificate, dated as of the Closing Date and executed by the president and the secretary or any assistant secretary of the Purchaser certifying that the Purchaser has duly and validly taken all corporate action necessary to authorize its execution and delivery of this Agreement and its performance of its obligations under this Agreement, and that the resolutions (true and complete copies of which shall be attached to the certificate) of the Board of Directors of the Purchaser with respect to this Agreement and the transactions contemplated hereby have been duly and validly adopted and are in full force and effect.

8.4 No Injunction. There shall not be in effect on the Closing Date any writ, judgment, injunction, decree, or similar order of any court or similar Person restraining, enjoining, or otherwise preventing consummation of any of the transactions contemplated by this Agreement.

8.5 No Proceeding or Litigation. There shall not be instituted, pending, or threatened any action, suit, investigation, or other proceeding in, before, or by any court, governmental or regulatory authority, or other Person to restrain, enjoin, or otherwise prevent consummation of any of the transactions contemplated by this Agreement or to recover any damages or obtain other relief as a result of this Agreement or any of the transactions contemplated hereby (including, without limitation, any action, suit, investigation or other proceeding seeking to challenge the redemption or conversion of the Preferred Shares at the ratio specified in the Preferred Stock Resolutions, or the issuance of the Subscription Shares to the Purchaser) or as a result of any Contract entered into in connection with or as a condition precedent to the consummation hereof, which action, suit, investigation, or other proceeding may, in the reasonable opinion of the Controlling Shareholders or the Company, result in a decision, ruling, or finding that individually or in the aggregate has or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement, on the ability of the Purchaser or the Controlling Shareholders and the Company to perform its respective obligations under this Agreement.

8.6 Consents, Authorizations, etc. All Regulatory Approvals Regulatory Approvals, orders, consents, permits, authorizations, approvals and waivers of every Person described in Section 5.1, and all orders, consents, permits, authorizations, approvals, and waivers of every

Person disclosed pursuant to Section 3.5 and necessary to permit the Controlling Shareholders and the Company to perform its respective obligations under this Agreement and to consummate the transactions contemplated hereby, shall have been obtained and shall be in full force and effect, and the Purchaser shall have obtained all consents, approvals, authorizations and clearances referred to in Section 6.1, and the Controlling Shareholders and the Company shall have received evidence satisfactory to them of the receipt of such consents, approvals, authorizations, clearances, expirations and waivers.

ARTICLE IX

SURVIVAL OF PROVISIONS; REMEDIES

9.1 Survival. The representations, warranties, covenants, and agreements respectively made by the Controlling Shareholders, the Company and the Purchaser in this Agreement, in the Disclosure Schedule, or in any certificate respectively delivered by the Controlling Shareholders, the Company or the Purchaser pursuant to Section 7.3 or Section 8.3 will survive the Closing of this Agreement and the Closing Date:

(a) until the expiration of all applicable statutes of limitations (including all periods of extension, whether automatic or permissive) in the case of the representations and warranties of the Controlling Shareholders and the Company respectively set forth in Sections 3.1, 3.2, 3.3, 3.12, and 3.15 hereof, and in the case of the indemnification agreements respectively set forth in Sections 10.1, 10.2 and 10.3 hereof; and

(b) until the thirty-sixth (36th) month anniversary of the Closing Date in the case of all other representations, warranties, covenants, and agreements, except that covenants and agreements to be performed after the Closing Date in accordance with their terms will survive until the last period to which any such Tax benefit could be carried pursuant to the Code, and each indemnification agreement as to litigation set forth in clause (iii) of Section 10.3(a) will survive until a final, non-appealable judgment has been entered with respect to the last of such litigation.

If a Claim Notice or an Indemnity Notice is given in accordance with Section 10.5 before expiration of the applicable time period referenced above, then (notwithstanding such time period) the representation, warranty, covenant, or agreement applicable to such claim shall survive until, but only for purposes of, resolution of such claim.

9.2 Available Remedies. Each Party expressly agrees that, consistent with its intention and agreement to be bound by the terms of this Agreement and to consummate the transactions contemplated hereby, subject only to the performance or satisfaction of precedent conditions or of precedent requirements imposed upon another Party hereto, the remedy of specific performance shall be available to a non-breaching and non-defaulting Party to enforce performance of this Agreement by a breaching or defaulting Party, including, without limitation, to require the consummation of the Closing on the Closing Date.

ARTICLE X
INDEMNIFICATION

10.1 Tax Indemnification.

(a) Subject to the provisions of Article IX hereof, Section 10.4, Section 10.5 and this Section, the Controlling Shareholders, jointly and severally, agree to pay, and to indemnify the Company and the Purchaser in respect of, and hold each of them harmless against, any and all Losses for or in respect of Taxes actually incurred by, imposed upon, or assessed against the Company or the Purchaser as a result of or relating to the Tax liability of the Company for any period ending on or before the Closing Date, to the extent that the Company has not made due and sufficient current accruals for such Taxes on its Books and Records and in accordance with SAP as of the Closing Date.

(b) The Controlling Shareholders will notify the Purchaser or (if applicable) the Purchaser will notify the Controlling Shareholders promptly of the commencement of any claim, audit, examination, or other proposed change or adjustment by any taxing authority concerning any Tax or other Losses covered by Section 10.1(a) ("Tax Claim").

(c) The Controlling Shareholders will furnish the Purchaser, or (if applicable) the Purchaser will furnish the Controlling Shareholders promptly with copies of all correspondence (including, without limitation, notices, requests, explanations, determinations, schedules, charts, and lists) received from any taxing authority in connection with any Tax Claim. The Controlling Shareholders will have the right to approve in advance any correspondence sent to any taxing authority by or on behalf of the Company or the Purchaser with respect to any Tax Claim to the extent such correspondence would adversely affect the Controlling Shareholders' obligations under Section 10.1(a); provided, however, that the Controlling Shareholders will be deemed to have approved any such correspondence to the extent notice of its disapproval thereof is not delivered or mailed to the Purchaser in accordance with Article XII hereof with reasonable promptness, but in all events at least fourteen (14) calendar days before the date on which payment of the Tax is due or, if earlier, at least fourteen (14) calendar days before the date on which the ability of the Company or the Purchaser to defend against the Tax Claim is irrevocably prejudiced.

(d) At its option (following reasonable notice to and consultation with the Purchaser), the Controlling Shareholders may contest any Tax Claim on behalf of the Company or the Purchaser in any legally permissible manner until such time as any payment for Taxes or other Losses with respect to such Tax Claim is due or, upon the Controlling Shareholders' payment of such Taxes and other Losses, may sue for a refund thereof where permitted by applicable Law. Except as provided in the last sentence of this subsection, the Controlling Shareholders will control all proceedings taken in connection with any such contest or refund suit, and may pursue or forego any and all administrative appeals, proceedings, hearings, and conferences with the taxing authority in respect of such Tax Claim. The Company and the Purchaser will take such lawful action in connection with the contest or refund suit as the Controlling Shareholders may

reasonably request in writing from time to time, including, without limitation, the prosecution of the contest or refund suit to a final determination, provided that (i) the Controlling Shareholders request such action with reasonable promptness, but in all events at least fourteen (14) calendar days before the date on which payment of the Taxes or other Losses are due or become final, or if earlier, at least fourteen (14) calendar days before the date on which the Company's or the Purchaser's ability to defend against the Tax Claim is irrevocably prejudiced, (ii) a reasonable basis exists for such contest or refund suit, and (iii) the Controlling Shareholders acknowledge (without any equivocation) its obligations under this Section. Notwithstanding the foregoing provisions of this Section 10.1(d), if such contest or refund suit has or may reasonably be expected to have a material effect on the Liability of the Company or the Purchaser for Taxes with respect to any period ending after the Closing Date, then the Controlling Shareholders and the Company and the Purchaser will jointly control any such contest or refund suit.

10.2 Benefit Plan Indemnification. Subject to the provisions of Article IX, Section 10.5 and Section 10.6, the Controlling Shareholders, jointly and severally, agree to indemnify the Company and the Purchaser in respect of, and hold each of them harmless against, any and all Losses resulting from or relating to (a) any failure by the Company before the Closing Date, or any failure by the Controlling Shareholders or any ERISA Affiliate or any Benefit Plan fiduciary at any time, to fund or perform its respective obligations under any Benefit Plan or to comply with any provisions of ERISA, the Code, or any other applicable Law in connection with the operation or administration of any Benefit Plan; (b) any prohibited transaction (as defined in Section 4975(c)(1) of the Code or Section 405 of ERISA) occurring before the Closing Date and involving any Benefit Plan; (c) any prohibited transaction occurring after the Closing Date and involving any Benefit Plan other than any Benefit Plan adopted, maintained, or sponsored by the Purchaser after the Closing Date; (d) any reportable event (as defined in Section 4043(b) of ERISA and the regulations promulgated by the PBGC thereunder) occurring before the Closing Date and involving any Benefit Plan; or (e) any complete or partial termination of any Benefit Plan at or before the Closing Date.

10.3 Other Indemnification.

(a) Subject to the provisions of Article IX, Section 10.4 and Section 10.5, the Controlling Shareholders, jointly and severally, agree to indemnify the Purchaser, and its officers, directors, employees, agent and representative (the "Purchaser Indemnified Parties") and the Company in respect of, and hold each of them harmless against:

(i) any and all Losses (other than Losses that the Controlling Shareholders have paid or are liable to pay to the Company or the Purchaser pursuant to Section 10.1) resulting from, or directly relating to, any misrepresentation, breach of warranty, or non-fulfillment of or failure to perform any covenant or agreement on the part of the Controlling Shareholders or the Company made as a part of or contained in this Agreement, the Disclosure Schedule, or any certificate delivered by or on behalf of the Controlling Shareholders or the Company pursuant to Section 7.3; and

(ii) any and all Losses in excess of any amounts actually reserved on the Internal Financial Statements of the Company for the period ending December 31, 2011 resulting from or relating to any claim (other than claims for such actual policy benefits as are specified under life insurance policies or annuity Contracts issued, reinsured, or underwritten by the Company) asserted in any action, suit, investigation, or proceeding against the Company (whether as a defendant, counterclaim or third party defendant, intervenor, or otherwise) pending on the Closing Date of this Agreement or arising at any time with respect to matters occurring before the Closing Date, whether or not such action, suit, investigation or proceeding is disclosed in the Disclosure Schedule.

(b) Subject to the provisions of Article IX and Sections 10.4 and 10.5, the Purchaser agrees to indemnify the Controlling Shareholders in respect of, and hold the Controlling Shareholders harmless against, any and all Losses resulting from or relating to any misrepresentation, breach of warranty, or non-fulfillment of or failure to perform any covenant or agreement on the part of the Purchaser made as a part of or contained in this Agreement or any certificate delivered by or for the Purchaser pursuant to Section 8.3.

10.4 Method of Asserting Claims. All claims for indemnification by any Indemnified Party under Section 10.3 will be asserted and resolved as follows:

(a) Third-Party Claims. In the event that, following the Closing, any Indemnified Party asserts a claim or demand for indemnification or receives notice of any claim or the commencement of any action or proceeding by any Person who is not a Party to this Agreement or an Affiliate of a Party (a "Third-Party Claim") for which an Indemnifying Party would be liable for Losses to an Indemnified Party under Section 10.3, the Indemnified Party will deliver a written notice (a "Claim Notice") to the Indemnifying Party within thirty (30) days after learning of such Third-Party Claim (or within such shorter time as may be necessary to give the Indemnifying Party a reasonable opportunity to respond to and defend such Third-Party Claim). The Indemnifying Party shall have the right, upon written notice to the Indemnified Party (the "Defense Notice") within fifteen (15) calendar days after receipt of the Claim Notice from the Indemnified Party, to conduct at its own expense the defense against such Third-Party Claim in its own name, or, if necessary, in the name of the Indemnified Party; provided, however, that the Indemnified Party shall have the right to approve the defense counsel selected by the Indemnifying Party, which approval shall not be unreasonably withheld, and in the event the Indemnifying Party and the Indemnified Party cannot agree upon such counsel within ten (10) calendar days after the Defense Notice is provided, then the Indemnifying Party shall propose an alternate defense counsel, who shall be subject again to the Indemnified Party's approval. The Indemnified Party shall take all reasonable action necessary to preserve the rights and defenses of the Indemnifying Party until the earlier of: (i) the date the Indemnifying Party has assumed the defense of such Third-Party Claim; or (ii) fifteen (15) calendar days after the Indemnifying Party's receipt of the Defense Notice.

(1) In the event that the Indemnifying Party shall fail to give the Defense Notice, it shall be deemed to have elected not to conduct the defense

of the subject Third-Party Claim, and in such event the Indemnified Party shall have the right to conduct such defense in good faith and compromise and settle the claim without prior consent of the Indemnifying Party and the Indemnifying Party will be liable for all Losses paid or incurred in connection therewith.

(2) In the event the Indemnifying Party elects to conduct the defense of the subject Third-Party Claim pursuant to this Article X, the Indemnified Party will cooperate with and make available to the Indemnifying Party such assistance and materials as may be reasonably requested by it, all at the expense of the Indemnifying Party, and the Indemnified Party shall have the right at its own expense to participate in the defense assisted by counsel of its own choosing, provided that the Indemnified Party shall have the right to compromise and settle the claim only with the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed. Without the prior written consent of the Indemnified Party, the Indemnifying Party will not enter into any settlement of any Third-Party Claim or cease to defend against such Third-Party Claim if, pursuant to or as a result of such settlement or cessation, (i) injunctive or other equitable relief would be imposed against the Indemnified Party; or (ii) such settlement or cessation would lead to liability or create any financial or other obligation on the part of the Indemnified Party for which the Indemnified Party is not entitled to indemnification hereunder; or (iii) such settlement includes a written admission of guilt or liability. The Indemnifying Party shall not be entitled to control, and the Indemnified Party shall be entitled to have sole control over, the defense or settlement of any Third Party Claim to the extent that such Third-Party Claim seeks an order, injunction or other equitable relief against the Indemnified Party which, if successful, could materially interfere with the business, operations, assets, condition (financial or otherwise) or prospects of the Indemnified Party. If an offer is made to settle a Third-Party Claim, which offer the Indemnifying Party is permitted to settle under this Section 10.4(a), and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party will give written notice to the Indemnified Party to that effect. If the Indemnified Party fails to consent to such offer within thirty (30) calendar days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third-Party Claim and, in such event, the maximum liability of the Indemnifying Party for Losses as to such Third-Party Claim will not exceed the amount of such settlement offer, plus costs and expenses paid or incurred by the Indemnified Party through the end of such 30-day period.

(3) Any judgment entered or settlement agreed upon in the manner provided herein shall be binding upon the Indemnifying Party, and shall conclusively be deemed to be an obligation with respect to which the Indemnified Party is entitled to prompt indemnification hereunder.

(b) Direct Claims. It is the intent of the parties hereto that all direct claims for indemnification hereunder by an Indemnified Party against any Indemnifying Party which do not constitute Third-Party Claims ("Direct Claims") shall be subject to and

benefit from the terms of this Section 10.4(b). In the event any Indemnified Party should have a Direct Claim against any Indemnifying Party hereunder, the Indemnified Party will notify the Indemnifying Party with reasonable promptness of such Direct Claim by the Indemnified Party, specifying the nature of and specific basis for such Direct Claim and the amount or the estimated amount of such Direct Claim (the "Indemnity Notice"), and the Indemnifying Party will have a period of thirty (30) calendar days within which to satisfy such Direct Claim. If the Indemnifying Party has timely disputed such Direct Claim, as provided above, the Indemnifying Party and the Indemnified Party agree to proceed in good faith to negotiate a resolution of such dispute, and if not resolved through negotiations, or if the Indemnifying Party does not so respond to the Indemnity Notice within such thirty (30) calendar day period, the Indemnifying Party will be deemed to have rejected such Direct Claim, in which event the Indemnified Party will be free to pursue such remedies as may be available to the Indemnified Party under this Agreement or otherwise.

(c) Failure to Give Timely Notice. A failure by an Indemnified Party to give timely, complete or accurate notice as provided in this Section will not affect the rights or obligations of any Party hereunder except and only to the extent that, as a result of such failure, any Indemnifying Party entitled to receive such notice was deprived of its right to recover payment under its applicable insurance coverage or was otherwise directly or Materially damaged as a result of such failure to give timely notice.

10.5 After-Tax Losses. With respect to the indemnification agreements set forth in this Article X, the Controlling Shareholders and the Purchaser agree that:

(a) the amount of any Tax refund actually received, and the amount of any Tax reduction actually realized by the Purchaser or the Company after the Closing Date as a result of Losses (including without limitation Taxes) for which any indemnification payment has been made or is then due by the Controlling Shareholders pursuant to Sections 10.1, 10.2 or 10.3 hereof will be promptly paid to the Controlling Shareholders or offset against Losses then owed by the Controlling Shareholders to the Company or the Purchaser hereunder; and

(b) the amount of any Tax refund actually received, and the amount of any Tax reduction actually realized by the Controlling Shareholders after the Closing as a result of Losses for which any indemnification payment has been made or is then due by the Purchaser pursuant to Section 10.3 hereof will be promptly paid to the Purchaser or offset against Losses then owed by the Purchaser to the Controlling Shareholders hereunder.

10.6 Limitations on Indemnification. Notwithstanding the foregoing, the Controlling Shareholders and the Purchaser agree that (a) no Losses shall be payable to the Purchaser Indemnified Parties by the Controlling Shareholders under Sections 10.1, 10.2 or 10.3(a) unless and until the aggregate amount of Losses exceeds Fifty Thousand Dollars (\$50,000.00) (the "Indemnification Deductible"), in which event the Controlling Shareholders shall be liable for the full amount of Losses above the Indemnification Deductible; and (b) the total amount of any

Liability of the Controlling Shareholders for indemnification of Losses incurred by the Purchaser Indemnified Parties under this Article X shall be limited to an amount equal to the Escrow Deposit held in the Indemnification Escrow Account, plus accrued interest thereon. The Purchaser and the Controlling Shareholders further agree that the Purchaser shall be entitled to receive out of the Indemnification Escrow Account any amount due and owing from the Controlling Shareholders to the Purchaser Indemnified Parties for indemnification under the terms and conditions set forth in Article IX and Sections 10.1 through 10.4, and the terms and conditions of the Escrow Agreement, up to the amount of the Escrow Deposit and any accrued interest thereon, and such Escrow Deposit, and the amount remaining, from time, to time, in the Indemnification Escrow Account, shall be deemed the sole and exclusive source of payment of such amounts of indemnification due and owing by the Controlling Shareholders to the Purchaser Indemnified Parties, and to the extent that there is a balance remaining in the Indemnification Escrow Account upon the expiration of the periods specified in Section 9.1 (and the Purchaser Indemnified Parties do not have any pending Indemnity Notice against the Controlling Shareholders that has not yet been paid or settled), the amount of such remaining balance in the Indemnification Escrow Account shall be paid to the Exchange Agent for distribution to the Controlling Shareholders. If there is an Indemnity Notice outstanding at the expiration of the time periods specified in Section 9.1, then (notwithstanding such time period), the balance remaining in the Indemnification Escrow Account shall not be paid until the resolution of such outstanding Claim.

ARTICLE XI **TERMINATION**

11.1 Termination. This Agreement may be terminated, and the transactions contemplated hereby may be abandoned, whether before or after the receipt of any Regulatory Approvals by the Controlling Shareholders, the Company and the Purchaser, upon notice by the terminating Party to the other Parties:

(a) at any time before the Closing Date, by mutual written agreement of the Controlling Shareholders, the Company and the Purchaser; or

(b) at any time before the Closing Date, by either the Controlling Shareholders and the Company, on one hand, or the Purchaser, on the other hand, if any of the Regulatory Approvals have been denied or refused, notwithstanding the best efforts of the Party having responsibility for obtaining such Regulatory Approvals; or

(c) at any time by the Controlling Shareholders and the Company if any of the covenants set forth in Article VI shall have been breached or any of the conditions set forth in Article VIII hereof shall not have been satisfied, performed, or complied with, in any material respect, at or before the Closing Date and such breach, non-satisfaction, non-performance, or non-compliance has not been cured or eliminated within thirty (30) calendar days after notice thereof has been given to the Purchaser, provided that at the time of such termination the Controlling Shareholders and the Company have neither breached any of the covenants set forth in Article V nor failed to satisfy, perform, or

comply with any of the conditions set forth in Article VII hereof, in any material respect; or

(d) at any time by the Purchaser (i) if any of the covenants set forth in Article V shall have been breached or any of the conditions set forth in Article VII hereof shall not have been satisfied, performed, or complied with, in any material respect, at or before the Closing Date and such breach, non-satisfaction, non-performance or non-compliance has not been cured or eliminated within thirty (30) days after notice thereof has been given to the Controlling Shareholders and the Company; or (ii) if the Disclosure Schedule is not delivered to the Purchaser within ten (10) days after the date hereof pursuant to Section 5.19, or (iii) if the Disclosure Schedule or other information provided to the Purchaser (including, without limitation, any financial statements of the Company delivered pursuant to Section 5.5) discloses any change in, or event, trend, condition or state of facts of any character that individually or in the aggregate has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company and such change, event, trend, condition or state of facts has not been cured or eliminated within ten (10) days after notice thereof has been given to the Controlling Shareholders and the Company, which notice must be given within ten (10) days after delivery of the Disclosure Schedule pursuant to Section 5.19 or of the date(s) of delivery of any of the financial statements pursuant to Section 5.5; provided that at the time of such termination the Purchaser has neither breached any of the covenants set forth in Article VI nor failed to satisfy, perform, or comply with any of the conditions set forth in Article VIII hereof, in any material respect; or

(e) at any time by the Purchaser prior to the Redemption Date, upon the initiation of any proceedings described in Section 7.5 or 8.5; or

(f) at any time after September 30, 2012, by the Purchaser, if the transactions contemplated by this Agreement have not been consummated on or before such date and such failure to consummate is not caused by a breach of this Agreement (or any representation, warranty, covenant, or agreement included herein) by the Purchaser; provided that, if the Closing cannot take place by that date by reason of any delay in obtaining any Regulatory Approval required under Section 5.1 or Section 6.1, which delay is not in the control of the Purchaser, the Purchaser may request an extension of the date set forth in this Subsection until the fifth (5th) Business Day next following the date the last of such approvals is expected to be obtained (but not later than December 31, 2012), and the Controlling Shareholders and the Company shall not unreasonably withhold their consent to such extension.

11.2 Effect of Termination. If this Agreement is validly terminated pursuant to Section 11.1, this Agreement will forthwith become null and void, and there will be no Liability on the part of the Controlling Shareholders, the Company or the Purchaser (or any of their respective officers, directors, employees, agents, consultants, or other representatives), and the Aggregate Share Subscription Price and Surplus Debenture Price, if deposited in the Redemption Account prior to termination, will be refunded by the Paying Agent to the Purchaser. The

provisions relating to confidentiality in Section 12.5 will continue to apply following any termination of this Agreement.

ARTICLE XII
MISCELLANEOUS

12.1 Notices. All notices and other communications under this Agreement must be in writing and will be deemed to have been duly given if delivered, telecopied or mailed, by certified mail, return receipt requested, first class postage prepaid, to the Parties at the following addresses:

If to the Company, to:

North Coast Life Insurance Company
P.O. Box 1445
Spokane, WA 99210-1445
ATTN: Robert J. Ogden, President
Facsimile: (509) 747-8569

With a copy (which shall not constitute notice) to:

Randall|Danskin
601 W. Riverside Ave., Suite 1500
Spokane, WA 99201
ATTN: Douglas J. Siddoway, Esq.
Facsimile: (509) 624-2528

If to the Controlling Shareholders, to:

North Coast Life Insurance Company
P.O. Box 1445
Spokane, WA 99210-1445
ATTN: Robert J. Ogden
Facsimile: (509) 747-8569

With a copy to:

Timothy J. Giesa, Esq.
Reed & Giesa, P.S.
222 North Wall Street, Suite 410
Spokane, WA 99201
Facsimile: (509) 838-6341

If to the Purchaser, to:

Government Personnel Mutual Life Insurance Company
Attention: Peter J. Hennessey III, CLU, FLMI
Chairman, President & CEO
GPM Life Building
2211 N.E. Loop 410
PO Box 659567
San Antonio, TX 78265-9567
Facsimile: (210) 357-2216

With a copy (which shall not constitute notice) to:

Thompson, Coe, Cousins & Irons, LLP
701 Brazos, Suite 1500
Austin, TX 78701
Attention: David D. Knoll, Esq.
Facsimile: (512) 708-8777

All notices and other communications required or permitted under this Agreement that are addressed as provided in this Article XII will, if delivered personally, be deemed given upon delivery, will, if delivered by telecopy, be deemed delivered when confirmed and will, if delivered by mail in the manner described above, be deemed given on the third (3rd) Business Day after the day it is deposited in a regular depository of the United States mail. Any Party from time to time may change its address for the purpose of notices to that Party by giving a similar notice specifying a new address, but no such notice will be deemed to have been given until it is actually received by the Party sought to be charged with the contents thereof.

12.2 Entire Agreement. This Agreement supersedes all prior discussions and agreements among the Parties with respect to the subject matter of this Agreement, and this Agreement (including the exhibits thereto, the Disclosure Schedule, and other Contracts and documents delivered in connection herewith) contains the sole and entire agreement among the Parties hereto with respect to the subject matter hereof.

12.3 Expenses. Except as otherwise expressly provided in this Agreement (including, without limitation, as provided in Article X), each of the Controlling Shareholders and the Company, on one hand, and the Purchaser, on the other hand, will pay its own costs and expenses in connection with this Agreement and the transactions contemplated hereby.

12.4 Public Announcements. At all times at or before the Closing, the Controlling Shareholders, the Company and the Purchaser will each consult with the other before issuing or making any reports, statements, or releases to the public (other than any regulatory filings required hereunder) with respect to this Agreement or the transactions contemplated hereby and will use good faith efforts to agree on the text of a joint public report, statement, or press release or will use good faith efforts to obtain the other Party's approval of the text of any public report,

statement, or press release to be made solely on behalf of a party. If the Controlling Shareholders, the Company and the Purchaser are unable to agree on or approve any such public report, statement, correspondence, solicitation materials or press release and such report, statement, correspondence, solicitation materials or press release is, in the opinion of legal counsel to a Party, required by Law or may be appropriate in order to discharge such Party's disclosure obligations, then such Party may make or issue the legally required report, statement, or press release. Any such report, statement, or press release approved or permitted to be made pursuant to this Section may be disclosed or otherwise provided by the Controlling Shareholders, the Company or the Purchaser to any Person, including without limitation to any employee or customer of either Party hereto and to any governmental or regulatory authority.

12.5 Confidentiality. Each of the Controlling Shareholders, the Company and the Purchaser will hold, and will cause its respective officers, directors, employees, agents, consultants, attorneys and other representatives to hold, in strict confidence, unless compelled to disclose by judicial or administrative process (including, without limitation, in connection with obtaining the necessary approval of insurance regulatory authorities) or by other requirements of Law, all confidential documents and confidential information concerning the other Party furnished to it by the other Party or such other Party's officers, directors, employees, agents, consultants, attorneys or representatives in connection with this Agreement or the transactions contemplated hereby, except to the extent that such documents or information can be shown to have been (a) previously lawfully known by the Party receiving such documents or information, (b) in the public domain through no fault of such receiving Party, or (c) later acquired by the receiving Party from other sources not themselves bound by, and in breach of, a confidentiality agreement. Neither the Controlling Shareholders, the Company nor the Purchaser will disclose or otherwise provide any such confidential documents or confidential information to any other Person, except to either Party's respective auditors, actuaries, attorneys, financial advisors, and other consultants and advisors who need such documents or information in connection with this Agreement and except as required by the provisions of Sections 5.1 and 6.1.

12.6 Further Assurances. The Controlling Shareholders, the Company and the Purchaser agree that, from time to time after the Closing, upon the reasonable request of the other, they will cooperate and will cause its Affiliates to cooperate with each other to effect the orderly transition of the business, operations, and affairs of the Company, and to carry out the terms of this Agreement. Without limiting the generality of the foregoing, the Controlling Shareholders, the Company and the Purchaser, as the case may be, will give and will cause its Affiliates to give representatives of the other Parties to this Agreement reasonable access to all Books and Records of the Company, and the Purchaser, as the case may be, and its Affiliates, which may be reasonably requested by such other Parties in the preparation of any post-Closing Date financial statements, reports, or Tax Returns, or to carry out any of the provisions of Article X hereof.

12.7 Waiver. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof. Such waiver must be in writing and must be executed by the Party or the president or any vice president of any corporate Party or the general partner or manager of any Party that is a limited partnership or limited liability company. A waiver on one occasion will not be deemed to be a waiver of the same or any other breach on a

future occasion. All remedies, either under this Agreement, or by Law or otherwise afforded, will be cumulative and not alternative.

12.8 Amendment. This Agreement may be modified or amended only by a writing duly executed by or on behalf of each of the Parties.

12.9 Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument.

12.10 No Third-Party Beneficiaries. The terms and provisions of this Agreement are intended solely for the benefit of the Controlling Shareholders, the Company and the Purchaser, and its successors or assigns, and it is not the intention of the parties to confer third-party beneficiary rights upon any other Person.

12.11 Governing Law. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WASHINGTON (EXCLUSIVE OF CONFLICTS OF LAW PRINCIPLES) AND WILL, TO THE MAXIMUM EXTENT PRACTICABLE, BE DEEMED TO CALL FOR PERFORMANCE IN SPOKANE COUNTY, WASHINGTON. COURTS WITHIN THE STATE OF WASHINGTON SHALL HAVE JURISDICTION OVER ANY AND ALL DISPUTES BETWEEN THE PARTIES HERETO, WHETHER IN LAW OR EQUITY, INCLUDING, WITHOUT LIMITATION, ANY AND ALL DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT. THE PARTIES HEREBY CONSENT TO AND AGREE TO SUBMIT TO THE JURISDICTION OF SUCH COURTS. VENUE IN ANY SUCH DISPUTE WHETHER IN FEDERAL OR STATE COURT SHALL BE LAID IN SPOKANE COUNTY, WASHINGTON.

12.12 Binding Effect. This Agreement is binding upon and will inure to the benefit of the Parties and its successors and assigns.

12.13 Assignment. Except as otherwise provided herein, this Agreement or any right hereunder or part hereof may not be assigned by any Party hereto without the prior written consent of the other Party hereto.

12.14 Headings, etc. The headings used in this Agreement have been inserted for convenience and do not constitute matter to be construed or interpreted in connection with this Agreement.

12.15 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any present or future Law, and if the rights or obligations of the Controlling Shareholders, the Company or the Purchaser under this Agreement will not be materially and adversely affected thereby; (a) such provision will be fully severable; (b) this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance here from; and (d) in lieu of such illegal, invalid, or unenforceable provision,

there will be added automatically as a part of this Agreement a legal, valid, and enforceable provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the Parties hereto, as of the date first written above.

NORTH COAST LIFE INSURANCE COMPANY

By: 
Name: Robert J. Ogden
Title: President

CONTROLLING SHAREHOLDERS:


C. Robert Ogden


Robert J. Ogden

Douglas H. Ogden

David M. Ogden

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the Parties hereto, as of the date first written above.

NORTH COAST LIFE INSURANCE COMPANY

By: _____

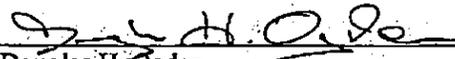
Name: Robert J. Ogden

Title: President

CONTROLLING SHAREHOLDERS:

C. Robert Ogden

Robert J. Ogden



Douglas H. Ogden

David M. Ogden

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the Parties hereto, as of the date first written above.

NORTH COAST LIFE INSURANCE COMPANY

By: _____

Name: Robert J. Ogden

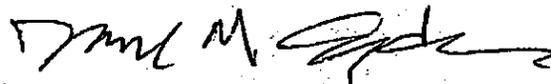
Title: President

CONTROLLING SHAREHOLDERS:

C. Robert Ogden

Robert J. Ogden

Douglas H. Ogden



David M. Ogden

R.J. MARTIN MORTGAGE COMPANY

By: C. Robert Ogden
Name: C. Robert Ogden
Title: President

W. 1116 RIVERSIDE PARTNERS

By: C. Robert Ogden
Name: C. Robert Ogden
Title: Managing Partner

**GOVERNMENT PERSONNEL MUTUAL LIFE
INSURANCE COMPANY**

By: _____
Name: Peter J. Hennessey III, CLU, FLMI
Title: Chairman, President & CEO

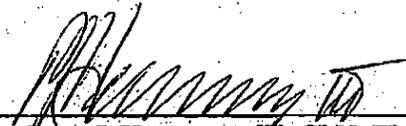
R.J. MARTIN MORTGAGE COMPANY

By: _____
Name: C. Robert Ogden
Title: President

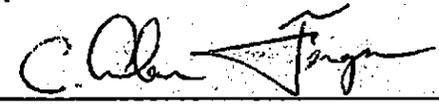
W. 1116 RIVERSIDE PARTNERS

By: _____
Name: C. Robert Ogden
Title: Managing Partner

**GOVERNMENT PERSONNEL MUTUAL LIFE
INSURANCE COMPANY**

By:  _____
Name: Peter J. Hennessey III, CLU, FLMI
Title: Chairman, President & CEO

Attest:

By:  _____

Name: C. Alan Ferguson

Title: Senior Vice President,
General Counsel and Secretary

FORM OF SURPLUS DEBENTURE

[Attached.]

No. 001

\$469,115.00

**NORTH COAST LIFE INSURANCE COMPANY
SURPLUS DEBENTURE**

EXPRESSLY CONDITIONED UPON, SUBJECT TO AND contingent upon the terms, conditions, limitations, contingencies and provisions as hereinafter set forth in this Debenture, **FOR VALUE RECEIVED, NORTH COAST LIFE INSURANCE COMPANY**, a corporation organized and existing under the laws of the State of Washington (hereinafter called "North Coast"), does hereby agree to pay to **GOVERNMENT PERSONNEL MUTUAL LIFE INSURANCE COMPANY**, a Texas corporation ("GPM"), or its order, from the surplus funds identified below, the sum of Four Hundred Sixty-Nine One Hundred Fifteen Dollars (\$469,115.00), with interest on the unpaid principal balance thereof from date until paid, both principal and interest payable at Bexar County, Texas, only as hereinafter provided.

This Debenture, both principal and interest, shall be payable only out of the available surplus of North Coast in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) or the minimum surplus required to maintain the Company's total adjusted capital at a level equal to or greater than the company action level risk based capital of the Company, whichever is greater. For purposes of this Debenture, the terms "total adjusted capital" and "company action level risk-based capital" shall be defined according to the insurance laws and regulations of North Coast's state of domicile. The amount of minimum surplus as set forth herein shall be referred to as the surplus "floor" and the amount of surplus in excess of the floor shall be called "excess surplus."

For purposes of this Debenture, the term "surplus" shall mean the sum of

- (i) "aggregate write-ins for special surplus funds;"
- (ii) "surplus debentures;"
- (iii) "gross paid in and contributed surplus;"
- (iv) "unassigned funds (surplus);"
- (v) "aggregate write-ins for other than special surplus funds;" and
- (vi) any similar item or entry having the same effect as any of items (i)-(v);

as reflected in the annual statement of North Coast filed with the insurance regulatory authority in its state of domicile as of December 31 of each year, or the statutory quarterly financial statement form as adopted by the insurance regulatory authority in its state of domicile, whichever is appropriate to the particular payment period hereunder.

1. Payment Terms. Subject to the deferral provisions of Section 4, principal shall be due and payable in quarterly payments of \$00,000.00 each, payable on the last business day of each calendar quarter, beginning on _____ 30, 201_, and

continuing regularly thereafter until _____ 31, 201_, when the entire amount hereof, principal and interest then remaining unpaid, shall be then due and payable. Subject to the deferral provisions of Section 4, interest, computed upon the unpaid principal balance hereof, shall be due and payable quarterly as it accrues, on the last business day of each calendar quarter, beginning on _____ 31, 201_ (such interest being in addition to payments of principal); interest being calculated on the unpaid principal each day principal is outstanding and all payments made credited to any collection costs and late charges, to the discharge of the interest accrued and to the reduction of the principal.

2. Interest Rate. Interest on the outstanding and unpaid principal balance hereof shall be computed at a per annum rate (the "Rate") equal to the lesser of (i) the Prime Rate, plus the Prime Rate Margin, and (ii) the highest lawful rate, but in no event shall interest contracted for, charged or received hereunder plus any other charges in connection herewith which constitute interest, exceed the maximum interest permitted by applicable law, said rate to be adjusted quarterly and applicable to the unpaid principal balance of this Debenture upon each quarterly payment date.

"Prime Rate" means for any day a per annum rate of interest equal to the "prime rate," as published in the "Money Rates" column of *The Wall Street Journal*, Central Edition, from time to time, or if for any reason such rate is no longer available, the rate established by The _____ National Bank, _____, Texas (the "Bank") as its prime rate. The Prime Rate shall change effective as of the date of any change as published in *The Wall Street Journal*, Central Edition, or as established by the Bank, as appropriate. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer of the Bank.

"Prime Rate Margin" means 0.75%.

3. Prepayment. The Board of Directors of North Coast may from time to time prepay any portion of this Debenture from excess surplus, and GPM must accept such payment without advance notice and without any prepayment penalty. Any proposed prepayment shall not be a liability of North Coast unless, and until the Board of Directors has expressly authorized such amount to be paid by duly adopted resolution. Any prepayments shall be applied first to accrued but unpaid interest and the remainder unpaid principal of this Debenture. North Coast will provide written notice to the holder of this Debenture of any such prepayment of all or any part of the principal. All payments and prepayments of principal or interest on this Debenture shall be made in lawful money of the United States of America in immediately available funds, at GPM's home office, or such other place as GPM shall designate in writing to North Coast.

4. Approval of Payments. Payments of principal and interest on this Debenture are subject to, conditioned upon, and as provided below, payable as follows:

(a) Before March 31, June 30, September 30 and December 31 of each calendar year, commencing January 1, 20_, the Board of Directors of North Coast, or its Executive Committee acting in the absence of the Board of

Directors, shall calculate the surplus of North Coast (as defined above) as of the end of the immediately preceding calendar quarter in accordance with accounting practices required or permitted by the insurance regulatory authority in North Coast's state of domicile.

(b) Subject to the conditions and provisions in paragraphs (e) and (f) hereof, and provided the surplus of North Coast exceeds the minimum floor as defined above, North Coast shall have a liability to GPM for and shall, on the dates specified in Paragraph (1) hereof, pay to GPM, as interest hereon, an amount equal to the interest accrued on the unpaid principal balance of this Debenture, only if immediately after such payment North Coast shall still have surplus exceeding the floor.

(c) Subject to the conditions and provisions in paragraph (f) hereof, and if, at the time the calculation required in paragraph (a) above is made, the surplus of North Coast does not exceed the floor by an amount sufficient to pay all of the accrued interest on this Debenture, after making a partial payment, the amount of the remaining accrued but unpaid interest shall not be a liability of North Coast, but shall bear interest at the Rate and shall be carried forward and paid on the next quarterly interest payment date as provided herein.

(d) Subject to the conditions and provisions in paragraphs (e) and (f) hereof, and provided there is excess surplus equal to all accrued interest hereon as of the date for which the calculation required in Paragraph (a) above is made, North Coast shall have a liability to GPM for, and shall, on the dates specified in paragraph (a) hereof, pay to GPM a quarterly installment of principal equal to the lesser of (i) the scheduled payment due, or (ii) the amount of excess surplus of North Coast, after the payment of accrued interest hereon as of such calculation date. Each quarterly installment of principal becoming due and payable hereunder shall be either the amount scheduled above or such lesser amount as may be paid hereunder in accordance with the provisions hereof and paragraph (e) below.

(e) Subject to the conditions and provisions in paragraph (f) hereof, if, at the time the calculation required in paragraph (a) above is made, the excess surplus of North Coast is not sufficient to pay all accrued interest hereon, plus the full amount of the installment of principal payable on such date, North Coast shall only have a liability for and shall only make such partial payment of such lesser amount as will not reduce its surplus below the floor, with such partial payment of such lesser amount being applied first to accrued interest hereon, and the remainder thereof, if any, being applied to principal payment. The unpaid portion of such installment of principal payment shall not be a liability of North Coast, but shall be carried forward until the next principal payment date on which such unpaid principal may be paid without reducing the surplus of North Coast below the floor, as provided herein.

(f) Notwithstanding any of the foregoing provisions to the contrary, if at the time the calculation required in paragraph (a) above is made, should the Board of Directors of North Coast, or its Executive Committee acting in the absence of the Board of Directors, determine that the surplus of North Coast, although currently in excess of the floor, may not exceed the floor based upon the next quarter's projections, so as to permit either an interest or principal payment hereon, either total or partial, without jeopardizing North Coast's status as a licensed insurer or its right to transact business in its state of domicile or elsewhere, because of the so-called "risk-based capital" requirements set forth under the laws and regulation of its state of domicile, or other state insurance regulatory authorities, or any similar financial regulatory requirement of North Coast, the Board of Directors of North Coast, or its Executive Committee acting in the absence of the Board of Directors, may, at its sole discretion, defer any such interest or principal payment, total or partial, in which event neither such deferred interest nor such deferred principal payment shall become a liability of North Coast.

5. Limits of Liability. The obligation of North Coast to pay this Debenture shall be strictly construed, and shall not be or constitute either a legal or financial statement liability of North Coast or a claim against any of its assets, except as specifically provided for herein, and in no event shall this Debenture be considered or treated as a current or fixed liability or obligation of North Coast as defined under the insurance laws and regulations of its state of domicile, except and only to the limited extent of the quarterly payment of principal or interest that becomes due and payable as provided, or limited, by the provisions hereof.

6. No Usury Intended; Usury Savings Clause. In no event shall interest contracted for, charged or received hereunder, plus any other charges in connection herewith which constitute interest, exceed the maximum interest permitted by applicable law. The amounts of such interest or other charges previously paid to the holder of the Debenture in excess of the amounts permitted by applicable law shall be applied by the holder of the Debenture to reduce the principal of the indebtedness evidenced by the Debenture, or, at the option of the holder of the Debenture, be refunded. To the extent permitted by applicable law, determination of the legal maximum amount of interest shall at all times be made by amortizing, prorating, allocating and spreading in equal parts during the period of the full stated term of the loan and indebtedness, all interest at any time contracted for, charged or received from North Coast in connection with the indebtedness evidenced hereby, so that the actual rate of interest on account of such indebtedness is uniform throughout the term hereof.

7. Insolvency. In the event of liquidation or receivership of North Coast, the unpaid principal balance of this Debenture, plus accrued interest thereon, shall become immediately due and payable to GPM and shall be superior to and in preference of the rights and claims of stockholders of North Coast; provided, however, that all obligations, rights, and claims hereunder are expressly subordinated to the claim of any supervisor, conservator, or receiver of North Coast appointed by the insurance regulatory authorities

in its state of domicile, and the claims of all other creditors, other than stockholders of North Coast.

8. Miscellaneous. Nothing herein contained shall be construed as prohibiting North Coast from merging or consolidating with another corporation or from selling or reinsuring any part or all of its business, or from acquiring all or any part of the assets of any other corporation. In the event North Coast shall be consolidated or merged into another corporation or shall sell substantially all of its assets to any other corporation, the corporation into which North Coast is consolidated or merged or to which the assets of North Coast are transferred, shall expressly assume the liability of North Coast hereunder.

No recourse shall be had for the payment of the principal or the interest of this Debenture, or for any claims based hereon or otherwise in respect hereof, against any incorporator, stockholder, officer, or director, past, present or future, of North Coast; such liability, the acceptance of and as a part of the consideration for the issuance hereof, being expressly released.

By acceptance and as part of the consideration for the issuance hereof, the above-named payee and any holder hereof expressly acknowledges that it has been informed and has knowledge that this Debenture has not been registered under the Securities Act of 1933, as amended, or the Securities Act or Blue Sky laws of any state, and that North Coast has issued this Debenture pursuant to exemptions from registration available under such acts. The above-named payee and any holder hereof further expressly acknowledges and agrees that it is acquiring this Debenture for investment purposes and not a view toward a public distribution hereof and that this Debenture may not be sold or otherwise transferred in the absence of an effective registration statement with respect hereto or an exemption from registration under the Securities Act of 1933, as amended, or any other applicable securities law.

If this Debenture is collected through judicial proceedings, North Coast agrees, subject to conditions and restrictions contained herein, to pay reasonable attorneys' fees to the holder with respect to legal services performed in such collection.

Issued effective the ___ day of _____, 2012.

NORTH COAST LIFE INSURANCE COMPANY

By: _____,
_____, President

Attest:

Secretary

EXHIBIT A

DEFINITIONS OF TERMS

"Affiliate" shall mean any Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the Person specified.

"Aggregate Share Subscription Price" shall have the meaning ascribed to that term in Section 2.4 of this Agreement.

"Agreement" shall mean this Common Stock and Surplus Debenture Subscription Agreement, together with the exhibits and the Disclosure Schedule attached hereto, and the Ancillary Agreements and other documents to be executed and delivered respectively by the Controlling Shareholders, the Company and/or the Purchaser pursuant hereto.

"Ancillary Agreements" shall have the meaning ascribed to that term in Section 2.2 of this Agreement.

"Annual Statement" shall mean any annual statement of the Company filed with or submitted to the insurance regulatory authorities in the State of Washington on forms prescribed or permitted by such authorities.

"Assets and Properties" shall mean all assets or properties of every kind, nature, character, and description (whether real, personal, or mixed whether tangible or intangible, whether absolute, accrued, contingent, fixed, or otherwise, and wherever situated) as now operated, owned, or leased by a specified Person, including without limitation cash, cash equivalents, securities, accounts and notes receivable, real estate, equipment, furniture, fixtures, insurance or annuities in force, goodwill, and going-concern value.

"Benefit Plans" shall mean all Employee Pension Benefit Plans, all Employee Welfare Benefit Plans, all stock bonus, stock ownership, stock option, stock purchase, stock appreciation rights, phantom stock, and other stock plans (whether qualified or nonqualified), and all other pension, welfare, severance, retirement, bonus, deferred compensation, incentive compensation, insurance (whether life, accident and health, or other and whether key man, group, workers' compensation, or other), profit sharing, disability, thrift, day care, legal services, leave of absence, layoff, and supplemental or excess benefit plans, and all other benefit Contracts, arrangements, or procedures having the effect of a plan, in each case existing on or before the Closing Date under which the Company is or may hereafter become obligated in any manner (including without limitation obligations to make contributions or other payments) and which cover some or all of the present or former officers, directors, employees, agents, consultants, or other similar representatives providing services to or for the Company; provided, however, that such term shall not include (a) routine employment policies and procedures developed and applied in the ordinary course of business and consistent with past practice, including without limitation sick leave, vacation, and holiday policies, and (b) directors and officers liability insurance.

"Best Knowledge" of any Person shall mean knowledge actually possessed by the Person, or which should have been obtained by or possessed by such Person in the ordinary

course of the relevant Person's performance of his or her duties to the Company on or before the Closing Date. When attributable to the Controlling Shareholders or the Company, Best Knowledge shall apply to knowledge possessed, or which should have been obtained or possessed by those Persons who are or were executive officers, partners, managers or directors of any of the Controlling Shareholders or the Company or who exercised responsibility for a principal operational or administrative function or department of any of the Controlling Shareholders or the Company in the ordinary course of the relevant Person's performance of duties on behalf of any of the Controlling Shareholders or the Company at any time prior to the Closing Date.

"Books and Records" shall mean all accounting, financial reporting, Tax, business, marketing, corporate, and other files, documents, instruments, papers, books, and records of a specified Person, including without limitation financial statements, budgets, projections, ledgers, journals, deeds, titles, policies, manuals, minute books, stock certificates and books, stock transfer ledgers, Contracts, franchises, permits, agency lists, policyholder lists, supplier lists, reports, computer files, retrieval programs, operating data or plans, and environmental studies or plans.

"Business Day" shall mean a day other than Saturday, Sunday, or any day on which the principal commercial banks located in the City of Spokane, Washington are authorized or obligated to close under the Laws of the State of Washington.

"Business or Condition" shall mean the organization, existence, authority, capitalization, business, licenses, condition (financial or otherwise), cash flow, management, sales force, solvency, prospects, SAP results of operations, insurance or annuities in force, SAP capital and surplus, reserves, Liabilities, or Assets and Properties of a specified Person.

"Claim Notice" shall mean written notification of a Third Party Claim by and Indemnified Party to an Indemnifying Party pursuant to Section 10.4(a), enclosing a copy of all papers served, if any.

"Closing" and "Closing Date" shall have the meaning ascribed to those terms in Section 2.6 of this Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended (including without limitation any successor code), and the rules and regulations promulgated thereunder.

"Common Stock" shall have the meaning ascribed to that term in preamble of this Agreement.

"Company" shall mean North Coast Life Insurance Company, a stock life insurance company organized under the laws of the State of Washington.

"Contract" shall mean any agreement, lease, sublease, license, sublicense, promissory note, evidence of indebtedness, insurance policy, annuity, reinsurance agreement, reinsurance treaty, or other contract or commitment (whether written or oral).

“Controlling Shareholders” shall mean the individual Persons and entities identified as “Controlling Shareholders” on the signature pages of this Agreement.

“Defense Notice” shall have the meaning ascribed to that term in Section 10.4(a) of this Agreement.

“Direct Claim” shall have the meaning ascribed to that term in Section 10.4(b) of this Agreement.

“Disclosure Schedule” shall mean the bound record dated as of the date of this Agreement, furnished by the Company to the Purchaser pursuant to Section 5.17, and containing all lists, descriptions, exceptions, and other information and materials as are required to be included therein pursuant to this Agreement.

“Employee Pension Benefit Plan” shall mean each employee pension benefit plan (whether or not insured), as defined in Section 3(2) of ERISA, which is or was in existence on or before the Closing Date and to which the Company is or may hereafter become obligated in any manner as an employer.

“Employee Welfare Benefit Plan” shall mean each employee welfare benefit plan (whether or not insured), as defined in Section 3(1) of ERISA, which is or was in existence on or before the Closing Date and to which the Company is or may hereafter become obligated in any manner as an employer.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended (including without limitation any successor act), and the rules and regulations promulgated thereunder.

“Escrow Agent” shall have the meaning ascribed to that term in Section 2.6(c) of this Agreement.

“Escrow Agreement” shall have the meaning ascribed to that term in Section 2.6(c) of this Agreement, and substantially in the Form of **Exhibit D**.

“Financial Statements” shall have the meaning ascribed to that term in Section 3.8 of this Agreement.

“GAAP” shall mean generally accepted accounting principles, consistently applied throughout the specified period and in the immediately prior comparable period.

“Indemnification Deductible” shall have the meaning ascribed to that term in Section 10.6 of this Agreement.

“Indemnification Escrow Account” shall have the meaning ascribed to that term in Section 2.6(b) of this Agreement.

“Indemnified Party” shall mean a Person claiming indemnification under Section 10.3 of this Agreement.

"Indemnifying Party" shall mean a Person against whom claims of indemnification are being asserted under Section 10.3 of this Agreement.

"Indemnity Notice" shall have the meaning ascribed to that term in Section 10.4(b) of this Agreement.

"Internal Financial Statements" shall mean the Financial Statements described in Section 3.7(b) of this Agreement.

"IRS" shall mean the United States Internal Revenue Service or any successor agency.

"Law" or "Laws" shall mean all laws, statutes, ordinances, regulations, and other pronouncements having the effect of law in the United States of America, any foreign country, or any domestic or foreign state, province, commonwealth, city, country, municipality, territory, protectorate, possession, court, tribunal, agency, government, department, commission, arbitrator, board, bureau, or instrumentality thereof.

"Liabilities" shall mean all debts, obligations, and other liabilities of a Person (whether absolute, accrued, contingent, fixed, or otherwise, or whether due or to become due).

"Lien" shall mean any mortgage, pledge, assessment, security interest, lease, sublease, lien, adverse claim, levy, charge, or other encumbrance of any kind, or any conditional sale Contract, title retention Contract, or other Contract to give or to refrain from giving any of the foregoing.

"Loss" or "Losses" shall mean any and all monetary damages, Liabilities, fines, fees, penalties, interest obligations, deficiencies, losses, reductions in value of assets or increases in reserves, financial statement adjustments, costs and expenses (including without limitation punitive, treble, or other exemplary or extra contractual damages; amounts paid in settlement, interest, court costs, costs of investigation, fees and expenses of attorneys, accountants, actuaries, and other experts, and other expenses of litigation or of any claim, default, or assessment) sustained by any Person who is a Party to or entitled to indemnification under this Agreement or one or more of the Ancillary Agreements.

"Material" or "Material Adverse Effect" shall mean any condition, change or effect (or series of related conditions, changes or effects) that individually or in the aggregate is substantially or significantly different from the usual and customary norms of the condition specified, or which is substantially or significantly adverse to (i) the business, operations, condition (financial or otherwise) or results of operations of the Person specified; (ii) the validity or enforceability of this Agreement; or (iii) the ability of either of the Parties to perform their obligations under this Agreement. Without limiting the generality of the foregoing, a change or effect will not be deemed "Material" in a financial sense unless it has, individually or in the aggregate, a financial impact of \$50,000.00 or more.

"Merger Agreement" shall have the meaning ascribed to that term in Section 2.2 of this Agreement.

"Merger Sub" shall be the a corporation formed under the laws of the State of Washington as a wholly-owned subsidiary of the Purchaser, which will enter into the Merger Agreement and will merge with and into the Company.

"Outstanding Common Shares" shall have the meaning ascribed to that term in the preamble to this Agreement.

"Outstanding Preferred Shares" shall have the meaning ascribed to that term in the preamble to this Agreement.

"Party" or "Parties" shall mean the Controlling Shareholders, the Company and the Purchaser, individually or collectively.

"Paying Agent" shall have the meaning ascribed to that term in Section 2.6(b) of this Agreement.

"Person" shall mean any natural person, corporation, general partnership, limited partnership, proprietorship, trust, union, association, court, tribunal, agency, government, department, commission, self-regulatory organization, arbitrator, board, bureau, instrumentality, or other entity, enterprise, authority, or business organization.

"Preferred Stock Resolutions" shall have the meaning ascribed to that term in the preamble to this Agreement.

"Purchaser" shall be Government Personnel Mutual Life Insurance Company, a Texas mutual life insurance company.

"Purchaser Indemnified Parties" shall have the meaning ascribed to that term in Section 10.3(a) of this Agreement.

"Quarterly Statement" shall mean any SAP quarterly statement prepared by the Company filed with or submitted to the insurance regulatory authority in its state of domicile on forms prescribed or permitted by such authority.

"Redemption Account" shall have the meaning ascribed to that term in Section 2.6(b) of this Agreement.

"Redemption Date" shall have the meaning ascribed to that term in Section 2.5 of this Agreement.

"Redemption Notice" shall have the meaning ascribed to that term in Section 2.5 of this Agreement.

"Redemption Price" shall have the meaning ascribed to that term in the preamble to this Agreement, and the calculation of which is found in Section 2.3 of this Agreement.

"Redemption Shortfall Amount" shall have the meaning ascribed to that term in Section 2.6(b) of this Agreement.

“Regulatory Approvals” shall mean the consents, approvals, authorizations or clearances of any regulatory authorities described in Sections 5.1 and 6.1.

“SAP” shall mean the accounting practices required or permitted by the National Association of Insurance Commissioners and the insurance regulatory authorities in the State of Washington, consistently applied throughout the specified period and in the immediately prior comparable period.

“SAP Statements” shall mean the Annual Statements, Quarterly Statements, and other financial statements and presentations of the Company prepared in accordance with SAP and delivered to the Purchaser pursuant to either or both of Sections 3.7 and 5.5.

“Shareholders’ Agreement” shall have the meaning ascribed to that term in Section 2.2 of this Agreement.

“Subscription Shares” shall have the meaning ascribed to that term in the preamble to this Agreement.

“Subscription Share Price” shall have the meaning ascribed to that term in the preamble to this Agreement.

“Surplus Debenture” shall have the meaning ascribed to that term in the preamble to this Agreement, and in substantially the form set forth on Appendix 1.

“Surplus Debenture Price” shall have the meaning ascribed to that term in Section 2.4.

“Taxes” shall mean all taxes, charges, fees, levies, or other similar assessments or Liabilities, including without limitation income, gross receipts, ad valorem, premium, excise, real property, personal property, windfall profit, sales, use, transfer, licensing, withholding, employment, payroll, Phase III, and franchise taxes and Guaranty Fund assessments imposed by the United States of America or any state, local, or foreign government, or any subdivision agency, or other similar Person of the United States or any such government; and such term shall include any interest, fines, penalties, assessments, or additions to tax resulting from, attributable to, or incurred in connection with any such tax or any contest or dispute thereof.

“Tax Claim” shall have the meaning ascribed to it in Section 10.1(b) of this Agreement.

“Tax Returns” shall mean any report, return, or other information required to be supplied to a taxing authority in connection with Taxes.

“Third-Party Claim” shall have the meaning ascribed to that term in Section 10.3(a) of this Agreement.

EXHIBIT B

FORM OF MERGER AGREEMENT

[Attached.]

PLAN AND AGREEMENT OF MERGER

THIS PLAN AND AGREEMENT OF MERGER (the "Agreement") is made and entered into as of this ___ day of _____, 2012, by and among **GOVERNMENT PERSONNEL MUTUAL LIFE INSURANCE COMPANY**, a Texas mutual life insurance company ("GPM"); **GPM MERGER CORPORATION**, a Washington corporation (the "Merger Sub"); **NORTH COAST LIFE INSURANCE COMPANY**, a Washington life insurance company (the "Company"); and **CERTAIN CONTROLLING SHAREHOLDERS OF THE COMPANY** identified on the signature page of this Agreement (the "Controlling Shareholders"). GPM, the Merger Sub, the Company and the Controlling Shareholders are sometimes hereinafter collectively called the "Parties."

WHEREAS, the Company is a stock life insurance company duly organized, existing and in good standing under the laws of the State of Washington with an authorized capital of 1,500,000 shares of common stock with a par value of \$3.01 per share (the "Company Common Shares"), of which 1,500,000 shares are issued and outstanding (the "Outstanding Common Shares"), and 1,000,000 shares of preferred stock, par value \$1.00 per share, of which 360,791 shares were designated as Class "A" Preferred Stock, and all of which shares of preferred stock, as of the Effective Date of the Merger contemplated by this Agreement, shall have been redeemed by the Company and will no longer be issued and outstanding; and

WHEREAS, GPM owns all of the issued and outstanding common capital stock (the "Merger Sub Shares") of the Merger Sub, and 763,017 shares of the Outstanding Common Shares of the Company (the "GPM Shares") which were acquired by GPM as of the date of this Agreement pursuant to a certain Common Stock and Surplus Debenture Subscription Agreement dated May __, 2012, entered into by and among the Company, the Controlling Shareholders and GPM (the "Subscription Agreement"); and

WHEREAS, the Controlling Shareholders own 620,474 shares of the Outstanding Common Shares of the Company; and

WHEREAS, the Controlling Shareholders, GPM and the Company have entered into a Shareholders' Agreement dated of even date herewith (the "Shareholders' Agreement"), pursuant to which GPM and the Controlling Shareholders have agreed to vote the Outstanding Common Shares of the Company held by them for and in favor of the Merger; the Subscription Agreement and the Shareholders' Agreement are sometimes referred to collectively herein as the "Ancillary Agreements;" and

WHEREAS, the Controlling Shareholders and the Boards of Directors of the Company, GPM and the Merger Sub have approved this Plan and Agreement of Merger whereby:

- (1) The Merger Sub will be merged with and into the Company (the "Merger"), and the Company shall be the survivor of the Merger (the "Surviving Corporation") of the Merger Sub and the Company (the "Merging Corporations"), and will continue its corporate existence and operations as a life insurance company

organized under the laws of the State of Washington, and a wholly-owned subsidiary of GPM;

(2) Each of the Outstanding Common Shares of the Company (other than the GPM Shares) which are outstanding at the Effective Time shall be converted into the right to receive cash in the amount of Seven Dollars and Sixty-Six Cents (\$7.66) per share (the "Common Share Merger Price"); and

(3) The Merger Sub Shares shall be converted into 736,983 shares of the common stock, par value \$1.67 per share, of the Surviving Corporation; and

WHEREAS, the Board of Directors of the Company has resolved to recommend to the shareholders of the Company that this Plan and Agreement of Merger be approved by the shareholders of the Company, and that the holders of the Outstanding Common Shares of the Company (other than the GPM Shares) shall receive cash in the amount of the Merger Price for the Outstanding Common Shares of the Company (other than the GPM Shares) held by them; and

WHEREAS, this Plan and Agreement of Merger has been filed with and approved by the Insurance Commissioner of the State of Washington (the "Regulatory Approval").

NOW, THEREFORE, pursuant to the provisions of the laws of the State of Washington, and for and in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the Parties hereto covenant and agree as follows:

ARTICLE ONE THE MERGER

1.01. The Merger. Subject to the terms and condition set forth in this Agreement, and in accordance with the laws of the State of Washington, on the Effective Date (as hereinafter defined):

(a) The Merger Sub will be merged with and into the Company, whereupon the separate existence of the Merger Sub shall cease, and the Company shall be the Surviving Corporation, and will continue its corporate existence and operations as a life insurance company organized under the laws of the State of Washington, and a wholly-owned subsidiary of GPM.

(b) Subject to the conditions and requirements set forth in the Regulatory Approval, if any, the Merging Corporations shall file articles of merger, in substantially the form attached hereto as **Exhibit A**, (the "Articles of Merger") with the Office of the Commissioner of Insurance of the State of Washington and the Secretary of State of the State of Washington as required by the Laws of the State of Washington in connection with the Merger. The Merger shall become effective as of 11:59 p.m., Pacific Time, on the last day of the month during which the holders of two-thirds of the Outstanding Common Shares of the Company shall have approved this Plan and Agreement of Merger

(the "Effective Time"). The date on which the Effective Time shall occur is referred to herein as the "Effective Date."

(c) From and after the Effective Time, the separate existence of the Merger Sub shall cease, and the Company, as the Surviving Corporation, shall without further act or deed, thereupon and thereafter succeed to and possess all the rights, privileges, immunities, powers and franchises, as well of a public as of a private nature, of each of the Merging Corporations; all property, real, personal and mixed, and all debts due on whatever account, including subscriptions to shares and all other choses in action, and all and every other interest of or belonging to each of the Merging Corporations shall be taken and deemed to be transferred to and vested in the Surviving Corporation without further act or deed. The Surviving Corporation shall thenceforth be responsible and liable for all Liabilities and obligations of the Merging Corporations, and any claim existing or action or proceeding pending by or against either of the Merging Corporations may be prosecuted as if the Merger had not taken place, or the Surviving Corporation may be proceeded against or substituted in its place. Neither the rights of creditors nor any Liens upon the Assets and Properties of the Merging Corporations shall be impaired by the Merger, provided, however, that any such Liens shall be limited to the Assets and Properties subject to such Liens immediately prior to the Effective Date.

(d) All policies and Contracts of insurance in force and outstanding against the Company, whether initially issued by the Company or issued by other insurance carriers and ceded to and reinsured by the Company, shall continue in force in the Surviving Corporation on the same terms and under the same conditions as if such policies and Contracts of insurance or reinsurance agreements had been issued or entered into by the Surviving Corporation, and the Surviving Corporation shall carry out the terms of such policies and Contracts of insurance and reinsurance agreements and shall be entitled to all of the rights and privileges thereof and the reserves accumulating thereon prior to such Merger.

1.02. Merger Price. The total aggregate consideration payable by GPM for the Outstanding Common Shares of the Company (other than the GPM Shares) (the "Merger Price") shall be cash in the amount of Five Million Six Hundred Forty-Five Thousand Two Hundred Ninety Dollars (\$5,645,290.00), or \$7.66 per share (the "Common Share Merger Price") for each of the Outstanding Common Shares of the Company (other than the GPM Shares).

1.03 Payment of the Common Share Merger Price; Conversion of Merger Sub Shares; Indemnification Escrow Account. On the Effective Date, by virtue of the Merger and without any further action the part of GPM, the Controlling Shareholders, the Merger Sub, the Company, or the Surviving Corporation, the Outstanding Common Shares of the Company (other than the GPM Shares) outstanding at the Effective Time shall be converted into the right to receive cash in the amount of the Common Share Merger Price (the "Converted Common Shares"), and the Merger Sub Shares shall be converted into 736,983 shares of the common stock, par value \$1.67 per share, of the Surviving Corporation. On the Effective Date, GPM shall provide sufficient funding to Washington Trust Bank, Spokane, Washington, selected by the Surviving Corporation and GPM and which has entered into an agreement in a form and

substance reasonably satisfactory to the parties thereto, to act as agent of the Parties for the purposes of mailing and receiving Letters of Transmittal, tabulating the results and distributing the Common Share Merger Price to holders of the Converted Common Shares (the "Exchange Agent") and to pay cash or other immediately available funds to holders of the Converted Common Shares pursuant to Section 1.02 and this Section. At and after the Effective Time, the holders of certificates of the Converted Common Shares shall cease to have any rights as shareholders of the Surviving Corporation with respect to the Converted Common Shares, and their sole rights shall pertain to the receipt of the Common Share Merger Price, payable as set forth below.

(a) Converted Common Shares. On the Effective Date, GPM and the Surviving Corporation shall provide the Exchange Agent for delivery to each holder of Converted Common Shares of record on the Effective Date a letter of transmittal, in form and substance reasonably satisfactory to GPM and the Surviving Corporation, for the purposes of requesting payment of the Common Share Merger Price (the "Letters of Transmittal"). After the Effective Date, GPM shall cause the Exchange Agent to pay the Common Share Merger Price, in cash or other immediately available funds, to each holder of a certificate representing Converted Common Shares, promptly upon surrender of the same to the Exchange Agent, together with a duly executed Letter of Transmittal, provided, however, that the Exchange Agent shall pay to any Controlling Shareholders holding Converted Common Shares three-quarters (75.0%) of the Common Share Merger Price, and deposit the other one-quarter (25.0%) of the Common Share Merger Price due any such Controlling Shareholders (which, together with amounts deposited pursuant to Section 2.6(b) of the Subscription Agreement, the "Escrow Deposit") in the Indemnification Escrow Account established pursuant to Subsection 2.6(c) of the Subscription Agreement (the "Indemnification Escrow Account"). No interest will be paid or accrued for the benefit of holders of certificates representing the Converted Common Shares on the cash payable upon the surrender of such certificates. Pending such surrender and exchange, each such shareholder's certificates for the Converted Common Shares shall be deemed for all corporate purposes, by virtue of the Merger and without any action on the part of the holder thereof, to evidence only the right to receive the Common Share Merger Price. If payment is to be made to a Person other than the Person in whose name the certificate representing the Converted Common Shares surrendered is registered, it shall be a condition of payment that the Converted Common Share certificate surrendered shall be properly endorsed or otherwise in proper form for transfer and that the Person requesting such payment shall pay any transfer or other Taxes required by reason of the payment to a Person other than the registered holder of the Converted Common Share certificate surrendered or establish to the satisfaction of GPM and the Surviving Corporation that such Tax has been paid or is not applicable.

(b) Dissenting Shares. Shares of the Outstanding Common Shares held by any shareholder who has neither voted such shares in favor of the Merger nor consented thereto and with respect to which such shareholder is entitled to dissent under RCW 23B.13.020 and who exercises that right when and in the manner required by RCW 23B.13.020 and 23B.13.200 through 23B.13.280 (the "Dissenting Shares") shall not be converted as provided in this Section 1.03(a), but shall be treated in the manner provided

under RCW Chapter 23B.13; provided, however, if a shareholder exercising a right to dissent shall, within the time periods prescribed by RCW 23B.13.200 through 23B.13.280, withdraw or fail to perfect the shareholder's dissenters' rights in accordance with the Washington Business Corporation Act, or fail to commence appropriate proceedings in respect of, or otherwise lose, such dissenters' rights, then such shareholder's Dissenting Shares shall cease to be Dissenting Shares and shall be treated as Converted Common Shares and converted as provided in this Section 1.03(a) as though such shareholder had failed to exercise a right to dissent.

(c) Expenses. GPM and the Surviving Corporation shall pay all charges and expenses, including those of the Exchange Agent, in connection with the payment of the Common Share Merger Price after the Effective Date as provided in Subsection (a) above. Until surrender in accordance with the provisions of this Section, each certificate of Converted Common Shares shall represent for all purposes the right to receive the Common Share Merger Price, without any interest thereon.

(d) Indemnification Escrow Account. On and after the Effective Date, the Exchange Agent shall deposit a sum equal to one-quarter (25.0%) of the Common Share Merger Price payable to the Controlling Shareholders for Converted Common Shares held by the Controlling Shareholders, which will be held in the Indemnification Escrow Account until the second anniversary of the Effective Date to secure the performance of the Controlling Shareholders' indemnification obligations under this Agreement and the Subscription Agreement, and which will be credited in full toward payment of the Common Share Merger Price due to such Controlling Shareholders.

1.04 Surviving Corporation. At the Effective Time:

(a) The articles of incorporation of the Company as in effect prior to the Effective Time, shall be amended to reduce the par value of the Company's common stock to \$1.67 per share, effective upon the Effective Date, and, as amended, shall continue to be the articles of incorporation of the Surviving Corporation with the same force and effect as if herein set forth in full until they shall thereafter be amended, altered or repealed in accordance with their terms or as provided by Law.

(b) The bylaws of the Company in effect immediately prior to the Effective Date shall remain in effect as the bylaws of the Surviving Corporation until they shall thereafter be duly altered, amended or repealed in accordance with their terms or as provided by Law.

(c) All persons who were executive officers and members of the Board of Directors of the Company immediately prior to the Effective Time (other than members of the Board of Directors designated by GPM) shall tender their resignations to the Surviving Corporation, effective as of the Effective Time, and GPM, as the sole shareholder of the Surviving Corporation, shall, upon the Effective Date, elect new members of the Board of Directors, which, in turn, will elect or appoint executive officers of the Surviving Corporation, which Persons shall hold such executive offices and

membership on the Board of Directors of the Surviving Corporation until the next annual meeting of the Board of Directors of the Surviving Corporation, or until their successors shall have been elected and shall have qualified, subject to the provisions of the bylaws of the Surviving Corporation or as provided by Law.

ARTICLE TWO REPRESENTATIONS AND WARRANTIES OF THE CONTROLLING SHAREHOLDERS AND THE COMPANY

The Controlling Shareholders and the Company hereby represent and warrant to GPM as follows:

2.01. Organization. The Company is a life insurance corporation duly organized, validly existing and in good standing under the Laws of the State of Washington and is duly authorized, qualified, or admitted to do business and in good standing in all other jurisdictions in which the failure to be so authorized, qualified or admitted and in good standing, individually or in the aggregate with other such failures, has or may reasonably be expected to have a Material Adverse Effect upon the validity or enforceability of this Agreement or the ability of the Company to perform its obligations under this Agreement, or on the Business or Condition of the Company. The Company and each of the Controlling Shareholders has full power and authority to enter into this Agreement and to perform its respective obligations under this Agreement, and each of the Ancillary Agreements to which it is a party. The Company has furnished to GPM true and complete copies of the articles of incorporation (as certified by the appropriate governmental or regulatory authorities) and the bylaws of the Company, including all amendments thereto.

2.02. Authority. The Board of Directors of the Company has duly and validly approved this Agreement and the transactions contemplated hereby, and has resolved to recommend to the shareholders of the Company that this Agreement be approved by such shareholders. Each of the Controlling Shareholders has duly and validly approved this Agreement and the transactions contemplated hereby. The execution and delivery of this Agreement by the Company and the Controlling Shareholders and the performance by the Company and the Controlling Shareholders of each of their respective obligations under this Agreement have been duly and validly authorized by all necessary corporate action on the part of the Company, and all necessary individual, corporate or other actions required under the organizational documents of each of the Controlling Shareholders, and the Company and each of the Controlling Shareholders represents and warrants that it has full power and authority to enter into this Agreement, and, subject only to the approval of the holders of the Outstanding Common Shares of the Company, to consummate the Merger. This Agreement constitutes a legal, valid, and binding obligation of the Company and the Controlling Shareholders, and is enforceable against the Company and the Controlling Shareholders in accordance with its terms, except to the extent that (a) enforcement may be limited by or subject to any bankruptcy, insolvency, reorganization, moratorium, or similar Laws now or hereafter in effect relating to or limiting creditors' rights generally and (b) the remedy of specific performance and injunctive and other forms of equitable relief are subject to certain equitable defenses and to the discretion of the

court or other similar Person before which any proceeding therefore may be brought.

2.03. Capital Stock. The authorized capital stock of the Company consists of 1,500,000 shares of Common Stock, par value \$3.01 per share, of which 1,500,000 shares are validly issued and outstanding, fully paid and non-assessable, and 1,000,000 shares of Preferred Stock, par value \$1.00 per share, of which 360,791 shares were designated as Class "A" Preferred Stock, and all of which shares of preferred stock, as of the Effective Date of the Merger contemplated in this Agreement, shall have been redeemed by the Company and shall no longer be issued and outstanding. 620,474 shares of the Outstanding Common Shares are owned, directly or indirectly, and beneficially or of record, by the Controlling Shareholders, and are free and clear of all Liens, except for Liens disclosed in Section 2.03 of the Disclosure Schedule. There are no outstanding securities, obligations, rights, subscriptions, warrants, options, charter or founders insurance policies, phantom stock rights, or (except for this Agreement) other Contracts of any kind that give any Person the right to (a) purchase or otherwise receive or be issued any shares of capital stock of the Company (or any interest therein) or any security or Liability of any kind convertible into or exchangeable for any shares of capital stock of the Company (or any interest therein) or (b) receive any benefits or rights similar to any rights enjoyed by or accruing to a holder of the Common Stock, or any rights to participate in the equity, income, or election of directors or officers of the Company.

2.04 Subsidiaries. Except as disclosed on Section 2.04 of the Disclosure Schedule, the Company does not control (whether directly or indirectly, whether through the ownership of securities or by Contract or proxy, and whether alone or in combination with others) any corporation, partnership, business organization, or other similar Person. For purposes of this section, "control" shall mean the power to direct, or cause the direction of, the management and policies of a Person, and shall be presumed to exist through the ownership or the power to vote ten percent (10.0%) or more of the voting securities or authority of the Person.

2.05 No Conflicts or Violations. Except as disclosed on Section 2.05 of the Disclosure Schedule, the execution and delivery of this Agreement by the Company and each of the Controlling Shareholders does not, and the performance by the Company and each of the Controlling Shareholders of its respective obligations under this Agreement will not:

(a) violate any term or provisions of any Law or any writ, judgment, decree, injunction, or similar order applicable to the Company or the Controlling Shareholders;

(b) conflict with or result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default under, any of the terms, conditions, or provisions of the articles or certificate of incorporation or bylaws of the Company, or of any organizational documents of the Controlling Shareholders;

(c) result in the creation or imposition of any Lien upon the Company or the Controlling Shareholders, or any of their respective Assets and Properties that individually or in the aggregate with any other Liens has or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement, on the ability of the Company and the Controlling Shareholders to perform its respective

obligations under this Agreement, or on the Business or Condition of the Company;

(d) conflict with or result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default under, or give to any Person any right of termination, cancellation, acceleration, or modification in or with respect to, any Contract to which either of the Company or any of the Controlling Shareholders is a party or by which any of their respective Assets or Properties may be bound and as to which any such conflicts, violations, breaches, defaults, or rights individually or in the aggregate have or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement, on the ability of the Company and each of the Controlling Shareholders to perform its respective obligations under this Agreement, or on the Business or Condition of the Company; or

(e) require the Company or any of the Controlling Shareholders to obtain any consent, approval, or action of, or make any filing with or give any notice to, any Person except: (i) for the Regulatory Approval described in the preamble to this Agreement; (ii) as disclosed in Section 2.05(e) of the Disclosure Schedule; or (iii) those which the failure to obtain, make, or give individually or in the aggregate with any other such failures has or may reasonably be expected to have no Material Adverse Effect on the validity or enforceability of this Agreement, on the ability of the Company and each of the Controlling Shareholders to perform its respective obligations under this Agreement, or on the Business or Condition of the Company.

2.06 Books and Records. The minute books and other similar records of the Company contain a true and complete record, in all Material respects, of all actions taken at all meetings and by all written consents in lieu of meetings of the shareholders, Board of Directors, and each committee thereof of the Company. The Books and Records of the Company accurately reflect in all Material respects the Business or Condition of the Company, and have been maintained in all Material respects in accordance with good business and bookkeeping practices.

2.07 SAP Statements. The Company has previously delivered to GPM true and complete copies of the following SAP Statements:

(a) Annual Statements of the Company for each of the years ended December 31, 2008, 2009, 2010 and 2011 (and the notes relating thereto, whether or not included therein), together with a report of independent accountants for the Company, certifying the accuracy thereof;

(b) Quarterly Statements of the Company for each fiscal quarter in 2010 and the first three quarters of 2011;

(c) Internal Financial Statements of the Company for period ending December 31, 2010 and December 31, 2011; and

(d) Reports of Independent Auditors of the Company for each of years ended

December 31, 2008, 2009 and 2010.

Except as disclosed in Section 2.07 of the Disclosure Schedule, to the Best Knowledge of the Company and the Controlling Shareholders, each such SAP Statement complied in all Material respects with all applicable Laws when so filed, and all Material deficiencies known to the Company or the Controlling Shareholders with respect to any such SAP Statement have been cured or corrected. To the Best Knowledge of the Company and the Controlling Shareholders, each such SAP Statement (and the notes relating thereto, whether or not included therein), including, without limitation, each balance sheet and each of the statements of operations, capital and surplus account, and cash flow contained in the respective SAP Statement, was prepared in accordance with SAP, is true and complete in all Material respects, and fairly presents the financial condition, the Assets and Properties, and the Liabilities of the Company as of the respective dates thereof and the results of operations and changes in capital and surplus and in cash flow of the Company for and during the respective periods covered thereby.

2.08 No Other Financial Statements. Except for the financial statements described in Section 2.07, (collectively, the "Financial Statements"), since December 31, 2010 no other financial statements have been prepared by or with respect to the Company (whether on a GAAP, SAP, or other basis).

2.09 Reserves. Except as disclosed on Section 2.09 of the Disclosure Schedule, all reserves and other similar amounts with respect to insurance as established or reflected in the SAP Statements of the Company dated as of December 31, 2010, March 31, 2011, June 30, 2011 and September 30, 2011 (including, without limitation, the reserves and amounts reflected respectively on lines 1 through 11.3 of page 3 of the December 31, 2011 Annual Statement and March 31, 2011, June 30, 2011 and September 30, 2011 Quarterly Statements of the Company) were computed in accordance with commonly accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles that are in accordance with those called for by the provisions of the related insurance Contracts and in the related reinsurance, coinsurance, and other similar Contracts of the Company, which meet the requirements of the insurance Laws of the State of Washington and each state or jurisdiction in which such insurance Contracts were issued or delivered. All such reserves and related actuarial items held in support of the insurance Contracts of the Company, when considered in light of the assets held by the Company with respect to the reserves and related actuarial items, including, without limitation, investment earnings on the assets and considerations anticipated to be received and retained under the insurance Contracts, will make good, sufficient and adequate provision (under commonly accepted actuarial standards consistently applied and fairly stated in accordance with sound actuarial principles) to cover the total amount of all reasonably anticipated matured and unmatured benefits, dividends, claims, expenses and other Liabilities of the Company under all insurance Contracts under which the Company has or will have any Liability (including, without limitation, any Liability arising under or as a result of any reinsurance, coinsurance, or other similar Contract) on the respective dates of such SAP Statements. The Company owns assets that qualify as legal reserve assets under applicable insurance Laws in an amount at least equal to all such required reserves and other similar amounts.

2.10 Absence of Changes. Except as disclosed in Section 2.10 of the Disclosure Schedule or as reflected in the December 31, 2011 Annual Statement of the Company, or except for changes or developments relating to the conduct of the business of the Company after the date of this Agreement in conformity with this Agreement or the Subscription Agreement, or upon the requests of GPM, since December 31, 2010, there has not been, occurred, or arisen any change in, or any event (including without limitation any damage, destruction, or loss whether or not covered by insurance), condition, or state of facts of any character that individually or in the aggregate has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company. Except as disclosed in Section 2.10 of the Disclosure Schedule (with paragraph references corresponding to those set forth below), or except as reflected in the December 31, 2011 Annual Statement of the Company, or except for changes or developments relating to the conduct of the business of the Company after the date of this Agreement in conformity with this Agreement or the Subscription Agreement, or the requests of GPM, since December 31, 2010, the Company has operated only in the ordinary course of business and consistent with past practice, and (without limiting the generality of the foregoing) there has not been, occurred, or arisen:

(a) except for the redemption of all of the shares of the Company's Class A Preferred Stock described in the preamble to this Agreement, any declaration, setting aside, or payment of any dividend or other distribution in respect of the capital stock of the Company or any direct or indirect redemption, purchase, or other acquisition by the Company of any such stock or of any interest in or right to acquire any such stock;

(b) any employment, deferred compensation, or other salary, wage, or compensation Contract entered into between the Company and any of its respective officers, directors, employees, agents, consultants, or similar representatives, except for normal and customary Contracts with agents, employees and consultants in the ordinary course of business and consistent with past practice; or any increase in the salary, wages, or other compensation of any kind, whether current or deferred, of any officer, director, employee, agent, consultant, or other similar representative of the Company other than routine increases that were made in the ordinary course of business and consistent with past practice and that did not result in an increase of more than five percent (5.0%) of the respective salary, wages, or compensation of any such Person; or any creation of any Benefit Plan or any contribution to or amendment or modification of any Benefit Plan;

(c) any issuance, sale, or disposition by the Company of any debenture, note, stock, or other security issued by the Company, or any modification or amendment of any right of the holder of any outstanding debenture, note, stock, or other security issued by the Company;

(d) any Lien created on or in any of the Assets and Properties of the Company, or assumed by the Company with respect to any of such Assets and Properties, which Lien individually or in the aggregate with any other Liens has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company;

(e) any prepayment of any Liabilities which individually or in the aggregate has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company;

(f) any Liability involving the borrowing of money by the Company;

(g) any Liability incurred by the Company in any transaction (other than pursuant to any insurance Contract entered into in the ordinary course of business and consistent with past practice) not involving the borrowing of money, except such Liabilities incurred by the Company, the result of which individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company;

(h) any damage, destruction, or loss (whether or not covered by insurance) affecting any of the Assets and Properties of the Company, which damage, destruction, or loss individually or in the aggregate has or might reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company;

(i) any work stoppage, strike, slowdown, other labor difficulty, or (to the Best Knowledge of the Company and the Controlling Shareholders) union organizational campaign (in process or threatened) at or affecting the Company;

(j) any Material change in any underwriting, actuarial, investment, financial reporting, or accounting practice or policy followed by the Company, or in any assumption underlying such a practice or policy, or in any method of calculating any bad debt, contingency, or other reserve for financial reporting purposes or for any other accounting purposes;

(k) any payment, discharge, or satisfaction by the Company of any Lien or Liability other than Liens or Liabilities that were paid, discharged, or satisfied since December 31, 2010 in the ordinary course of business and consistent with past practice, or were paid, discharged, or satisfied as required under this Agreement;

(l) any cancellation of any Liability owed to the Company by any other Person;

(m) any Material write-off or write-down of, or any determination to write-off or write-down any of, the Assets and Properties of the Company or any portion thereof;

(n) any Material sale, transfer, or conveyance of any investments, or any other Assets and Properties of the Company, except in the ordinary course of business and consistent with past practice;

(o) any amendment, termination, waiver, disposal, or lapse of, or other failure to preserve, any license, permit, or other form of authorization of the Company, the result of which individually or in the aggregate has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company;

(p) any transaction or arrangement under which the Company paid, lent, or advanced any amount to or in respect of, or sold, transferred, or leased any of its Assets and Properties or any service to, any of the Controlling Shareholders (except for payments of salaries and wages in the ordinary course of business and consistent with past practice, and except for payments made pursuant to any Contract disclosed in Section 2.10(b) or Section 2.17(a) of the Disclosure Schedule), or of any Affiliate of the Company, or any officer or director thereof; (ii) any business or other Person in which any Controlling Shareholder, the Company, or any such officer or director, or any such Affiliate has any material interest, except for advances made to, or reimbursements of expenses of, any of the Controlling Shareholders or any officers or directors of the Company for travel and other business expenses in reasonable amounts in the ordinary course of business and consistent with past practice; or advances or payments to any Affiliate of the Company pursuant to any Contract of the type described in Section 2.17(g);

(q) any Material amendment of, or any failure to perform all of its obligations under, or any default under, or any waiver of any right under, or any termination (other than on the stated expiration date) of, any Contract that involves or reasonably would involve the annual expenditure or receipt by the Company of a Material amount or that individually or in the aggregate is Material to the Business or Condition of the Company;

(r) any Material decrease in the amount of, or any Material change in the nature of, the insurance Contracts in force of the Company or any Material change in the amount or nature of the reserves, liabilities or other similar amounts of the Company with respect to such insurance Contracts (including, without limitation, reserves and other similar amounts of a type required to be reflected respectively on lines 1 through 11.3 on page 3 of any SAP Annual Statement of the Company);

(s) any amendment to the articles or certificate of incorporation or bylaws of the Company;

(t) any termination, amendment, or execution by the Company of any reinsurance, coinsurance, or other similar Contract, as ceding or assuming insurer;

(u) any expenditure or commitment for additions to property, plant, equipment or other tangible or intangible capital assets of the Company, except for any expenditure or commitment the result of which individually or in the aggregate does not have and may not reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company;

(v) any amendment or introduction by the Company of any insurance Contract other than in the ordinary course of business and consistent with past practice; or

(w) any Contract to take any of the actions described in this Section other than actions expressly permitted under this Section.

2.11 No Undisclosed Liabilities. Except to the extent reflected in the balance sheet included in the December 31, 2011 Annual Statement of the Company (or in the notes relating thereto), or except as disclosed in Section 2.11 of the Disclosure Schedule, there were no Liabilities (other than policyholder benefits payable in the ordinary course of business and consistent with past practice) against, relating to, or affecting the Company as of December 31, 2011 that individually or in the aggregate have or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company. Except to the extent reflected in the balance sheet included in the December 31, 2011 Annual Statement of the Company (or in the notes relating thereto), or except as disclosed in Section 2.11 of the Disclosure Schedule, since December 31, 2010, the Company has not incurred any Liabilities (other than policyholder benefits payable in the ordinary course of business and consistent with past practice) that individually or in the aggregate have or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company.

2.12 Taxes. Except as disclosed in Section 2.12 of the Disclosure Schedule (with paragraph references corresponding to those set forth below):

(a) All Tax Returns required to be filed with respect to the Company have been duly and timely filed, and all such Tax Returns are true and complete in all Material respects. The Company has duly and timely paid all Taxes that are due, or claimed or asserted by any taxing authority to be due, from the Company for the periods covered by such Tax Returns or has duly provided for all such Taxes in the Books and Records of the Company and in accordance with SAP, including, without limitation, in the Financial Statements. There are no Liens with respect to Taxes (except for Liens with respect to real and personal property Taxes not yet due) upon any of the Assets and Properties of the Company.

(b) With respect to any period for which Tax Returns have not yet been filed, or for which Taxes are not yet due or owing, the Company has made due and sufficient current accruals for such Taxes in its respective Books and Records and in accordance with GAAP and SAP, and such current accruals through December 31, 2011 are duly and fully provided for in the Financial Statements of the Company for the period then ended.

(c) The United States federal income Tax Returns of the Company have not been audited or examined by the IRS, and the statute of limitations for all periods through the year 2006 has expired. The state, local, and foreign income Tax Returns of the Company have not been audited or examined, and all statutes of limitation for all applicable state, local, and foreign taxable periods through the respective years specified in Section 2.12(c) of the Disclosure Statement have expired. There are no outstanding agreements, waivers, or arrangements extending the statutory period of limitation applicable to any claim for, or the period for the collection or assessment of, Taxes due from the Company for any taxable period. The Company has previously delivered to the Purchaser true and complete copies of each of the most recent audit reports relating to the United States federal, state, local, and foreign income Taxes due from the Company and the United States federal, state, local, and foreign income Tax Returns, for each of the last three taxable years, filed by the Company (insofar as such returns relate to the

Company, if filed by any affiliated or consolidated group of which the Company was then a member).

(d) No audit or other proceeding by any court, governmental or regulatory authority, or similar Person is pending or (to the Best Knowledge of the Controlling Shareholders or the Company) threatened with respect to any Taxes due from the Company or any Tax Return filed by or relating to the Company. To the Best Knowledge of the Controlling Shareholders and the Company, no assessment of Tax is proposed against the Company, or any of its Assets and Properties.

(e) No election under any of Sections 108, 168, 338, 441, 463, 472, 1017, 1033, or 4977 of the Code (or any predecessor provisions) has been made or filed by or with respect to the Company or any of its Assets and Properties. None of the Assets and Properties of the Company is an asset or property that the Purchaser or any of its Affiliates is or will be required to treat as being owned by any other Person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately before the enactment of the Tax Reform Act of 1986, or tax-exempt use property within the meaning of Section 168(h)(1) of the Code. No closing agreement pursuant to Section 7121 of the Code (or any predecessor provision) or any similar provision of any state, local, or foreign Law has been entered into by or with respect to the Company or any of its Assets and Properties.

(f) The Company has not agreed to, nor is it required to make any adjustment pursuant to Section 481(a) of the Code (or any predecessor provision) by reason of any change in any accounting method of the Company, and the Company does not have any application pending with any taxing authority requesting permission for any changes in any accounting method of the Company. To the Best Knowledge of the Controlling Shareholders and the Company, the IRS has not proposed any such adjustment or change in any accounting method of the Company.

(g) Neither the Company nor any of the Controlling Shareholders has been or is presently in violation (or with notice or lapse of time or both, would be in violation) of any applicable Law relating to the payment or withholding of Taxes. The Company has duly and timely withheld from employee salaries, wages, and other compensation and paid over to the appropriate taxing authorities all amounts required to be so withheld and paid over for all periods under all applicable Laws.

(h) Neither any of the Controlling Shareholders nor the Company is a party to, is bound by, or has any obligation under, any Tax sharing Contract, Tax allocation Contract or similar Contract; notwithstanding any disclosure contained in the Disclosure Schedule, the Controlling Shareholders and the Company represent and warrant that, at the Closing, neither the Controlling Shareholders nor the Company shall be a party to, be bound by or have any obligation under, any Tax sharing Contract, Tax allocation Contract or similar Contract or arrangement. The Company is not a foreign person within the meaning of Section 1445(f)(3) of the Code.

(i) Other than a certain reinsurance agreement number YC-1 entered into

between the Company and GPM dated December 31, 2008, there are no reinsurance, coinsurance, or other similar Contracts under which the Company receives or has received surplus relief.

(j) The Company has not made any direct, indirect, or deemed distributions that have been or could be taxed under Section 815 of the Code.

(k) All ceding commission expenses paid or accrued by the Company in connection with any assumption reinsurance arrangement or Contract in which the Company is or was the reinsurer have been capitalized and amortized over the life or lives of such reinsurance arrangement or Contract in accordance with the decision of the United States Supreme Court in Colonial American Life Insurance Company v. Commissioner of Internal Revenue, 109 S.Ct. 2408 (1989).

(l) No Material Liabilities have been proposed in connection with any audit or other proceeding by any court, governmental or regulatory authority, or similar Person with respect to any Taxes due from the Company or any Tax Return filed by or relating to the Company.

(m) Neither any of the Controlling Shareholders nor the Company is a party to any agreement, contract, plan or arrangement that has resulted, or would result, separately or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

2.13 Litigation. Except as disclosed in Section 2.13 of the Disclosure Schedule (with paragraph references corresponding to those set forth below):

(a) There are no actions, suits, investigations, or proceedings pending, or (to the Best Knowledge of the Controlling Shareholders) threatened, against the Controlling Shareholders, or any of their respective Assets and Properties, at law or in equity, in, before, or by any Person that individually or in the aggregate have or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement, on the ability of the Controlling Shareholders to perform their obligations under this Agreement, or on the Business or Condition of the Company.

(b) There are no actions, suits, investigations, or proceedings pending, or (to the Best Knowledge of the Controlling Shareholders and the Company) threatened, against the Company or any of its Assets and Properties, at law or in equity, in, before, or by any Person that individually involve a claim or claims for any injunctive or similar relief or for damages that has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company, or which contain or allege an unspecified amount of damages.

(c) There are no writs, judgments, decrees, or similar orders of any Person outstanding against the Company that individually or in the aggregate have or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company, and there are no injunctions or similar orders of any Person outstanding

against any of the Controlling Shareholders or the Company.

2.14 Compliance with Laws. Except as disclosed in Section 2.14 of the Disclosure Schedule, the Company has not been and currently is not in violation (or with or without notice or lapse of time or both, would be in violation) of any term or provision of any Law or any writ, judgment, decree, injunction, or similar order applicable to the Company or any of its Assets and Properties, the result of which violation individually or violations in the aggregate has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company. Without limiting the generality of the foregoing:

(a) Since January 1, 2009 the Company has duly and validly filed or caused to be so filed all reports, statements, documents, registrations, filings, or submissions that were required by Law to be filed with any Person and as to which the failure to so file, individually or in the aggregate with other such failures, has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company; all such filings complied with applicable Laws in all Material respects when filed and, no Material deficiencies have been asserted by any Person with respect to any such filings. The Company has previously delivered to GPM copies of the holding company registration statements, including the most recent annual amendments thereto, of the Company as filed with the Insurance Commissioner in its state of domicile.

(b) The Company has previously delivered to GPM the reports reflecting the results of the most recent financial and market conduct examinations of the Company issued by the Insurance Commissioner in its state of domicile. Except as disclosed in Section 2.14(b) of the Disclosure Schedule, all Material deficiencies or violations in such report have been resolved to the satisfaction of the Insurance Commissioner of the state of domicile of the Company.

(c) To the Best Knowledge of the Controlling Shareholders and the Company, and except as disclosed in Section 2.14(c) of the Disclosure Schedule, all outstanding insurance Contracts issued, reinsured, or underwritten by the Company are, to the extent required under applicable Laws, on forms which were submitted to and approved by the insurance regulatory authorities of each jurisdiction where such insurance Contracts were issued or delivered, or have been filed with and not objected to by such authorities within the period provided for objection. The rates charged for insurance under the insurance Contracts issued by the Company have been determined in accordance with usual and customary actuarial principles and practices, and are not based upon the race of the insureds or proposed insureds under such insurance Contracts. The Company has procedures in place for coordinating policy information in the Company's database with the federal Social Security database to determine whether insureds under life insurance and annuity Contracts are deceased.

(d) (i) To the Best Knowledge of the Controlling Shareholders and the Company, Section 2.14(d) of the Disclosure Schedule contains a true and complete list of each master or prototype (as well as any individually designed) pension, profit sharing, defined benefit, Code Section 401(k), and other retirement or employee benefit plan or

Contract (including, but not limited to, simplified employee pension plans, Code Section 403(a), (b) and (c) annuities, Keogh plans, and individual retirement accounts and individual retirement annuities) offered or sold by the Company to, or maintained or sponsored for the benefit of any employees of, any other Person, and each determination letter relating to the creation or amendment of any such plan or Contract. To the Best Knowledge of the Controlling Shareholders and the Company, and except as disclosed in Section 2.14(d) of the Disclosure Schedule, each such plan or Contract in all material respects conforms with, and has been offered, sold, maintained, and sponsored in accordance with, all applicable Laws. To the Best Knowledge of the Controlling Shareholders and the Company, and except as disclosed in Section 2.14(d) of the Disclosure Schedule, the Company is not a fiduciary with respect to any plan or Contract referenced in this Section 2.14(d).

(ii) The Company does not provide administrative or other contractual services for any plan or Contract referenced in this Section 2.14(d), including, but not limited to, any third party administrative services for an Employee Welfare Benefit Plan.

(iii) To the extent that the Company maintains any collective or commingled funds or accounts which restrict the Persons who may invest therein to tax-exempt entities or qualified plans, each such fund or account (of which a true and complete list and description is disclosed in Section 2.14(d)(3) of the Disclosure Schedule) has been established, maintained and operated in accordance with all applicable Laws, has maintained its tax-exempt status and has no nonqualified plans or trusts or other taxable entities investing in it.

(iv) In addition to the representations and warranties contained in Section 2.13, there are no claims pending, or (to the Best Knowledge of the Controlling Shareholders and the Company) threatened, against the Company or any of its Assets and Properties, under any fiduciary liability insurance policy issued by or to the Company that individually or in the aggregate has or may reasonably be expected to have a Material Adverse Effect on the Business or Condition of the Company.

2.15 Benefit Plans; ERISA.

(a) Section 2.15(a) of the Disclosure Schedule contains a true and complete list and description of, and discloses the amount accrued or payable for each of the year ended December 31, 2011 under each of the Benefit Plans and identifies each of the Benefit Plans that is an Employee Pension Benefit Plan or an Employee Welfare Benefit Plan, and sets forth the valuation date of each such Benefit Plan. Neither the Controlling Shareholders nor the Company, nor any of its Affiliates has any Contract, plan, or commitment, whether legally binding or not, to create any additional Benefit Plan or to modify or change any existing Benefit Plan. Each contribution or other payment required to be made or to be voluntarily made by the Company on or before December 31, 2011 with respect to any of the Benefit Plans is disclosed in Section 2.15(a) of the Disclosure Schedule, together with the date such contribution or payment is due or is to be made.

Except as disclosed in Section 2.15(a) of the Disclosure Schedule, no Company Common Shares or other security issued by the Company or any of its Affiliates forms or has formed a material part of the Assets and Properties of any Benefit Plan.

(b) None of the Benefit Plans is or has been a multi-employer plan, as that term is defined in Section 3(37) of ERISA. To the Best Knowledge of the Controlling Shareholders and the Company, there has been no transaction, action, or omission involving the Controlling Shareholders or the Company, any ERISA Affiliate, or (to the Best Knowledge of the Controlling Shareholders and the Company) any fiduciary, trustee, or administrator of any Benefit Plan, or any other Person dealing with any such Benefit Plan or the related trust or funding vehicle, that in any manner violates or will result in a violation (with or without notice or lapse of time or both) of Sections 404 or 406 of ERISA or constitutes or will constitute (with or without notice or lapse of time or both) a prohibited transaction (as defined in Section 4975(c)(1) of the Code or Section 406 of ERISA) for which there exists neither a statutory nor a regulatory exemption and which could subject the Company or any party in interest (as defined in Section 3(14) of ERISA) to criminal or civil sanctions under Section 501 or 502 of ERISA, or to Taxes under Code Section 4975, or to any other Liability.

(c) To the Best Knowledge of the Controlling Shareholders and the Company, and except as disclosed in Section 2.15(c) of the Disclosure Schedule, there has been no reportable event (as defined in Section 4043(b) of ERISA) with respect to any Employee Pension Benefit Plan or any Employee Welfare Benefit Plan for which notice to the PBGC has not been waived by rule or regulation. To the Best Knowledge of the Controlling Shareholders and the Company, neither any of the Controlling Shareholders nor the Company, nor any ERISA Affiliate has any Liability to the PBGC (other than any Liability for insurance premiums not yet due to the PBGC), to any present or former participant in or beneficiary of any Benefit Plan (or any beneficiary of any such participant or beneficiary), or to any Employee Pension Benefit Plan or any Employee Welfare Benefit Plan. To the Best Knowledge of the Controlling Shareholders and the Company, no event, fact, or circumstance has arisen or occurred that has resulted or may reasonably be expected to result in any such Liability or a claim against the Company by the PBGC, by any present or former participant in or any beneficiary of any Employee Pension Benefit Plan or any Employee Welfare Benefit Plan (or any beneficiary of any such participant or beneficiary), or by any such Benefit Plan. To the Best Knowledge of the Controlling Shareholders and the Company, and except as disclosed in Section 2.15(c) of the Disclosure Schedule, no filing has been or will be made by the Controlling Shareholders or the Company, or any ERISA Affiliate, and no proceeding has been commenced, for the complete or partial termination of any Employee Pension Benefit Plan or any Employee Welfare Benefit Plan; and no complete or partial termination of any such Benefit Plan has occurred or, as a result of the execution or delivery of this Agreement or the consummation of the transactions contemplated hereby, will occur.

(d) To the Best Knowledge of the Controlling Shareholders and the Company, all amounts that the Company is required to pay by Law or under the terms of the Benefit Plans as a contribution or other payment to or in respect of such Benefit Plans as of the

last day of the most recent fiscal year of each of the Benefit Plans have been paid. The funding method used in connection with each Benefit Plan that is or at any time has been subject to the funding requirements of Title I, Subtitle B, Part 3 of ERISA, meets the requirements of ERISA and the Code. No Benefit Plan subject to Title IV of ERISA (or any trust established thereunder) has ever incurred any accumulated funding deficiency (as defined in Section 302 of ERISA and Section 412 of the Code), whether or not waived, as of the last day of the most recent fiscal year of such Benefit Plan. With respect to any period for which any contribution or other payment to or in respect of any Benefit Plan is not yet due or owing, the Company has made due and sufficient current accruals for such contributions and other payments in accordance with SAP, and such current accruals through December 31, 2011 are duly and fully provided for in the Financial Statements of the Company for the period then ended.

(e) To the Best Knowledge of the Controlling Shareholders and the Company, each Benefit Plan is and has been operated and administered in all material respects in accordance with all applicable Laws, including, without limitation, ERISA and the Code. Each of the Employee Pension Benefit Plans and Employee Welfare Benefit Plans that is intended to be qualified within the meaning of Section 401(a) of the Code is so qualified and satisfies the requirements of Sections 401(a) and 501(a) of the Code, or an application for such qualification has been filed with the IRS and is currently pending. To the Best Knowledge of the Controlling Shareholders and the Company, there exists no fact, condition, or set of circumstances that has or may reasonably be expected to have a Material Adverse Effect on the qualified status of any Employee Pension Benefit Plan or any Employee Welfare Benefit Plan intended to be so qualified or the intended United States federal income Tax treatment or consequences of any Employee Pension Benefit Plan or any Employee Welfare Benefit Plan. None of the Benefit Plans, or any related trust or funding vehicle, conducts or has conducted any unrelated trade or business as that term is defined in Section 513 of the Code. All necessary governmental approvals, determinations, and notifications for all Employee Pension Benefit Plans and all Employee Welfare Benefit Plans have been obtained, or an application for such approval, determination or notification is pending with respect thereto.

(f) To the Best Knowledge of the Controlling Shareholders and the Company, the actuarial assumptions utilized, where appropriate, in connection with determining the funding of each Employee Pension Benefit Plan (as set forth in the actuarial report for such Benefit Plan) are reasonable in all Material respects. Based on such actuarial assumptions, as of December 31, 2011 the fair market value of the Assets or Properties held under each Employee Pension Benefit Plan exceeds the actuarially determined present value of all accrued benefits of such Benefit Plan (whether or not vested) determined on an ongoing-Benefit Plan basis.

(g) Except as disclosed in Section 2.15(g) of the Disclosure Schedule, and except for claims by third parties for benefits owed to participants or beneficiaries under the Benefit Plans, and except for divorce proceedings, there are no pending or (to the Best Knowledge of any of the Controlling Shareholders or the Company) threatened actions, suits, investigations, or other proceedings by any present or former participant or

beneficiary under any Benefit Plan (or any beneficiary of any such participant or beneficiary) involving any Benefit Plan or any rights or benefits under any Benefit Plan or any rights or benefits under any Benefit Plan other than ordinary and usual claims for benefits by participants or beneficiaries thereunder. There is no writ, judgment, decree, injunction, or similar order of any court, governmental or regulatory authority, or other similar Person outstanding against or in favor of any Benefit Plan or any fiduciary thereof.

2.16 Properties. Except as disclosed in Section 2.16 of the Disclosure Schedule (with paragraph references corresponding to those set forth below):

(a) The Company has good and valid title to all debentures, notes, stocks, securities, and other assets that are of a type required to be disclosed in Schedules B through DB of its SAP Annual Statement and that are owned by it, free and clear of all Liens.

(b) The Company owns good and indefeasible title to, or has a valid leasehold interest in, all real property used in the conduct of its business, operations, or affairs, and are of a type required to be disclosed in Schedule A of its SAP Annual Statement, free and clear of all Liens. No improvement on any such real property owned, leased, or held by the Company encroaches upon any real property of any other Person. The Company owns, leases, or has a valid right under Contract to use adequate means of ingress and egress to, from, and over all such real property.

(c) The Company owns good and indefeasible title to, or has a valid leasehold interest in or has a valid right under Contract to use, all tangible personal property that is used in the conduct of its respective business, operations, or affairs, free and clear of all Liens.

(d) The Company has, and at all times after the Closing Date will have, the right to use, free and clear of any royalty or other payment obligations, claims of infringement or alleged infringement, or other Liens, all marks, names, trademarks, service marks, patents, patent rights, assumed names, logos, trade secrets, copyrights, trade names, and service marks that are used in the conduct of its respective business, operations, or affairs (of which a true and complete list and description is disclosed in Section 2.16(d) of the Disclosure Schedule); and all computer software, programs, and similar systems owned by or licensed to the Company, or any Affiliate of the Company, or used in the conduct of its business, operations, or affairs (of which a true and complete list and description is disclosed in Section 2.16(d) of the Disclosure Schedule). Neither the Company nor any of its Affiliates is in conflict with or in violation or infringement of, nor has the Company or any Affiliate received any notice of any conflict with or violation or infringement of or any claimed conflict with, any asserted rights of any other Person with respect to any intellectual property or any computer software, programs, or similar systems, including, without limitation, any of such items disclosed in Section 2.16(d) of the Disclosure Schedule.

2.17 Contracts. Section 2.17 of the Disclosure Schedule (with paragraph references corresponding to those set forth below) contains a true and complete list of each of the following Contracts or other documents or arrangements (true and complete copies, or, if none, written descriptions, of which have been made available to GPM, together with all amendments thereto), to which the Company is a party or by which any of its respective Assets and Properties is or may be bound:

(a) all employment, agency, consultation, or representation Contracts or other Contracts of any type (including, without limitation, loans or advances) with any present officer, director, employee, agent, consultant, or other similar representative of the Company (or former officer, director, employee, agent, consultant or similar representative of the Company, if there exists any present or future liability with respect to such Contract, whether now existing or contingent) (other than Contracts with consultants and similar representatives who do not receive compensation of \$50,000 or more per year and other than employment or agency Contracts with agents who do not receive compensation of \$50,000 or more per year), and the name, position, and rate of compensation of each such Person and the expiration date of each such Contract, as well as all sick leave, vacation, holiday, and other similar practices, procedures, and policies of the Company established or administered other than as Benefit Plans;

(b) all Contracts with any Person containing any provision or covenant limiting the ability of the Company to engage in any line of business or to compete with or to obtain products or services from any Person or limiting the ability of any Person to compete with or to provide products or services to the Company;

(c) all partnership, joint venture, profit-sharing, or similar Contracts with any Person (other than Benefit Plans);

(d) all Material Contracts relating to the borrowing of money by the Company or to the direct or indirect guarantee by the Company of any obligation for borrowed money for the Company or any of its Affiliates, or any other Liability in respect of indebtedness of any other Person, including without limitation any Contract relating to the maintenance of compensating balances that are not terminable by the Company without penalty upon not more than sixty (60) calendar days' notice, any line of credit or similar facility, the payment for property, products, or services of any other Person even if such property, products, or services are not conveyed, delivered, or rendered, or the obligation to take-or-pay, keep-well, make-whole, or maintain surplus or earnings levels or perform other financial ratios or requirements; Section 2.17(d) of the Disclosure Schedule contains a true and complete list of any requirements for consents or approvals of creditors needed to consummate the transactions contemplated hereby;

(e) all leases or subleases of real property used in the business, operations, or affairs of the Company, and all other leases, subleases, or rental or use Contracts for which the Company is liable;

(f) all Contracts relating to the future disposition or acquisition of any investment in or security of any Person or of any interest in any business enterprise (other

than the disposition or acquisition of investments in the ordinary course of business and consistent with past practice);

(g) all Contracts or arrangements (including, without limitation, those relating to the sharing or allocation of expenses, personnel, services, or facilities) between or among the Company and any of its Affiliates or any other Person who is described in Section 2.10(p);

(h) all reinsurance, coinsurance, or other similar Contracts indicating, with respect to each such Contract, the information required to be disclosed in Schedule S of the SAP Annual Statements of the Company;

(i) all outstanding proxies, powers of attorney, or similar delegations of authority of the Company, except for powers of attorney for the service of process pursuant to applicable insurance Laws;

(j) all Contracts for any product, service, equipment, facility, or similar item (other than insurance Contracts issued, reinsured, or underwritten by the Company and other than reinsurance, coinsurance, and other similar Contracts) that by its terms do not expire or terminate or are not terminable by the Company, without penalty or other Liability, within six (6) months after December 31, 2011 and

(k) all other Contracts (other than insurance Contracts issued, reinsured, or underwritten by the Company) that involve the payment or potential payment pursuant to the terms of such Contracts, by or to the Company that are Material to the Business or Condition of the Company.

To the Best Knowledge of the Controlling Shareholders and the Company, each Contract disclosed or required to be disclosed in the Disclosure Schedule pursuant to this Section is in full force and effect and constitutes a legal, valid, and binding obligation of the Company and of each other Person that is a party thereto in accordance with its terms; and neither the Company nor (to the Best Knowledge of any of the Controlling Shareholders or the Company) any other party to such Contract is in violation or breach of or default under any such Contract (or with or without notice or lapse of time or both, would be in violation or breach of or default under any such Contract). Except as disclosed in Section 2.17 of the Disclosure Schedule (with a specific reference to this sentence), the Company is not a party to or bound by any Contract that was not entered into in the ordinary course of business and consistent with past practice or that has or may reasonably be expected to have, individually or in the aggregate with any other Contracts, a Material Adverse Effect on the Business or Condition of the Company. The Company is not a party to or bound by any collective bargaining or similar labor Contract.

2.18 Insurance Issued or Assumed by the Company. All of the life insurance policies and annuity Contracts of the Company have been directly issued by the Company or assumed by the Company in transactions involving assumption reinsurance and novation of the life insurance policies and annuity Contracts so that the Company is directly liable to the holders of such life insurance policies and annuity Contracts. As of the date of this Agreement the Company has, and as of the Closing Date, the Company will have, no fewer than Ninety-Five

Hundred (9,500) life insurance policies and annuity Contracts in force and outstanding. Except as required by Law or except as disclosed in Section 2.18 of the Disclosure Schedule (with paragraph references corresponding to those set forth below):

(a) All insurance Contract benefits payable by the Company to any other Person that is a party to or bound by any insurance, reinsurance, coinsurance, or other similar Contract with the Company have in all material respects been paid in accordance with the terms of the insurance, reinsurance, coinsurance and other Contracts under which they arose, except for such benefits for which the Company reasonably believes there is a reasonable basis to contest payment.

(b) No outstanding insurance Contract issued, reinsured, or underwritten by the Company entitles the holder thereof or any other Person to receive dividends, distributions, or to share in the income of the Company or to receive any other benefits based on the revenues or earnings of the Company or any other Person.

(c) The underwriting standards utilized and ratings applied by the Company and (to the Best Knowledge of the Controlling Shareholders and the Company) by any other Person that is a party to or bound by any reinsurance, coinsurance, or other similar Contract with the Company conform in all Material respects to industry accepted practices and to the standards and ratings required pursuant to the terms of the respective reinsurance, coinsurance, or other similar Contracts.

(d) To the Best Knowledge of the Controlling Shareholders and the Company, all of the Company's liability under insurance Contracts issued, reinsured, or underwritten by the Company which is beyond the Company's normal retention is fully reinsured under valid reinsurance Contracts with solvent reinsurers, and all amounts to which the Company is entitled under reinsurance, coinsurance, or other similar Contracts (including without limitation amounts based on paid and unpaid losses) are fully collectible.

(e) To the Best Knowledge of the Controlling Shareholders and the Company, each insurance agent, at the time such agent wrote, sold, or produced business for the Company, was duly licensed as an insurance agent (for the type of business written, sold, or produced by such insurance agent) in the particular jurisdiction in which such agent wrote, sold, or produced such business for the Company.

(f) To the Best Knowledge of the Controlling Shareholders and the Company, no such insurance agent violated (or with or without notice or lapse of time or both, would have violated) any term or provision of any Law or any writ, judgment, decree, injunction, or similar order applicable to the writing, sale, or production of business for the Company.

(g) The Controlling Shareholders and the Company do not have any reason to believe that the tax treatment under the Code of all insurance, annuity or investment policies, plans, or Contracts; all financial products, employee benefit plans, individual retirement accounts or annuities; or any similar or related policy, Contract, plan, or

product, whether individual, group, or otherwise, issued or sold by the Company is not and at any time has not been the same or more favorable to the purchaser, policyholder or intended beneficiaries thereof as the tax treatment under the Code for which such Contracts qualified or purported to qualify at the time of its issuance or purchase. For purposes of this Section 2.18(g), the provisions of the Code relating to the tax treatment of such contracts shall include, but not be limited to, Sections 72, 79, 89, 101, 104, 105, 106, 125, 130, 401, 402, 403, 404, 408, 412, 415, 419, 419A, 501, 505, 817, 818, 7702, and 7702A of the Code.

2.19 Threats of Cancellation. To the Best Knowledge of the Controlling Shareholders and the Company, except as disclosed in Section 2.19 of the Disclosure Schedule, since December 31, 2011 no policyholder, group of policyholder Affiliates, or Persons writing, selling, or producing insurance business that individually or in the aggregate accounted for five percent (5.0%) or more of the premium or annuity income of the Company for the year ended December 31, 2011; has terminated or (to the Best Knowledge of the Controlling Shareholders and the Company) threatened to terminate its insurance Contract or relationship with the Company.

2.20 Licenses and Permits. Except as disclosed in Section 2.20 of the Disclosure Schedule (with paragraph references corresponding to those set forth below):

(a) The Company owns or validly holds, all licenses, franchises, permits, approvals, authorizations, exemptions, classifications, certificates, registrations, and similar documents or instruments that are required for its business, operations, and affairs and that the failure to so own or hold has or may reasonably be expected to have a Material Adverse Effect on its Business or Condition.

(b) All such licenses, franchises, permits, approvals, authorizations, exemptions, classifications, certificates, registrations, and similar documents or instruments are valid and in full force and effect, and free of any restrictions imposed by any Person.

2.21 Operations Insurance. Section 2.21 of the Disclosure Schedule contains a true and complete list and description of all liability, property, workers compensation, directors and officers liability, and other similar insurance Contracts that insure the business, operations, or affairs of the Company, or affect or relate to the ownership, use, or operations of any of the Assets and Properties of the Company and that have been issued to the Company or any of its Affiliates (including, without limitation, the names and addresses of the insurers, the expiration dates thereof, and the annual premiums and payment terms thereof) or that are held by the Company or by any Affiliate of the Company for the benefit of the Company or either of the Company following the Closing. All such insurance is in full force and effect and (to the Best Knowledge of the Controlling Shareholders and the Company) is with financially sound and reputable insurers and, in light of the business, operations, and affairs of the Company, is in amounts and provides coverage that are reasonable and customary for Persons in similar businesses.

2.22 Intercompany Liabilities. Except as reflected in the December 31, 2011 Internal Financial Statements of the Company, or except as disclosed in Section 2.22 of the Disclosure Schedule, (a) there are no Liabilities between the Company, the Controlling Shareholders, or any of their Affiliates, and (b) neither any of the Controlling Shareholders nor any of its Affiliates provides or causes to be provided to the Company any products, services, equipment, facilities, or similar items that, in the case of this clause (b), individually or in the aggregate are or may reasonably be expected to be Material to the Business or Condition of the Company. Except as disclosed in Section 2.22 of the Disclosure Schedule, since December 31, 2011 no such intercompany Liabilities of a Material amount have been paid, and all settlements of such intercompany Liabilities have been made, and all allocations of such intercompany expenses have been applied, in the ordinary course of business and consistent with past practice.

2.23 Bank Accounts. Section 2.23 of the Disclosure Schedule contains a true and complete list of the names and locations of all banks, trust companies, securities brokers, and other financial institutions at which the Company has an account or safe deposit box or maintains a banking, custodial, trading, or other similar relationship and a true and complete list and description of each such account, box, and relationship, indicating in each case the account number and the names of the officers, employees, agents, or other similar representatives of the Company transacting business with respect thereto.

2.24 Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by the Controlling Shareholders and the Company directly with the GPM or GPM's agents, without the intervention of any Person on behalf of the Controlling Shareholders or the Company in such manner as to give rise to any valid claim by any Person against GPM, the Controlling Shareholders or the Company for a finder's fee, brokerage commission, or similar payment, except for Robert D. Shapiro and The Shapiro Network, Inc., Milwaukee, Wisconsin, which firm was engaged by the Company and whose fees shall be the sole responsibility of the Controlling Shareholders.

2.25 Disclosure. Neither this Agreement nor any certificate furnished by or on behalf of the Controlling Shareholders or the Company to GPM in connection with this Agreement or the transactions contemplated hereby contains any untrue statement of a Material fact by the Controlling Shareholders or the Company or omits to state a Material fact by the Controlling Shareholders or the Company necessary to make the statements herein or therein not misleading in light of the circumstances in which they were made.

ARTICLE THREE

REPRESENTATIONS AND WARRANTIES OF GPM

GPM represents and warrants to the Controlling Shareholders and the Company as follows:

3.01 Organization. GPM is a Texas mutual life insurance corporation, duly organized, validly existing and in good standing under the Laws of the State of Texas. The Merger Sub is a general business corporation duly incorporated, validly existing, and in good standing under the laws of the State of Washington. GPM is duly qualified to transact business

and is in good standing under the Laws of every state or jurisdiction in which the nature of its activities or of its properties owned, leased or operated makes such qualification necessary and in which the failure to be so qualified could reasonably be expected to have a material adverse effect on the business or condition of GPM. The aggregate number of shares which Merger Sub is authorized to issue consists of One Hundred Thousand (100,000) shares of common stock with a par value of One Dollar (\$1.00) per share, of which Ten Thousand (10,000) shares are currently validly issued and outstanding, fully paid and non-assessable, and owned by GPM, free and clear of all Liens. There are no outstanding securities, obligations, rights, subscriptions, warrants, options, phantom stock rights, or other contracts of any kind that give any person the right to (a) purchase or otherwise receive or be issued any shares of capital stock of Merger Sub (or any interest therein) or any security or liability of any kind convertible into or exchangeable for any shares of capital stock of the Merger Sub (or any interest therein) or (b) receive any benefits or rights similar to any rights enjoyed by or accruing to a holder of Merger Sub Shares, or any rights to participate in the equity, income, or election of directors or officers of Merger Sub.

3.02 Authority. The Boards of Directors of GPM and the Merger Sub, and GPM as the sole shareholder of the Merger Sub, have each duly and validly approved this Agreement and the transactions contemplated hereby. The execution and delivery of this Agreement by GPM and the Merger Sub and the performance by GPM and the Merger Sub of each of its respective obligations under this Agreement have been duly and validly authorized by all necessary corporate action on the part of GPM and the Merger Sub. This Agreement constitutes a legal, valid, and binding obligation of GPM and the Merger Sub and is enforceable against GPM and the Merger Sub in accordance with its terms, except to the extent that enforcement may be limited by or subject to any bankruptcy, insolvency, reorganization, moratorium, or similar Laws now or hereafter in effect relating to or limiting creditors' rights generally and the remedy of specific performance and injunctive and other forms of equitable relief are subject to certain equitable defenses and to the discretion of the court or other similar Person before which any proceeding therefore may be brought.

3.03 No Conflicts or Violations. The execution and delivery of this Agreement by GPM and the Merger Sub does not, and the performance by GPM and the Merger Sub of its respective obligations under this Agreement will not:

(a) violate any term or provision of any Law or any writ, judgment, decree, injunction, or similar order applicable to GPM or the Merger Sub;

(b) conflict with or result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default under, any of the terms, conditions, or provisions of the articles of incorporation or bylaws of GPM or the Merger Sub;

(c) result in the creation or imposition of any Lien upon GPM or the Merger Sub or any of their respective Assets and Properties that individually or in the aggregate with any other Liens has or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement or on the ability of GPM or the Merger Sub to perform its respective obligations under this Agreement;

(d) conflict with or result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default under, or give to any person any right of termination, cancellation, acceleration, or modification in or with respect to, any Contract to which GPM or the Merger Sub is a party or by which any of its respective Assets and Properties may be bound and as to which any such conflicts, violations, breaches, defaults, or rights individually or in the aggregate have or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement or on the ability of GPM or the Merger Sub to perform its respective obligations under this Agreement; or

(e) require GPM or the Merger Sub to obtain any consent, approval, or action of, or make any filing with or give any notice to, any Person except for the Regulatory Approval as contemplated in the preamble to this Agreement; as disclosed in writing to the Controlling Shareholders and the Company; or those which the failure to obtain, make, or give individually or in the aggregate with other such failures has or may reasonably be expected to have no Material Adverse Effect on the validity or enforceability of this Agreement or on the ability of GPM or the Merger Sub to perform its respective obligations under this Agreement.

3.04 Litigation. There are no actions, suits, investigations, or proceedings pending against GPM or the Merger Sub, or (to the Best Knowledge of GPM) threatened against GPM or the Merger Sub, at law or in equity, in, before, or by any Person, that individually or in the aggregate have or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement, on the ability of GPM and the Merger Sub to perform its respective obligations under this Agreement or on the Business and Condition of GPM and the Merger Sub.

3.05 Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by GPM directly with the Controlling Shareholders and the Company, without the intervention of any person on behalf of GPM in such a manner as to give rise to any valid claim by any person against the Controlling Shareholders, the Company or GPM for a finder's fee, brokerage commission, or similar payment, except for Robert D. Shapiro and The Shapiro Network, Inc., Milwaukee, Wisconsin, which firm was engaged by the Company and whose fees shall be the sole responsibility of the Controlling Shareholders.

ARTICLE FOUR
OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS AND THE COMPANY
BEFORE THE EFFECTIVE DATE

The Controlling Shareholders and the Company covenant that from the date of this Agreement until the Effective Date:

4.01 Special Meeting of Shareholders of the Company; GPM's Access. Within ten (10) Business Days from the date of this Agreement, the Board of Directors of the Company shall call a Special Meeting of the Shareholders of the Company for the purpose of approval of this Plan and Agreement of Merger (the "Special Meeting") and provide notice thereof in accordance with the bylaws of the Company and the Laws of the State of Washington (the "Notice"). The Controlling Shareholders and the Company shall provide GPM with copies of the Notice and any proxy statement to be sent to the holders of the Outstanding Common Shares of the Company for GPM's prior approval before such Notice and proxy statement are sent to the holders of the Outstanding Common Shares, which approval shall not be unreasonably withheld by GPM. From the date of this Agreement until the Effective Date, the Controlling Shareholders will cause the Company to provide, and the Company will provide (a) GPM and its counsel, accountants, actuaries, and other representatives with full access, upon prior notice and during normal business hours, to all facilities, officers, employees, agents, accountants, actuaries, assets and properties, and books and records of the Company and will furnish GPM and such other persons during such period with all such information and data (including, without limitation, copies of contracts, benefit plans, and other books and records) concerning the business, operations, and affairs of the Company as GPM or any of such other persons reasonably may request (it being understood and agreed that GPM shall reimburse the Company for the costs of copying any documents relating to the Company that are requested by GPM, whether requested prior to or after the execution of this Agreement) and (b) GPM with timely notice of and full access to all meetings (and all actions by written consent in lieu thereof) of the board of directors and shareholders of the Company involving matters which are not in the ordinary course of business and consistent with past practice.

4.02 No Negotiations, etc. From the date of execution of this Agreement until the earlier of (i) the Effective Date or (ii) the termination of this Agreement pursuant to Section 12.01, the Controlling Shareholders will not take, and will not permit the Company or any Affiliate of the Controlling Shareholders or the Company (or permit any other Person acting for or on behalf of Controlling Shareholders, the Company, or any Affiliate of the Controlling Shareholders or the Company) to take, directly or indirectly, any action (a) to seek or encourage any offer or proposal from any Person to acquire any shares of capital stock or any other securities of the Company or any interest therein or, other than in the ordinary course of business, any Assets and Properties of the Company or any interest therein; (b) to merge, consolidate, or combine, or to permit any other Person to merge, consolidate or combine, with the Company; (c) to liquidate, dissolve, or reorganize the Company in any manner; (d) to acquire or transfer any Assets and Properties of the Company or any interests therein, other than in the ordinary course of business or except as contemplated by the terms of this Agreement or the Subscription Agreement; (e) to reach any agreement or understanding (whether or not such

agreement or understanding is absolute, revocable, contingent, or conditional) for, or otherwise to attempt to consummate, any such acquisition, transfer, merger, consolidation, combination, or reorganization; or (f) to furnish or cause to be furnished any information with respect to the Company to any Person (other than to GPM or the California Department of Insurance and the Office of Insurance Commissioner of the State of Washington) that the Controlling Shareholders or any Affiliate of the Controlling Shareholders (or any Person acting for or on behalf of the Controlling Shareholders, the Company, or any other Affiliate of the Controlling Shareholders or the Company) knows or has reason to believe is in the process of attempting or considering any such acquisition, transfer, merger, consolidation, combination, liquidation, dissolution, or reorganization. If the Controlling Shareholders, the Company, or any other Affiliate of the Controlling Shareholders or the Company receives from any Person (other than GPM) any offer, proposal, informational request, inquiry or contact that is subject to this Section, the Controlling Shareholders will promptly notify such Person of the terms of this Section and will promptly notify GPM of the existence of such offer, proposal, informational request, inquiry or contact.

4.03 Conduct of Business. The Controlling Shareholders will cause the Company to conduct its business only in the ordinary course and consistent with past practice (unless otherwise permitted or required under this Agreement). Without limiting the generality of the foregoing:

(a) The Controlling Shareholders will use all commercially reasonable efforts to (i) preserve intact the Company's present business organization, reputation, and policyholder relations; (ii) keep available the services of the Company's present officers, directors, employees, agents, consultants, and other similar representatives (it being understood and agreed to by the Parties hereto that the officers and directors of the Company, other than members of the Board of Directors designated by GPM, will terminate their positions as of the Effective Date); (iii) maintain all licenses, qualifications, and authorizations of the Company to do business in each jurisdiction in which it is so licensed, qualified, or authorized; (iv) maintain in full force and effect all contracts, documents, and arrangements referred to in Section 2.17 hereof, (v) maintain all Assets and Properties of the Company in the working order and condition as the same exist on the date of this Agreement, ordinary wear and tear excepted, (vi) maintain and protect the confidential and proprietary nature of all of the Company's policyholder lists, lists of the Company's agents and producers, billing records and commission statements, marketing plans, lists of prospective customers or agents, and other materials relating to the Company's sales and marketing practices or in force business in a manner consistent with past practices; (vii) upon the request of GPM, retrieve all policyholder lists and copies thereof in the hands of any Persons other than executive officers or employees of the Company, and make no further distributions of any such lists, except as required in group billings and commission statements distributed in the ordinary course of business; and (viii) upon the request of GPM, deliver to each of the officers, agents and employees of the Company a written statement advising them of the proprietary and confidential nature of all of the information specified in subparagraph (a)(vi) of this Section.

(b) The Controlling Shareholders will cause the Books and Records of the Company to be maintained in a form and manner that is consistent with the form and

manner used by the Company to maintain the books and records of the Company during the five (5) years prior to the Effective Date and will not permit any Material change in any underwriting, investment, actuarial, financial reporting, or accounting practice or policy of the Company or in any assumption underlying such practice or policy, or in any method of calculating any bad debt, contingency, or other reserve for financial reporting purposes or for other accounting purposes (including, without limitation, any practice, policy, assumption, or method relating to or affecting the determination of the Company's investment income, reserves or other similar amounts, or operating ratios with respect to expenses, losses, or lapses).

(c) The Controlling Shareholders will cause the Company to: (i) properly prepare and duly and timely file all reports and all Tax Returns required to be filed with any governmental or regulatory authorities with respect to the business, operations, or affairs of the Company; and (ii) duly and fully pay all Taxes indicated by such Tax Returns or otherwise levied or assessed upon the Company or any of its Assets and Properties, and withhold or collect and pay to the proper taxing authorities or hold in separate bank accounts for such payment all Taxes that the Company is required to so withhold or collect and pay, unless such Taxes are being contested in good faith and, if appropriate, reasonable reserves therefore have been established and reflected in the Books and Records of the Company in accordance with SAP.

(d) The Controlling Shareholders will cause the Company to: (i) cause all reserves and other similar amounts with respect to insurance Contracts established or reflected in the books and records of the Company to be (A) computed and reflected on a basis consistent with those reserves and other similar amounts and reserving methods followed by the Company at December 31, 2011 and (B) good, sufficient and adequate (under commonly accepted actuarial standards consistently applied and fairly stated in accordance with sound actuarial principles) to cover the total amount of all reasonably anticipated matured and unmatured benefits, dividends, losses, claims, expenses, and other liabilities of the Company under all insurance Contracts pursuant to which the Company has or will have any Liability (including, without limitation, any Liability arising under or as a result of any reinsurance, coinsurance, or other similar contract); and (ii) continue to own assets that qualify as legal reserve assets under all applicable insurance Laws in an amount at least equal to the required reserves of the Company.

(e) The Controlling Shareholders and the Company will use all commercially reasonable efforts to maintain in full force and effect until the Closing substantially the same levels of coverage as the insurance afforded under the Contracts listed in Section 2.21 of the Disclosure Schedule. Any and all benefits under such Contracts paid or payable (whether before or after the Effective Date) with respect to the business, operations, affairs, or Assets and Properties of the Company will be paid to the Company or the Surviving Corporation.

(f) The Controlling Shareholders will have caused the Company to amend its lease agreement with W. 1116 Riverside Partners prior to the date of this Agreement to

include a provision giving the Company the right to terminate the lease upon six (6) months' notice to W. 1116 Riverside Partners.

(g) The Controlling Shareholders will cause the Company to comply, in all Material respects, with all Laws applicable to its respective business, operations, or affairs.

4.04 Corporate Matters. The Controlling Shareholders will not permit the Company to, and the Company will not (i) except for an amendment to the articles of incorporation changing the par value of the Company's common capital stock to \$1.67 per share, effective upon the Effective Date, the Company shall not otherwise amend its articles of incorporation or bylaws (or similar governing documents); (ii) issue any shares of its capital stock (other than the issuance of the GPM Shares to GPM); (iii) issue or create any warrants, obligations, subscriptions, options, convertible securities, or other commitments under which any additional shares of its capital stock of any class might be directly or indirectly authorized, issued, or transferred from the treasury; or (iv) agree to do any of the acts listed above.

4.05 Employee Matters. Except as may be required by Law, or except for such representations, promises, changes, alterations, or amendments that do not and will not result in any Material Liability to the Company, the Surviving Corporation or GPM, the Controlling Shareholders will refrain, and will cause the Company to refrain, from directly or indirectly:

(a) making any representation or promise, oral or written, to any officer, director, employee, agent, consultant, or other similar representative of the Company concerning any Benefit Plan;

(b) making any change to, or amending in any way, the contracts, salaries, wages, or other compensation of any officer, director, employee, agent, consultant, or other similar representative of the Company whose annual compensation exceeds \$50,000, other than routine changes or amendments that (i) are made in the ordinary course of business and consistent with past practice, (ii) do not and will not result in increases of more than five percent (5.0%) in the salary, wages, or other compensation of any such person, and (iii) do not and will not exceed, in the aggregate, five percent (5.0%) of the total salaries, wages, and other compensation of all employees of the Company, or (iv) are made in accordance with preexisting contractual obligations;

(c) adopting, entering into, amending, altering, or terminating, partially or completely, any Benefit Plan;

(d) except for Contracts adopted, entered into, amended, altered or terminated, whether partially or completely, by the Company with insurance agents in the ordinary course of business, adopting, entering into, amending, altering, or terminating, partially or completely, any employment, agency, consultation, or representation Contract that is, or had it been in existence on the effective date of this Agreement would have been, required to be disclosed in Schedule 2.17;

(e) approving any general or company-wide pay increases for officers,

directors, employees, agents, consultants, or other similar representatives of the Company; or

(f) entering into any Contract with any officer, director, employee, agent, consultant, or other similar representative of the Company that is not terminable by the Company, without penalty or other Liability, upon not more than sixty (60) calendar days' notice.

4.06 Financial Statements.

(a) As promptly as practicable after the end of each calendar year and each calendar quarter and month commencing on the date of this Agreement, the Company will deliver to GPM a true and complete copy of the Annual Statement, Quarterly Statement and Monthly Statement of the Company filed by the Company with the Washington Office of the Insurance Commissioner for the preceding calendar year, quarter and/or month, prepared in accordance with SAP, and which shall present fairly the financial condition, the Assets and Properties, and the Liabilities of the Company as of the date(s) thereof and the results of operations, capital and surplus account, and cash flow of the Company for and during each of the periods covered thereby; and

(b) As promptly as practicable after the preparation thereof, the Company will deliver to GPM true and complete copies of such other material financial statements, reports, or analyses as may be prepared by the Company or any Affiliate of the Company and as relate to the business, operations, or affairs of the Company, including, without limitation, normal internal reports (such as those reflecting monthly premiums, claims, and cash flow) and special reports (such as those of consultants).

(c) At the Closing, the Company will deliver to GPM (i) a certificate executed by the President of the Company, based upon a contemporaneous report of the Company's independent actuary attached thereto, that there have been no Material changes in the statutory reserves of the Company from the last day of the preceding month to the Effective Date, and that the Company holds policy benefit and claims reserves, premium reserves and other Liabilities and reserves relating to life insurance policies and annuity Contracts in force on the Effective Date at least equal to those shown on the December 31, 2011 Annual Statement of the Company, adjusted for normal changes of business in force, and that the insurance Contracts in force in the Company as of December 31, 2011 have remained in force (excepting normal lapses and maturities) as of the Effective Date and (ii) a certificate executed by the President or the chief financial officer of the Company that there are no Material changes in the value of the Assets and Properties of the Company from the last day of the preceding month to the Effective Date.

4.07 Distributions, Dividends, and Acquisitions of Stock. The Controlling Shareholders will not permit the Company to, and the Company will not do, or agree to do, any of the following acts: (i) declare, set aside, or pay any dividend or make any distribution in respect of the any shares of the capital stock of the Company; (ii) directly or indirectly purchase,

redeem, or otherwise acquire any shares of the Company's capital stock; or (iii) enter into any agreement obligating it to do any of the foregoing prohibited acts.

4.08 Existing Agreements. Except in the ordinary course of business, the Controlling Shareholders will not permit the Company to, and the Company will not: modify, amend, cancel, terminate, violate or breach any of its existing Contracts or agreements, or take or fail to take any action that (with or without notice or lapse of time or both) would constitute a violation, breach or default in any way under the terms and provisions of any Contract or agreement to which it is party or by which any of its assets or properties may be bound, or agree to do any of those acts.

4.09 Sale of Partnership Interest. Prior to the Effective Date, the Controlling Shareholders shall have caused the Company to enter into a binding agreement whereby the Company shall agree to sell its entire interest in West 1124 Riverside Partners at a price not less than the value of such investment as shown on the Company's most recent SAP Statement.

4.10 No Acquisitions. The Company will not (a) merge, consolidate, or otherwise combine or agree to merge, consolidate, or otherwise combine with any other person, (b) acquire or agree to acquire blocks of business of, or all or substantially all the Assets and Properties or capital stock or other equity securities of any other Person, or (c) otherwise acquire or agree to acquire control or ownership of any other Person.

4.11 Investments. From the date of this Agreement to the Closing Date, the Company will invest its future cash flow, any cash from matured and maturing investments, any cash proceeds from the sale of any of its respective Assets and Properties, and any cash funds currently held by the Company, in the ordinary course of its business and consistent with past practice to meet the reasonably anticipated current obligations of the Company. All such investments shall be limited to investment assets that shall be rated Class 1 or Class 2 by the Securities Valuation Office of the National Association of Insurance Commissioners. The Company shall provide the Purchaser with advance telephone, email or written notice of any proposed purchases, exchanges or sales or investment assets of the Company at least twenty-four (24) hours in advance of any such purchase, exchange or sale, and the Purchaser shall have the right to disapprove all such purchases, exchanges or sales, and the Company shall not complete the proposed purchase, exchange or sale if the Purchaser provides the Company with telephone, email or written disapproval within such period. The Company shall, within 15 days after the Effective Date, sell all of the real estate mortgages on the books of the Company as shown the attached Exhibit C to R. J. Martin Mortgage Company at an aggregate purchase price of \$105,783.11, less each principal payment made on such loans after February 19, 2012 times the "% of Balance" shown on such Exhibit C corresponding to the loan on which the principal payment was made. R.J. Martin Mortgage Company shall purchase such loans at the price computed as described above.

4.12 Intercompany Liabilities. At least five (5) business days before the Effective Date, the Controlling Shareholders will deliver to GPM a true and complete list and description of all Liabilities between the Company and any of the Controlling Shareholders and between the Company and any other Affiliate of the Company or the Controlling Shareholders to be outstanding on the Effective Date. The Company will take appropriate action to terminate all

cost sharing agreements, tax allocation agreements, reinsurance agreements, and other intercompany services agreements between the Company and the Controlling Shareholders, or any Affiliate of the Company or the Controlling Shareholders, and settle all intercompany balances effective on the Effective Date, and provide GPM with evidence of such terminations. The Company will not enter into any Contract or, except as required by any Contract disclosed in Schedule 2.17, engage in any transaction with the Controlling Shareholders or any Affiliates of the Company or the Controlling Shareholders.

4.13 Representations and Warranties at the Effective Date. All representations and warranties of the Controlling Shareholders and the Company set forth in this Agreement will also be true and correct as of the Effective Date as if made on that date, except to the extent the representations and warranties are expressly made as of a date certain.

4.14 Cooperation. The Controlling Shareholders and the Company agree to cooperate with GPM and the Surviving Corporation in consummating the transactions contemplated in this Agreement.

4.15 Notice and Cure. The Controlling Shareholders and the Company will notify GPM promptly in writing of, and contemporaneously will provide GPM with true and complete copies of any and all information or documents relating to, and will use all commercially reasonable efforts to cure before the Effective Date, any event, transaction, or circumstance occurring after the date of this Agreement, of which the Controlling Shareholders or the Company has knowledge, that causes or will cause any covenant or agreement of the Controlling Shareholders or the Company under this Agreement to be breached, or that renders or will render untrue any representation or warranty of the Controlling Shareholders or the Company contained in this Agreement as if the same were made on or as of the date of such event, transaction, or circumstance. The Controlling Shareholders and the Company also will use all commercially reasonable efforts to cure, before the Effective Date, any violation or breach of any representation, warranty, covenant, or agreement made by the Controlling Shareholders or the Company in this Agreement, of which the Controlling Shareholders or the Company has knowledge, whether occurring or arising before or after the date of this Agreement.

ARTICLE FIVE MUTUAL CONDITIONS PRECEDENT TO OBLIGATIONS

Unless waived by the Parties in writing, each and every obligation of the Parties to be performed on or before the Closing shall be subject to the satisfaction at or prior thereto of each and all of the following conditions precedent:

5.01 Proceedings. There shall not be:

(a) any action, suit, investigation or other proceeding in, before, or by any court, governmental or regulatory authority, or other person seeking to restrain, enjoin or otherwise prevent consummation of any of the transactions contemplated by this Agreement or to recover any damages or other relief as a result of this Agreement or any

of the transactions contemplated hereby or as a result of any contract or agreement entered into in connection with or as a condition precedent to the consummation hereof, which action, suit, investigation, or other proceeding may, in the reasonable opinion of GPM or the Controlling Shareholders, result in a decision, ruling, or finding that individually or in the aggregate has or may reasonably be expected to have a Material Adverse Effect on the validity or enforceability of this Agreement, on the ability of the Parties to perform their respective obligations under this Agreement, or on the business or condition of GPM or the Company; or

(b) in effect on the Effective Date any voluntary or involuntary receivership, conservatorship, insolvency or other proceeding with respect to the Company or the Merger Sub; or

(c) any applicable Laws restraining or enjoining or which may reasonably be expected to nullify or render ineffective this Agreement or the consummation of the transactions contemplated hereby.

5.02 Required Regulatory Approval. The Regulatory Approval of each and every applicable governmental authority necessary for the consummation of the transactions contemplated hereby shall have been obtained, including, without limitation, any requisite action by the Washington Commissioner of Insurance approving the Merger and the change of control of the Company and GPM's acquisition of the GPM Shares pursuant to the terms of the Subscription Agreement and this Agreement, without the abrogation or diminishment of the Company's certificates of authority or licenses, or the imposition of any significant restrictions on the transactions contemplated hereby, and the Parties shall have received evidence satisfactory to them of the receipt of all such consents and approvals.

ARTICLE SIX

CONDITIONS PRECEDENT TO PERFORMANCE BY GPM AND THE MERGER SUB

The obligations of GPM and the Merger Sub to consummate the Merger under this Agreement are subject to the satisfaction, on or before the Effective Date, of all the conditions set out below in Sections 6.01 through 6.05. GPM and the Merger Sub may waive any or all of these conditions in whole or in part without prior notice; provided, however, that no such waiver of a condition shall constitute a waiver by GPM or the Merger Sub of any of their other rights or remedies, at law or in equity, if the Controlling Shareholders or the Company shall be in default of any of the representations, warranties, or covenants made by the Controlling Shareholders and the Company under this Agreement.

6.01 Performance by the Controlling Shareholders and the Company. The Controlling Shareholders and the Company shall have performed, satisfied, and complied with all covenants, agreements, obligations and conditions required by this Agreement to be performed or complied with by them on or before the Effective Date, and the Controlling Shareholders and the Company shall have delivered to GPM and the Merger Sub a certificate signed individually or by an authorized officer of each of the Controlling Shareholders and the

president and secretary of the Company to that effect.

6.02 Corporate Authority. The Board of Directors of the Company and the Controlling Shareholders shall have each taken all necessary individual, corporate or other actions required under the organizational documents of each of the Controlling Shareholders to approve the execution and delivery of this Agreement by the Controlling Shareholders and the Company, and all corporate action necessary or proper to authorize the Merger, including the approval of the holders of the Outstanding Common Shares of the Company, and the performance of each the obligations to be performed by the Controlling Shareholders and the Company under this Agreement on or before the Effective Date, and the Controlling Shareholders and the Company shall have delivered to GPM certificates, dated as of the Effective Date and executed individually, or by an authorized officer of each of the Controlling Shareholders and the president and the secretary or any assistant secretary of the Company certifying that the Controlling Shareholders and the Company have each duly and validly taken all individual or corporate action necessary to authorize their respective execution and delivery of this Agreement and its performance of their respective obligations under this Agreement, and that the resolutions (true and complete copies of which shall be attached to the certificate) of the Boards of Directors of the Company and any Controlling Shareholder that is a business entity with respect to this Agreement and the transactions contemplated hereby have been duly and validly adopted and are in full force and effect.

6.03 Representations and Warranties of the Controlling Shareholders and the Company. All representations and warranties by the Controlling Shareholders and the Company contained in this Agreement and the statements of the Controlling Shareholders and the Company contained in the Disclosure Schedule shall be true on and as of the Effective Date as though such representations and warranties were made on and as of that date, and the certificates of the President or the chief financial officer of the Company given pursuant to Section 4.06(c) shall be true as of the dates given, and the Controlling Shareholders and the Company shall have delivered to GPM a certificate, dated as of the Effective Date and signed individually or by a duly authorized officer of the Controlling Shareholders and by the president and secretary of the Company certifying that such representations, warranties and certifications are true and correct at and as of the Effective Date with the same force and effect as though such representations, warranties and certifications had been made or given on the Effective Date.

6.04 No Material Adverse Change. During the period from the date hereof to the Effective Date, there shall not have been any Material Adverse Change in the financial condition or the results of operations of the Company, and the Company shall not have sustained any Material loss or damage to any of its assets, whether or not insured, that Materially affects the ability to conduct a Material part of its business.

6.05 Consents. All necessary agreements and consents to the consummation of the transactions contemplated by this Agreement and the Subscription Agreement required to be obtained by GPM and the Merger Sub, or otherwise pertaining to the matters covered by it, shall have been obtained by GPM and the Merger Sub and delivered to the Controlling Shareholders and the Company.

ARTICLE SEVEN
CONDITIONS PRECEDENT TO PERFORMANCE BY THE CONTROLLING
SHAREHOLDERS AND THE COMPANY

The obligations of the Controlling Shareholders and the Company to consummate the Merger under this Agreement is subject to the satisfaction, at or before the Effective Date, of all the conditions set out below in Sections 7.01 through 7.03. The Controlling Shareholders and the Company may waive any or all of these conditions in whole or in part without prior notice; provided, however, that no such waiver of a condition shall constitute a waiver by the Controlling Shareholders or the Company of any of their other rights or remedies, at law or in equity, if GPM or the Merger Sub should be in default of any of their respective representations, warranties, or covenants under this Agreement.

7.01 Representations and Warranties of GPM and the Merger Sub. All representations and warranties by GPM and the Merger Sub contained in this Agreement shall be true on and as of the Effective Date as though such representations and warranties were made on and as of that date, and GPM and the Merger Sub shall have delivered to the Controlling Shareholders and the Company a certificate, dated as of the Effective Date and signed by the president and secretary of GPM and the Merger Sub certifying that such representations, warranties and certifications are true and correct at and as of the Effective Date with the same force and effect as though such representations, warranties and certifications had been made or given on the Effective Date.

7.02 Covenants and Agreements. GPM and the Merger Sub shall have performed and complied with all covenants and agreements and satisfied all conditions that each of them is required by this Agreement to perform, comply with, or satisfy before or on the Effective Date, and GPM and the Merger Sub shall have delivered to the Controlling Shareholders and the Company a certificate signed by the president and secretary of GPM and the Merger Sub to that effect.

7.03 Corporate Authority. The Boards of Directors of GPM and the Merger Sub shall have each duly authorized and approved the execution and delivery of this Agreement by GPM and the Merger Sub, and all corporate action necessary or proper to authorize the Merger including the approval of the Merger by GPM as the sole shareholder of the Merger Sub, and the performance of each the obligations to be performed by GPM and the Merger Sub under this Agreement on or before the Effective Date, and GPM and the Merger Sub shall have delivered to the Controlling Shareholders and the Company a certificate, dated as of the Effective Date and executed by the president and the secretary or any assistant secretary of GPM and the Merger Sub certifying that GPM and the Merger Sub have each duly and validly taken all corporate action necessary to authorize its execution and delivery of this Agreement and its performance of its respective obligations under this Agreement, and that the resolutions (true and complete copies of which shall be attached to the certificate) of the Boards of Directors of GPM and the Merger Sub with respect to this Agreement and the transactions contemplated hereby have been duly and validly adopted and are in full force and effect.

ARTICLE EIGHT CLOSING MATTERS

8.01 The Closing. The closing of the transactions provided for in this Agreement (the "Closing") shall take place at the offices of the Company at 10:00 a.m. Pacific Time, on the Effective Date. Such Closing may, with the consent of all of the Parties, take place by delivery and exchange of documents by facsimile or email transmission with originals to follow by overnight mail service courier. Prior to or concurrently with the Closing, the Plan and Agreement of Merger, Articles of Merger, and such other certificates or documents as may be required to effect the Merger will be filed with the Insurance Commissioner of the State of Washington, and the Merger will become effective as of the Effective Time.

8.02 The Controlling Shareholders' and the Company's Deliveries at Closing. At the Closing, the Controlling Shareholders and the Company shall deliver to GPM the following instruments, in form and substance satisfactory to GPM and its counsel, against delivery of the items specified in Section 8.03:

(a) **Corporate Records.** All of the Books and Records of the Company, including, without limitation, the stock books, stock ledgers, minute books and corporate seals of the Company; copies of tax returns; payroll, Social Security and withholding tax records; and copies of all financial and accounting records. The Controlling Shareholders shall, after the Closing, be given access to all necessary Books and Records of the Company for tax, regulatory, litigation and other appropriate purposes upon reasonable notice to GPM stating the purpose for such use and specifying the particular Books and Records required.

(b) **Resignations.** The written resignations of all the executive officers and members of the Board of Directors of the Company (except members of the Board of Directors designated by GPM).

(c) **Certificates.** The certificates executed by designated executive officers of the Controlling Shareholders and the Company, dated as of the Effective Date, required by Sections 4.06(c), 6.01, 6.02 and 6.03 of this Agreement.

(d) **Intercompany Agreements.** An instrument in form and substance satisfactory to GPM terminating all intercompany agreements between the Company and any Affiliate of the Company or the Controlling Shareholders, including, without limitation, any cost-sharing agreements between the Company and any Affiliate of the Company, effective as of the Effective Date and acknowledging payment in full of all obligations to and from the Company thereunder, excluding therefrom those leases and agreements identified and set forth in Section 2.10(p) of the Disclosure Schedule which by their terms will not be completed or terminated as of the Effective Date.

(e) **Miscellaneous.** Such other instruments as GPM or its counsel shall deem necessary or appropriate to consummate the transactions which are the subject of this Agreement.

8.03 GPM's Deliveries at Closing. At the Closing, GPM shall deliver to the Controlling Shareholders the following instruments and documents against delivery of the items specified in Section 8.02:

(a) **Cash Consideration.** GPM shall deposit the Merger Price with the Exchange Agent in cash, which shall be remitted by GPM to the Exchange Agent by wire transfer of immediately available funds to an account designated by the Exchange Agent. The Company shall cause the Exchange Agent to provide GPM with wire transfer instruction and bank routing numbers for payment of the Merger Price at least forty-eight (48) hours prior to the Effective Date.

(b) **Certificates.** The certificates executed by designated executive officers of GPM and the Merger Sub, dated as of the Effective Date, required by Sections 7.01, 7.02 and 7.03 of this Agreement.

ARTICLE NINE SURVIVAL OF REPRESENTATIONS AND WARRANTIES

9.01 Survival of Representation and Warranties. The representations, warranties, covenants, and agreements respectively made by the Controlling Shareholders, the Company, GPM and the Merger Sub in this Agreement, in the Disclosure Schedule, or in any certificate respectively delivered by the Controlling Shareholders, the Company, GPM or the Merger Sub pursuant to Section 8.02(c) or Section 8.03(b) will survive the Closing of this Agreement and the Closing Date:

(a) until the expiration of all applicable statutes of limitations (including all periods of extension, whether automatic or permissive) in the case of the representations and warranties of the Controlling Shareholders and the Company respectively set forth in Sections 2.01, 2.02, 2.03, 2.12, and 2.15 hereof, and in the case of the indemnification agreements respectively set forth in Sections 10.01, 10.02 and 10.03 hereof; and

(b) until the thirty-sixth (36th) month anniversary of the Closing Date in the case of all other representations, warranties, covenants, and agreements, except that covenants and agreements to be performed after the Closing Date in accordance with their terms will survive until the last period to which any such Tax benefit could be carried pursuant to the Code, and each indemnification agreement as to litigation set forth in clause (iii) of Section 10.03(a) will survive until a final, non-appealable judgment has been entered with respect to the last of such litigation.

If a Claim Notice or an Indemnity Notice is given in accordance with Section 10.05 before expiration of the applicable time period referenced above, then (notwithstanding such time period) the representation, warranty, covenant, or agreement applicable to such claim shall survive until, but only for purposes of, resolution of such claim.

**ARTICLE TEN
INDEMNIFICATION**

10.01 Tax Indemnification.

(a) Subject to the provisions of Article Nine hereof, Section 2.12, (including, but not limited to any knowledge qualifiers or other limitation contained therein), Section 10.04, Section 10.05 and this Section, the Controlling Shareholders, jointly and severally, agree to pay, and to indemnify GPM and the Surviving Corporation in respect of, and hold each of them harmless against, any and all Losses for or in respect of Taxes actually incurred by, imposed upon, or assessed against GPM or the Surviving Corporation as a result of or relating to the Tax liability of the Company for any period ending on or before the Effective Date, to the extent that the Company has not made due and sufficient accruals for such Taxes on its Books and Records in accordance with SAP as of the Effective Date.

(b) The Controlling Shareholders will notify GPM or (if applicable) GPM will notify the Controlling Shareholders promptly of the commencement of any claim, audit, examination, or other proposed change or adjustment by any taxing authority concerning any Tax or other Losses covered by Section 10.01(a) ("Tax Claim").

(c) The Controlling Shareholders will furnish GPM, or (if applicable) GPM will furnish the Controlling Shareholders promptly with copies of all correspondence (including, without limitation, notices, requests, explanations, determinations, schedules, charts, and lists) received from any taxing authority in connection with any Tax Claim. The Controlling Shareholders will have the right to approve in advance any correspondence sent to any taxing authority by or on behalf of GPM or the Surviving Corporation with respect to any Tax Claim to the extent such correspondence would adversely affect the Controlling Shareholders' obligations under Section 10.01(a); provided, however, that the Controlling Shareholders will be deemed to have approved any such correspondence to the extent notice their disapproval thereof is not delivered or mailed to GPM in accordance with Article Thirteen hereof with reasonable promptness, but in any event at least fourteen (14) calendar days before the date on which payment of the Tax is due or, if earlier, at least fourteen (14) calendar days before the date on which the ability of GPM or the Surviving Corporation to defend against the Tax Claim is irrevocably prejudiced.

(d) At its option (following reasonable notice to and consultation with GPM), ~~the Controlling Shareholders may contest any Tax Claim on behalf of GPM or the Surviving Corporation in any legally permissible manner until such time as any payment for Taxes or other Losses with respect to such Tax Claim is due or, upon the Controlling Shareholders' payment of such Taxes and other Losses, may sue for a refund thereof where permitted by applicable Law. Except as provided in the last sentence of this subsection, the Controlling Shareholders will control all proceedings taken in connection with any such contest or refund suit, and may pursue or forego any and all administrative appeals, proceedings, hearings, and conferences with the taxing authority in respect of~~

such Tax Claim. GPM and the Surviving Corporation will take such lawful action in connection with the contest or refund suit as the Controlling Shareholders may reasonably request in writing from time to time, including, without limitation, the prosecution of the contest or refund suit to a final determination, provided that (i) the Controlling Shareholders request such action with reasonable promptness, but in all events at least fourteen (14) calendar days before the date on which payment of the Taxes or other Losses are due or become final, or if earlier, at least fourteen (14) calendar days before the date on which GPM's or the Surviving Corporation's ability to defend against the Tax Claim is irrevocably prejudiced, (ii) a reasonable basis exists for such contest or refund suit, and (iii) the Controlling Shareholders acknowledge (without any equivocation) its obligations under this Section. Notwithstanding the foregoing provisions of this Subsection 10.01(d), if such contest or refund suit has or may reasonably be expected to have a material effect on the Liability of GPM or the Surviving Corporation for Taxes with respect to any period ending after the Effective Date, then the Controlling Shareholders and GPM and the Surviving Corporation will jointly control any such contest or refund suit.

10.02 Benefit Plan Indemnification. Subject to the provisions of Article Nine, Section 10.05 and Section 10.06, the Controlling Shareholders, jointly and severally, agree to indemnify GPM and the Surviving Corporation in respect of, and hold each of them harmless against, any and all Losses resulting from or relating to (a) any failure by the Company before the Effective Date, or any failure by the Controlling Shareholders or any ERISA Affiliate or any Benefit Plan fiduciary at any time, to fund or perform its respective obligations under any Benefit Plan or to comply with any provisions of ERISA, the Code, or any other applicable Law in connection with the operation or administration of any Benefit Plan; (b) any prohibited transaction (as defined in Section 4975(c)(1) of the Code or Section 405 of ERISA) occurring before the Effective Date and involving any Benefit Plan; (c) any prohibited transaction occurring after the Effective Date and involving any Benefit Plan other than any Benefit Plan adopted, maintained, or sponsored by GPM after the Effective Date; (d) any reportable event (as defined in Section 4043(b) of ERISA and the regulations promulgated by the PBGC thereunder) occurring before the Effective Date and involving any Benefit Plan; or (e) any complete or partial termination of any Benefit Plan at or before the Effective Date.

10.03 Other Indemnification.

(a) Subject to the provisions of Article Nine, Section 10.04, Section 10.05 and Section 10.06, the Controlling Shareholders, jointly and severally, agree to indemnify GPM, the Surviving Corporation, and each of their respective officers, directors, employees, agents and representatives (the "GPM Indemnified Parties") in respect of, and hold each of them harmless against:

- i. any and all Losses (other than Losses that the Controlling Shareholders have paid or are liable to pay to GPM or the Surviving Corporation pursuant to Section 10.01) resulting from or relating to any misrepresentation, breach of warranty, or non-fulfillment of or failure to

perform any covenant or agreement on the part of the Controlling Shareholders or the Company made as a part of or contained in this Agreement, the Disclosure Schedule, or any certificate delivered by or on behalf of the Controlling Shareholders and the Company pursuant to Section 8.02(c); and

ii. any and all Losses in excess of any amounts actually reserved on the Internal Financial Statements of the Company for the period ending December 31, 2011 resulting from or relating to any claim (other than claims for such actual policy benefits as are specified under life insurance policies or annuity Contracts issued, reinsured, or underwritten by the Company) asserted in any action, suit, investigation, or proceeding against the Company or the Surviving Corporation (whether as a defendant, counterclaim or third party defendant, intervenor, or otherwise) pending on the Effective Date of this Agreement or arising at any time with respect to matters occurring before the Effective Date, whether or not such action, suit, investigation or proceeding is disclosed in the Disclosure Schedule.

(b) Subject to the provisions of Article Nine and Section 10.04 and Section 10.05, GPM agrees to indemnify the Controlling Shareholders in respect of, and hold the Controlling Shareholders harmless against, any and all Losses resulting from or relating to any misrepresentation, breach of warranty, or non-fulfillment of or failure to perform any covenant or agreement on the part of GPM or the Merger Sub made as a part of or contained in this Agreement or any certificate delivered by or for GPM and the Merger Sub pursuant to Section 8.03(b).

10.04 Method of Asserting Claims. All claims for indemnification by any indemnified party under Section 10.03 will be asserted and resolved as follows:

(a) Third-Party Claims. In the event that, following the Closing, any Indemnified Party asserts a claim or demand for indemnification or receives notice of any claim or the commencement of any action or proceeding by any Person who is not a party to this Agreement or an affiliate of a Party (a "Third-Party Claim") for which an Indemnifying Party would be liable for damages to an Indemnified Party under Section 10.03, the Indemnified Party will deliver a notice ("Claim Notice") to the Indemnifying Party within thirty (30) days after learning of such Third-Party Claim (or within such shorter time as may be necessary to give the indemnifying party a reasonable opportunity to respond to and defend such Third-Party Claim). The Indemnifying Party shall have the right, upon written notice to the Indemnified Party (the "Defense Notice") within fifteen (15) calendar days after receipt of the Claim Notice from the Indemnified Party, to conduct at its own expense the defense against such Third-Party Claim in its own name, or, if necessary, in the name of the Indemnified Party. The Indemnified Party shall take all reasonable action necessary to preserve the rights and defenses of the Indemnifying Party until the earlier of: (i) the date the Indemnifying Party has assumed the defense of such Third-Party Claim; or (ii) fifteen (15) calendar days after the Indemnifying Party's receipt of the Defense Notice.

i. In the event that the Indemnifying Party shall fail to give the Defense Notice, it shall be deemed to have elected not to conduct the defense of the subject Third Party Claim, and in such event the Indemnified Party shall have the right to conduct such defense in good faith and compromise and settle the claim without prior consent of the Indemnifying Party and the Indemnifying Party will be liable for all Losses paid or incurred in connection therewith.

ii. In the event the Indemnifying Party elects to conduct the defense of the subject Third Party Claim pursuant to this Section 10.04(a), the Indemnified Party will cooperate with and make available to the Indemnifying Party such assistance and materials as may be reasonably requested by it, all at the expense of the Indemnifying Party, and the Indemnified Party shall have the right at its own expense to participate in the defense assisted by counsel of its own choosing, provided that the Indemnified Party shall have the right to compromise and settle the claim only with the prior written consent of the Indemnifying Party, which consent shall be granted at the sole discretion of the Indemnifying Party. Without the prior written consent of the Indemnified Party, the Indemnifying Party will not enter into any settlement of any Third Party Claim or cease to defend against such Third Party Claim if, pursuant to or as a result of such settlement or cessation, (A) injunctive or other equitable relief would be imposed against the Indemnified Party; or (B) such settlement or cessation would lead to liability or create any financial or other obligation on the part of the Indemnified Party for which the Indemnified Party is not entitled to indemnification hereunder; or (C) such settlement includes a written admission of guilt or liability. The Indemnifying Party shall not be entitled to control, and the Indemnified Party shall be entitled to have sole control over, the defense or settlement of any Third Party Claim to the extent that such Third Party Claim seeks an order, injunction or other equitable relief against the Indemnified Party which, if successful, could materially interfere with the business, operations, assets, condition (financial or otherwise) or prospects of the Indemnified Party. If an offer is made to settle a Third Party Claim, which offer the Indemnifying Party is permitted to settle under this Section 10.04(a), and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party will give written notice to the Indemnified Party to that effect. If the Indemnified Party fails to consent to such offer within thirty (30) calendar days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and, in such event, the maximum liability of the Indemnifying Party for damages as to such Third Party Claim will not exceed the amount of such settlement offer, plus costs and expenses paid or incurred by the Indemnified Party through the end of such 30-day period.

iii. Any judgment entered or settlement agreed upon in the manner provided herein shall be binding upon the Indemnifying Party, and shall conclusively be deemed to be an obligation with respect to which the Indemnified Party is entitled to prompt indemnification hereunder.

(b) Direct Claims. It is the intent of the Parties hereto that all direct claims for indemnification hereunder by an Indemnified Party against any Indemnifying Party which do not constitute Third Party Claims ("Direct Claims") shall be subject to and benefit from the terms of this Section 10.04(b). In the event any Indemnified Party should have a Direct Claim against any Indemnifying Party hereunder, the Indemnified Party will notify the Indemnifying Party with reasonable promptness of such Direct Claim by the Indemnified Party, specifying the nature of and specific basis for such Direct Claim and the amount or the estimated amount of such Direct Claim (the "Indemnity Notice"), and the Indemnifying Party will have a period of thirty (30) calendar days within which to dispute or satisfy such Direct Claim. If the Indemnifying Party has timely disputed such claim, the Indemnifying Party and the Indemnified Party agree to proceed in good faith to negotiate a resolution of such dispute, and if not resolved through negotiations, or if the Indemnifying Party does not so respond to the Indemnity Notice within such thirty (30) calendar day period, the Indemnifying Party will be deemed to have rejected such Direct Claim, in which event the Indemnified Party will be free to pursue such remedies as may be available to the Indemnified Party under this Agreement or otherwise.

(c) Failure to Give Timely Notice. A failure by an Indemnified Party to give timely, complete or accurate notice as provided in this Section 10.04 will not affect the rights or obligations of any Party hereunder except and only to the extent that, as a result of such failure, any Indemnifying Party entitled to receive such notice was deprived of its right to recover payment under its applicable insurance coverage or was otherwise damaged as a result of such failure to give timely notice.

10.05 After-Tax Losses. With respect to the indemnification agreements set forth in this Article Ten, the Controlling Shareholders and GPM agree that:

(a) the amount of any Tax refund actually received, and the amount of any Tax reduction actually realized by GPM or the Surviving Corporation after the Effective Date as a result of Losses (including without limitation Taxes) for which any indemnification payment has been made or is then due by the Controlling Shareholders pursuant to Section 10.01 or 10.02 hereof will be promptly paid to the Controlling Shareholders or offset against damages then owed by the Controlling Shareholders to GPM or the Surviving Corporation hereunder; and

(b) the amount of any Tax refund actually received, and the amount of any Tax reduction actually realized by the Controlling Shareholders after the Effective Date as a result of Losses for which any indemnification payment has been made or is then due by GPM pursuant to Section 10.03 hereof will be promptly paid to GPM or offset against Losses then owed by GPM to the Controlling Shareholders hereunder.

10.06 Limitations on Indemnification. Notwithstanding the foregoing, the Controlling Shareholders and GPM agree that (a) no Losses shall be payable to the GPM Indemnified Parties by the Controlling Shareholders under Sections 10.01, 10.02 or 10.03(a) unless and until the aggregate amount of Losses exceeds Fifty Thousand Dollars (\$50,000.00) (the "Indemnification Deductible"), in which event the Controlling Shareholders shall be liable for the full amount of Losses above the Indemnification Deductible; and (b) the total amount of any Liability of the Controlling Shareholders for indemnification of Losses incurred by the GPM Indemnified Parties under this Article Ten shall be limited to an amount equal to the Escrow Deposit held in the Indemnification Escrow Account, plus accrued interest thereon. GPM and the Controlling Shareholders further agree that GPM shall be entitled to receive out of the Indemnification Escrow Account any amount due and owing from the Controlling Shareholders to the GPM Indemnified Parties for indemnification under the terms and conditions set forth in Article Nine and Sections 10.01 through 10.04, and the terms and conditions of the Escrow Agreement, up to the amount of the Escrow Deposit and any accrued interest thereon, and such Escrow Deposit, and the amount remaining, from time to time, in the Indemnification Escrow Account, shall be deemed the sole and exclusive source of payment of such amounts of indemnification due and owing by the Controlling Shareholders to the GPM Indemnified Parties, and to the extent that there is a balance remaining in the Indemnification Escrow Account upon the expiration of the periods specified in Section 9.01 (and the GPM Indemnified Parties do not have any pending Indemnity Notice against the Controlling Shareholders that has not yet been paid or settled), the amount of such remaining balance shall be paid to the Exchange Agent for distribution to the Controlling Shareholders. If there is an Indemnity Notice outstanding at the expiration of the time periods specified in Section 9.01, then (notwithstanding such time period), the balance remaining in the Indemnification Escrow Account shall not be paid until the resolution of such outstanding Claim.

ARTICLE ELEVEN COSTS

11.01 Commission. The Controlling Shareholders will be responsible, jointly and severally, for any broker's commission, finder's fee or similar payment owed to Robert D. Shapiro and The Shapiro Network, Inc. engaged by the Company in connection with the transaction contemplated by this Agreement.

11.02 Expenses. Each of the Parties shall pay all costs and expenses incurred or to be incurred by it in negotiation and preparing this Agreement and in carrying out the undertakings, obligations and other transactions contemplated by this Agreement, including the payment of any filing fees associated with the Regulatory Approval contemplated in Section 1.01(a).

ARTICLE TWELVE TERMINATION AND REMEDIES

12.01 Permitted Termination. Any Party may, on or before the Effective Date, terminate this Agreement, without liability to any other Party:

(a) By mutual written consent of the Parties, or by either GPM and the Merger Sub, on one hand, or the Company and the Controlling Shareholders, on the other hand, if the conditions set forth in Article Five have not been satisfied as of the Effective Date;

(b) By GPM and the Merger Sub, if GPM and the Merger Sub delivers to the Controlling Shareholders and the Company a notice of termination prior to the expiration of the period for review of the Disclosure Schedule provided under Section 15.07 of this Agreement.

(c) By GPM and the Merger Sub, if any of the conditions provided for in Article Six of Agreement have not been met and have not been waived in writing by GPM and the Merger Sub on or before the Effective Date; or

(d) By the Controlling Shareholders and the Company, if any of the conditions provided for in Article Seven of this Agreement have not been met and have not been waived in writing by the Controlling Shareholders and the Company on or before the Effective Date.

In the event of termination or abandonment by any Party as provided in this Section 12.01, written notice shall forthwith be given to the other Party and neither Party shall have any Liability to the other hereunder except such Liability as may arise as a result of a breach hereof.

12.02 Return of Documents and Nondisclosure. If this Agreement is terminated for any reason pursuant to Section 12.01, each Party shall return all documents and material which shall have been furnished by or on behalf of the other Party.

12.03 Attorneys' Fees and Costs. If any proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing Parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

ARTICLE THIRTEEN NOTICES

13.01 Notices. All notices, requests, demands, and other communication under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the Party to whom notice is to be given, or on the second day after mailing if mailed to the Party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, or on the first day after being sent by facsimile transmission or commercial courier. All notices sent by mail or commercial courier or via facsimile transmission shall be addressed as follows:

If to the Company, to:

North Coast Life Insurance Company
Attn: Robert J. Ogden, President

P.O. Box 1445
Spokane, WA 99210-1445
Facsimile: (509) 747-8569

With a copy to:

Randall Danskin
Attn: Douglas J. Siddoway, Esq.
601 W. Riverside Ave., Suite 1500
Spokane, WA 99201
Facsimile: (509) 624-2528

If to the Controlling Shareholders, to: North Coast Life Insurance Company

Attn: Robert J. Ogden
P.O. Box 1445
Spokane, WA 99210-1445
Facsimile: (509) 747-8569

With a copy to:

Timothy J. Giesa, Esq.
Reed & Giesa, P.S.
222 North Wall Street, Suite 410
Spokane, WA 99201
Facsimile: (509) 838-6341

If to GPM or Merger Sub:

Government Personnel Mutual Life
Insurance Company
Attn: Peter J. Hennessey III, CLU, FLMI
Chairman, President & CEO
2211 N.E. Loop 410
PO Box 659567
San Antonio, Texas 78265-9567
Facsimile: (210) 357-2216

With a copy to:

Thompson, Coe, Cousins & Irons, LLP
Attention: David D. Knoll, Esq.
701 Brazos Street, Suite 1500
Austin, Texas 78701
Facsimile: (512) 708-8777

Any Party may change its address for purposes of this Section by giving the other Parties written notice of the new address in the manner set forth above.

ARTICLE FOURTEEN GOVERNING LAW

14.01 Governing Law. This Agreement shall be construed in accordance with, and governed by, the Laws of the State of Washington, without regard to its conflicts of Laws principles. The Parties agree that any action, suit or proceeding at Law, in equity or otherwise

which in any way arises out of or relates to this Agreement or the transactions contemplated hereby may be brought in Spokane County, Washington, and all objections to personal jurisdiction and venue in any action, suit or proceeding so commenced are hereby expressly waived by the Parties hereto.

ARTICLE FIFTEEN MISCELLANEOUS PROVISIONS

15.01 Severability. If any provision of this Agreement is held invalid or unenforceable by any court of final jurisdiction, it is the intent of the Parties that all other provisions of this Agreement be construed to remain fully valid, enforceable, and binding on the Parties.

15.02 Definitions. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings specified in Exhibit B. Unless the context otherwise requires, (a) references in this Agreement to the singular number shall include the plural, and the plural number shall include the singular; (b) words denoting gender shall include the masculine, feminine and neuter; (c) the words "hereof," "herein" and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular provision of this Agreement; (d) unless otherwise specified, all Article and Section references pertain to this Agreement, and are for purposes of convenience only, and shall not be deemed to constitute a part of this Agreement or to affect the meaning or interpretation of this Agreement in any way; (e) the term "or" means "and/or;" and (f) the phrase "ordinary course of business and consistent with past practice," refers to the business and practice of the Company.

15.03 Entire Agreement. This Agreement and the Ancillary Agreements set forth the entire agreement and understanding of the Parties with respect to the transaction contemplated herein, and supersede all prior agreements, arrangements, and understandings related to the subject matter hereof.

15.04 Successors and Assigns. All terms, provisions, covenants, representations, warranties and conditions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the Parties hereto and their respective successors and assigns.

15.05 Modification. This Agreement may be amended, modified, superseded or canceled and any of the terms, provisions, covenants, representations, warranties, and conditions hereof may be waived, only by written instrument executed by all of the Parties hereto, or, in the case of a waiver, by the Party waiving compliance. The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right to enforce the same. No waiver by any Party of any condition, or the breach of any term, provision, covenant, representation, or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more incidents, shall be construed as a further or continuing waiver of any such condition or breach, or waiver of any other condition or of the breach of any other term, provision, covenant, representation or warranty.

15.06 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute

one and the same agreement.

15.07 Disclosure Schedule. The Company and the Controlling Shareholders agree to deliver to GPM and the Merger Sub a bound record dated as of the date of this Agreement containing full and complete copies of all documents, lists, descriptions, exceptions and other information and materials as required under the Schedules referred to in this Agreement (the "Disclosure Schedule") not later than ten (10) Business Days after the date of execution hereof, which Disclosure Schedule is to be attached to this Agreement and incorporated herein for all purposes. From time to time prior to the Effective Date, but in no event later than three (3) Business Days prior to the Effective Date, the Company and the Controlling Shareholders may supplement or amend the Disclosure Schedule delivered in connection herewith with respect to any matter which, if existing or occurring at or prior to the date of this Agreement, would have been required to have been set forth or described in such Disclosure Schedule, and which has been rendered inaccurate or incomplete thereby. GPM and the Merger Sub shall have the right to extend the Effective Date for up to seven (7) Business Days to review the amended or supplemented Disclosure Schedule. GPM and the Merger Sub may, within seven (7) Business Days after the delivery of the Disclosure Schedule or any supplements or amendments thereto, terminate this Agreement if, in its sole opinion, matters disclosed therein result in a Material Adverse Change in the Business or Condition of the Company, and such matters are not resolved to the satisfaction of GPM and the Merger Sub.

15.08 Public Announcements. All notices to third parties and all other publicity concerning the transactions contemplated by this Agreement shall be jointly planned and coordinated by and among the Parties. No Party shall act unilaterally in this regard without the prior written approval of the others; however, this approval shall not be unreasonably withheld.

Executed this ____ day of _____, 2012.

**NORTH COAST LIFE INSURANCE
COMPANY**

By: _____

Robert J. Ogden, President

CONTROLLING SHAREHOLDERS:

C. Robert Ogden

Robert J. Ogden

Douglas H. Ogden

David M. Ogden

R.J. MARTIN MORTGAGE COMPANY

By: _____

Name: C. Robert Ogden

Title: President

W. 1116 RIVERSIDE PARTNERS

By: _____

Name: C. Robert Ogden

Title: Managing Partner

**GOVERNMENT PERSONNEL MUTUAL
LIFE INSURANCE COMPANY**

By:

Peter J. Hennessey III, CLU, FLMI]
Chairman, President & CEO

GPM MERGER CORPORATION

By:

Peter J. Hennessey III, CLU, FLMI
President

EXHIBIT A

**ARTICLES OF MERGER
OF
DOMESTIC CORPORATIONS**

Pursuant to the provisions of the Washington Business Corporation Act (RCW 23B.01.010 *et seq.*), the undersigned corporations hereby submit the following Articles of Merger for filing for the purpose of merging GPM Merger Corporation (hereafter "GPMer"), a Washington corporation, with and into North Coast Life Insurance Company (hereafter "NCL"), a Washington corporation.

ARTICLE I

The Merger Agreement pertaining to the merger of GPMer with and into NCL is attached hereto as Exhibit A.

ARTICLE II

The Merger Agreement (and the merger specified therein) was approved by the sole shareholder of GPMer by unanimous written consent dated _____, 2012 and by two-thirds of the shareholders of NCL at a Special Meeting of the Shareholders of NCL held on _____, 2012. As of such date, 10,000 shares of common stock of GPMer were outstanding and 1,500,000 shares of common stock of NCL were outstanding.

DATED as of the ____ day of _____, 2012.

GPM Merger Corporation
a Washington corporation

By: _____
Peter J. Hennessey III, its President

North Coast Life Insurance Company
a Washington corporation

By: _____
Robert J. Ogden, its President

EXHIBIT B

DEFINITIONS OF TERMS

"Affiliate" shall mean any Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the Person specified.

"Agreement" shall mean this Plan and Agreement of Merger, together with the exhibits and the Disclosure Schedule attached hereto, and the Ancillary Agreements and other documents to be executed and delivered respectively by the Controlling Shareholders, the Company, GPM and/or the Merger Sub pursuant hereto.

"Ancillary Agreements" shall have the meaning ascribed to that term in the preamble of this Agreement.

"Annual Statement" shall mean any annual statement of the Company filed with or submitted to the insurance regulatory authorities in the State of Washington on forms prescribed or permitted by such authorities.

"Articles of Merger" shall have the meaning ascribed to that term in Section 1.01(b) of this Agreement, and shall be substantially in the form of **Exhibit A**.

"Assets and Properties" shall mean all assets or properties of every kind, nature, character, and description (whether real, personal, or mixed whether tangible or intangible, whether absolute, accrued, contingent, fixed, or otherwise, and wherever situated) as now operated, owned, or leased by a specified Person, including without limitation cash, cash equivalents, securities, accounts and notes receivable, real estate, equipment, furniture, fixtures, insurance or annuities in force, goodwill, and going-concern value.

"Benefit Plans" shall mean all Employee Pension Benefit Plans, all Employee Welfare Benefit Plans, all stock bonus, stock ownership, stock option, stock purchase, stock appreciation rights, phantom stock, and other stock plans (whether qualified or nonqualified), and all other pension, welfare, severance, retirement, bonus, deferred compensation, incentive compensation, insurance (whether life, accident and health, or other and whether key man, group, workers' compensation, or other), profit sharing, disability, thrift, day care, legal services, leave of absence, layoff, and supplemental or excess benefit plans, and all other benefit Contracts, arrangements, or procedures having the effect of a plan, in each case existing on or before the Closing Date under which the Company is or may hereafter become obligated in any manner (including without limitation obligations to make contributions or other payments) and which cover some or all of the present or former officers, directors, employees, agents, consultants, or other similar representatives providing services to or for the Company; provided, however, that such term shall not include (a) routine employment policies and procedures developed and applied in the ordinary course of business and consistent with past practice, including without limitation sick leave, vacation, and holiday policies, and (b) directors and officers liability insurance.

"Best Knowledge" of any Person shall mean knowledge actually possessed by the Person, or which should have been obtained by or possessed by such Person in the ordinary course of the relevant Person's performance of his or her duties to the Company on or before the Closing Date. When attributable to the Controlling Shareholders or the Company, Best Knowledge shall apply to knowledge possessed, or which should have been obtained or possessed by those Persons who are or were executive officers, partners, managers or directors of any of the Controlling Shareholders or the Company or who exercised responsibility for a principal operational or administrative function or department of any of the Controlling Shareholders or the Company in the ordinary course of the relevant Person's performance of duties on behalf of any of the Controlling Shareholders or the Company at any time prior to the Closing Date.

"Books and Records" shall mean all accounting, financial reporting, Tax, business, marketing, corporate, and other files, documents, instruments, papers, books, and records of a specified Person, including without limitation financial statements, budgets, projections, ledgers, journals, deeds, titles, policies, manuals, minute books, stock certificates and books, stock transfer ledgers, Contracts, franchises, permits, agency lists, policyholder lists, supplier lists, reports, computer files, retrieval programs, operating data or plans, and environmental studies or plans.

"Business Day" shall mean a day other than Saturday, Sunday, or any day on which the principal commercial banks located in the City of Spokane, Washington are authorized or obligated to close under the Laws of the State of Washington.

"Business or Condition" shall mean the organization, existence, authority, capitalization, business, licenses, condition (financial or otherwise), cash flow, management, sales force, solvency, prospects, SAP results of operations, insurance or annuities in force, SAP capital and surplus, reserves, Liabilities, or Assets and Properties of a specified Person.

"Claim Notice" shall mean written notification of a Third Party Claim by and Indemnified Party to an Indemnifying Party pursuant to Section 10.04(a), enclosing a copy of all papers served, if any.

"Closing" and shall have the meaning ascribed to that term in Section 8.01 of this Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended (including without limitation any successor code), and the rules and regulations promulgated thereunder.

"Common Share Merger Price" shall have the meaning ascribed to that term in Section 1.02 of this Agreement.

"Company" shall mean North Coast Life Insurance Company, a stock life insurance company organized under the laws of the State of Washington.

"Company Common Shares" shall have the meaning ascribed to that term in the preamble of this Agreement.

“Contract” shall mean any agreement, lease, sublease, license, sublicense, promissory note, evidence of indebtedness, insurance policy, annuity, reinsurance agreement, reinsurance treaty, or other contract or commitment (whether written or oral).

“Controlling Shareholders” shall mean the individual Persons and entities identified as “Controlling Shareholders” on the signature pages of this Agreement.

“Converted Common Shares” shall have the meaning ascribed to that term in Section 1.03 of this Agreement.

“Defense Notice” shall have the meaning ascribed to that term in Section 10.04(a) of this Agreement.

“Direct Claim” shall have the meaning ascribed to that term in Section 10.04(b) of this Agreement.

“Disclosure Schedule” shall mean the bound record dated as of the date of this Agreement, furnished by the Company and the Controlling Shareholders to GPM pursuant to Section 15.07 of this Agreement, and containing all lists, descriptions, exceptions, and other information and materials as are required to be included therein pursuant to this Agreement.

“Dissenting Shares” shall have the meaning ascribed to that term in Section 1.03(b) of this Agreement.

“Effective Date” shall have the meaning ascribed to that term in Section 1.01(b) of this Agreement.

“Effective Time” shall have the meaning ascribed to that term in Section 1.01(b) of this Agreement.

“Employee Pension Benefit Plan” shall mean each employee pension benefit plan (whether or not insured), as defined in Section 3(2) of ERISA, which is or was in existence on or before the Closing Date and to which the Company is or may hereafter become obligated in any manner as an employer.

“Employee Welfare Benefit Plan” shall mean each employee welfare benefit plan (whether or not insured), as defined in Section 3(1) of ERISA, which is or was in existence on or before the Closing Date and to which the Company is or may hereafter become obligated in any manner as an employer.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended (including without limitation any successor act), and the rules and regulations promulgated thereunder.

“Escrow Agent” shall have the meaning ascribed to that term in Section 2.6(c) of the Subscription Agreement.

"Escrow Agreement" shall mean the escrow agreement entered into by the Controlling Shareholders, GPM and the Escrow Agent pursuant to Section 2.6(c) of the Subscription Agreement.

"Escrow Deposit" shall have the meaning ascribed to that term in Section 1.03(a) of this Agreement.

"Exchange Agent" shall have the meaning ascribed to that term in Section 1.03 of this Agreement.

"Financial Statements" shall have the meaning ascribed to that term in Section 2.08 of this Agreement.

"GAAP" shall mean generally accepted accounting principles, consistently applied throughout the specified period and in the immediately prior comparable period.

"GPM" shall mean Government Personnel Mutual Life Insurance Company, a Texas mutual life insurance company.

"GPM Indemnified Parties" shall have the meaning ascribed to that term in Section 10.03(a) of this Agreement.

"GPM Shares" shall have the meaning ascribed to that term in the preamble to this Agreement.

"Indemnification Deductible" shall have the meaning ascribed to that term in Section 10.06 of this Agreement.

"Indemnification Escrow Account" shall have the meaning ascribed to that term in Section 1.03(a) of this Agreement.

"Indemnified Party" shall mean a Person claiming indemnification under Section 10.03 of this Agreement.

"Indemnifying Party" shall mean a Person against whom claims of indemnification are being asserted under Section 10.03 of this Agreement.

"Indemnity Notice" shall have the meaning ascribed to that term in Section 10.04(b) of this Agreement.

"Internal Financial Statements" shall mean the Financial Statements described in Section 2.07(b) of this Agreement.

"IRS" shall mean the United States Internal Revenue Service or any successor agency.

"Law" or "Laws" shall mean all laws, statutes, ordinances, regulations, and other pronouncements having the effect of law in the United States of America, any foreign country, or any domestic or foreign state, province, commonwealth, city, country, municipality, territory,

protectorate, possession, court, tribunal, agency, government, department, commission, arbitrator, board, bureau, or instrumentality thereof.

“Letters of Transmittal” shall have the meaning ascribed to that term in Section 1.03(a) of this Agreement.

“Liabilities” shall mean all debts, obligations, and other liabilities of a Person (whether absolute, accrued, contingent, fixed, or otherwise, or whether due or to become due).

“Lien” shall mean any mortgage, pledge, assessment, security interest, lease, sublease, lien, adverse claim, levy, charge, or other encumbrance of any kind, or any conditional sale Contract, title retention Contract, or other Contract to give or to refrain from giving any of the foregoing.

“Loss” or “Losses” shall mean any and all monetary damages, Liabilities, fines, fees, penalties, interest obligations, deficiencies, losses, reductions in value of assets or increases in reserves, financial statement adjustments, costs and expenses (including without limitation punitive, treble, or other exemplary or extra contractual damages, amounts paid in settlement, interest, court costs, costs of investigation, fees and expenses of attorneys, accountants, actuaries, and other experts, and other expenses of litigation or of any claim, default, or assessment) sustained by any Person who is a Party to or entitled to indemnification under this Agreement or one or more of the Ancillary Agreements.

“Material” or “Material Adverse Effect” shall mean any condition, change or effect (or series of related conditions, changes or effects) that individually or in the aggregate is substantially or significantly different from the usual and customary norms of the condition specified, or which is substantially or significantly adverse to (i) the business, operations, condition (financial or otherwise) or results of operations of the Person specified; (ii) the validity or enforceability of this Agreement; or (iii) the ability of either of the Parties to perform their obligations under this Agreement. Without limiting the generality of the foregoing, a change or effect will not be deemed “Material” in a financial sense unless it has, individually or in the aggregate, a financial impact of \$50,000.00 or more.

“Merger” shall have the meaning ascribed to that term in the preamble to this Agreement.

“Merger Price” shall have the meaning ascribed to that term in Section 1.02 of this Agreement.

“Merger Sub” shall mean GPM Merger Corporation, a corporation formed under the laws of the State of Washington as a wholly-owned subsidiary of GPM.

“Merger Sub Shares” shall have the meaning ascribed to that term in the preamble to this Agreement.

“Merging Corporations” shall have the meaning ascribed to that term in the preamble to this Agreement.

"Monthly Statement" shall have the meaning ascribed to that term in Section 2.07(b) of this Agreement.

"Notice" shall mean the notice of a Special Meeting of the shareholders of the Company as described in Section 4.01 of this Agreement.

"Outstanding Common Shares" shall have the meaning ascribed to that term in the preamble to this Agreement.

"Party" or "Parties" shall mean the Controlling Shareholders, the Company, GPM and the Merger Sub, individually or collectively.

"Person" shall mean any natural person, corporation, general partnership, limited partnership, proprietorship, trust, union, association, court, tribunal, agency, government, department, commission, self-regulatory organization, arbitrator, board, bureau, instrumentality, or other entity, enterprise, authority, or business organization.

"Quarterly Statement" shall mean any SAP quarterly statement prepared by the Company filed with or submitted to the insurance regulatory authority in its state of domicile on forms prescribed or permitted by such authority.

"RCW" shall mean the Revised Code of Washington, as the same shall be amended from time to time.

"Regulatory Approval" shall have the meaning ascribed to that term in the preamble to this Agreement.

"SAP" shall mean the accounting practices required or permitted by the National Association of Insurance Commissioners and the insurance regulatory authorities in the State of Washington, consistently applied throughout the specified period and in the immediately prior comparable period.

"SAP Statements" shall mean the Annual Statements, Quarterly Statements, and other financial statements and presentations of the Company prepared in accordance with SAP and delivered to the Purchaser pursuant to either or both of Sections 2.07 and 4.06.

"Shareholders' Agreement" shall have the meaning ascribed to that term in the preamble to this Agreement.

~~"Special Meaning" shall have the meaning ascribed to that term in Section 4.01 of this Agreement.~~

"Subscription Agreement" shall have the meaning ascribed to that term in the preamble to this Agreement.

"Surviving Corporation" shall have the meaning ascribed to that term in the preamble to this Agreement.

"Taxes" shall mean all taxes, charges, fees, levies, or other similar assessments or Liabilities, including without limitation income, gross receipts, ad valorem, premium, excise, real property, personal property, windfall profit, sales, use, transfer, licensing, withholding, employment, payroll, Phase III, and franchise taxes and Guaranty Fund assessments imposed by the United States of America or any state, local, or foreign government, or any subdivision agency, or other similar Person of the United States or any such government; and such term shall include any interest, fines, penalties, assessments, or additions to tax resulting from, attributable to, or incurred in connection with any such tax or any contest or dispute thereof.

"Tax Claim" shall have the meaning ascribed to it in Section 10.01(b) of this Agreement.

"Tax Returns" shall mean any report, return, or other information required to be supplied to a taxing authority in connection with Taxes.

"Third-Party Claim" shall have the meaning ascribed to that term in Section 10.03(a) of this Agreement.

EXHIBIT C

<u>Loan #</u>	<u>Name</u>		<u>Rate of Interest</u>	<u>Principal Balance 2/29/2012</u>	<u>Sales Price</u>	<u>% of Balance</u>
40075100	Delgado, Lazaro and Maria	TX	10.000%	\$ 8,320	\$ 8,320	100%
90245100	Jones, Louise	AL	8.5000%	18,881	18,881	100%
990075100	North, Karen	ID	10.250%	50,982	50,982	100%
40045101	Scott Brown/Kimberly Cox	TX	8.000%	11,170	1,000	9%
289025100	Henderson, Curtis	WA	9.000%	21,214	21,214	100%
901305100	Pollard, Susie	AL	8.500%	27,421	2,742	10%
90385100	Tillman, Rosie	AL	7.500%	26,442	2,644	10%
Totals				\$164,430	\$105,783	

EXHIBIT C

FORM OF SHAREHOLDERS' AGREEMENT

[Attached.]

**NORTH COAST LIFE INSURANCE COMPANY
SHAREHOLDERS' AGREEMENT**

NORTH COAST LIFE INSURANCE COMPANY SHAREHOLDERS' AGREEMENT

This North Coast Life Insurance Company Shareholders' Agreement (the "Agreement") is made by and among North Coast Life Insurance Company, a Washington corporation (the "Corporation"), and certain holders of the common stock, par value \$3.01 per share (the "Common Stock") of the Corporation identified on the signature page hereof (individually a "Shareholder" and collectively the "Shareholders"). The Corporation and the Shareholders are collectively called the "Parties".

The Shareholders own the number of shares of Common Stock of the Corporation that are set forth opposite their respective names on the signature page hereof, which, as of the date hereof, in the aggregate represents 92.2% of the issued and outstanding shares of Common Stock of the Corporation.

The Parties desire to promote their mutual interests and the respective interests of the Corporation and the Shareholders by imposing certain restrictions and obligations on themselves and the shares of the Common Stock of the Corporation held by them.

NOW, THEREFORE, in consideration of the premises, the agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE ONE DEFINITIONS

As used in this Agreement, the following terms shall have the following respective meanings:

"Common Stock" means all the issued and outstanding shares of common stock, par value \$3.01 per share, of the Corporation which are currently owned, directly or indirectly, beneficially and of record, by the Shareholders. All references in this Agreement to Common Stock that is owned by a Shareholder who is married also includes any community or other interest of the Shareholder's spouse in that Common Stock.

"Disposition" means any direct or indirect sale, assignment, transfer, gift, pledge, mortgage or other encumbrance, or any other transfer, conveyance or other disposition of the Common Stock or any interest therein, whether voluntary or involuntary, including but not limited to transfers or other dispositions occasioned by, resulting from or in connection with death, divorce, seizure, levy, foreclosure, operation of law, judicial proceeding, judgment or order.

"Family Member" means the spouse of a Shareholder, any parent of the Shareholder or any lineal descendant of the Shareholder (whether natural born or adopted).

"Involuntary Event" means any actual:

(A) bankruptcy or insolvency of, or assignment for the benefit of creditors by, a Shareholder;

(B) institution of legal proceedings because or by reason of the bankruptcy or insolvency of a Shareholder, unless the proceedings are dismissed within ninety (90) days after institution;

(C) appointment of a receiver for all or any part of a Shareholder's Common Stock;

(D) levy by a creditor or claimant upon any shares of Common Stock that are held by a Shareholder or any other execution, seizure or sale of any Common Stock (or any interest therein) by legal process, if it is determined by legal counsel for the Corporation that the levy, execution, seizure or sale is made in good faith and based upon a bona fide claim; or

(E) any other involuntary Disposition of all or any part of a Shareholder's Common Stock by operation of law or otherwise, other than by reason of a Shareholder's death, the death of a Shareholder's spouse or the divorce or annulment of the marriage of a Shareholder and a Shareholder's spouse.

"Permitted Disposition" means, to the extent permitted by applicable law, any of the following:

(A) The acquisition of a community interest in Common Stock of a Shareholder by the spouse of that Shareholder but only if the spouse has executed a Consent to this Agreement or a counterpart of this Agreement to evidence the spouse's agreement that his or her community interest is bound by the terms of this Agreement; or

(B) A Disposition by a Shareholder of all or any part of his Common Stock to a Family Member, provided that the Common Stock so disposed shall continue to be subject to all of the terms and provisions of this Agreement as though it was held by the disposing Shareholder and each transferee Family Member, prior to the Disposition, executes and delivers to the Corporation an Adoption Agreement in substantially the form attached hereto as Exhibit A, or any other form satisfactory to the Corporation; or

(C) A Disposition by a Shareholder of all or any part of his Common Stock to a trust of which the Shareholder is a primary beneficiary, provided that the Common Stock so disposed shall continue to be subject to all of the terms and provisions of this Agreement as though it was held by the disposing Shareholder, prior to the Disposition, and the trustee executes and delivers to the Corporation an Adoption Agreement in substantially the form attached hereto as Exhibit A, or any other form satisfactory to the Corporation.

(D) Any agreement necessary to effect any Permitted Disposition will be prepared by counsel to the Corporation and paid for by the disposing Shareholder.

"Permitted Transferee" means any transferee of Common Stock pursuant to a Permitted Disposition.

"Regulatory Approval" means the approval of the Insurance Commissioner of the State of Washington for any acquisition of shares of Common Stock by the Corporation or any other regulatory authority with respect to the transactions contemplated in this Agreement.

"Selling Shareholder" means any of the following persons selling Common Stock pursuant to the terms of this Agreement, as applicable:

- (A) a Shareholder;
- (B) a deceased Shareholder's Estate;
- (C) the distributees of a deceased Shareholder's Estate; or
- (D) the attorney in fact or personal representative (if one is appointed) of a Disabled Shareholder.

"Shareholders" means the original Shareholders executing this Agreement and any other persons who shall hereafter own Common Stock in the Corporation and who shall become parties to this Agreement. A Shareholder shall include a trust to which a Permitted Disposition has been made. Whenever a Shareholder ceases to own any Common Stock, he shall cease to be a Shareholder and shall have no further rights under this Agreement.

ARTICLE TWO GENERAL RESTRICTION ON DISPOSITION OF STOCK

2.1 **Disposition of Common Stock Restricted.** Each Shareholder agrees that he or it shall not, directly or indirectly, make any Disposition of all or any part of the Common Stock that is now owned or that may hereafter be acquired by it or him or make any Disposition of any right or interest in its or his shares of Common Stock without compliance with the terms of this Agreement.

2.2 **Disposition Without Compliance.** Any Disposition made by a Shareholder of any Common Stock other than in compliance with the terms of this Agreement shall be null and void. The Corporation shall not recognize or give effect to that Disposition on its books and records or recognize any person to whom a transfer has been made as the legal or beneficial holder of the transferred Common Stock unless all of the Shareholders and the Corporation consent in writing to the waiver of the applicable requirements.

2.3 **Notice of Restrictions.** Upon execution of this Agreement, each Shareholder shall have placed upon the certificates representing its or his shares of Common Stock the legends that are set forth in Article Eleven of this Agreement. Each Shareholder shall retain the right to vote the Shareholder's Common Stock and to receive any dividends paid on such shares of Common Stock until such shares of Common Stock are sold or transferred as provided in this Agreement.

2.4 **Permitted Dispositions.** A Shareholder may make a Permitted Disposition of all of any portion of its or his Common Stock without complying with Article Three of this Agreement. However, all Permitted Transferees shall take subject to the terms and conditions of this Agreement and shall become parties to this Agreement by executing an Adoption Agreement in substantially the form attached hereto as **Exhibit A** or any other form satisfactory to the Corporation.

ARTICLE THREE VOLUNTARY TRANSFER

3.1 Notice of Intention to Transfer. If any Shareholder (the "Offering Shareholder") desires to make any Disposition (other than a Permitted Disposition or a Disposition governed by Article Four, Article Five, Article Six or Article Seven of this Agreement) of all or any part of its or his Common Stock (collectively, the "Option Shares"), the Shareholder shall first give notice (the "Offer to Sell") of its or his intention to the Corporation and the other Shareholders. In addition to containing an offer to sell the Option Shares in accordance with this Article Three, the Offer to Sell shall state the following:

- (a) the total number of Option Shares available for purchase by the Corporation (subject to Regulatory Approval) and the other Shareholders;
- (b) the date and a description of the event which constitutes the Offer to Sell, including the name and business and residence addresses of the proposed transferee; and
- (c) the amount of any consideration and all the other terms of the proposed transfer.

3.2 Corporation's First Option to Purchase. For sixty (60) days after actual receipt of the Offer to Sell (the "First Period"), and subject to Regulatory Approval, the Corporation shall have the option to purchase all or any portion of the Option Shares for the purchase price that is determined in accordance with Section 3.5 of this Agreement. The Corporation may exercise its option by giving notice within the First Period of the exercise of its option to the Offering Shareholder and the other Shareholders.

3.3 Shareholders' Secondary Options to Purchase. If the Corporation does not exercise its option to purchase all of the Option Shares, or if the Corporation is unable to obtain Regulatory Approval for such purchase, each of the other Shareholders shall have the option for thirty (30) days after the end of the First Period (the "Second Period") to purchase their pro rata portion of the Option Shares that were not purchased by the Corporation, for the purchase price that is determined in accordance with Section 3.5 of this Agreement. A Shareholder may exercise this option by giving notice within the Second Period of the exercise of this option to the Offering Shareholder, the other Shareholders and the Corporation.

3.4 Options with Respect to Unaccepted Option Shares. If any Shareholder does not exercise its or his option to purchase its or his full proportionate share of the Option Shares, the unaccepted Option Shares may be purchased pro-rata by the other Shareholders by giving notice of exercise of the option within an additional fifteen (15) day period (the "Third Period").

3.5 Terms of Purchase. The purchase price for each of the Option Shares purchased under this Article Three shall be determined under Article Eight of this Agreement and the terms of payment shall be those that are specified in Article Nine of this Agreement. The closing of the purchase and sale of the Option Shares purchased under this Article Three shall take place within forty-five (45) days after receipt by the Offering Shareholder of notice from the last of the purchasing parties of the exercise of the option(s) to purchase the Option Shares.

3.6 Effect of Non-Exercise of Options. The Corporation (subject to Regulatory Approval) and the other Shareholders must, in the aggregate, purchase all of the Option Shares or forfeit their options. If the purchase options granted under Section 3.2, Section 3.3 and/or Section 3.4 of this Agreement are not exercised with respect to all the Option Shares, then the Offering Shareholder shall be free to transfer all, but not less than all, of the Option Shares for a period of twenty (20) days following the end of the Third Period (the "Fourth Period") to the person named in the Offer to Sell. Any such transfer shall be upon the same terms and conditions stated in the Offer to Sell. If no transfer is made within the Fourth Period or the Offering Shareholder reacquires all or any portion of the Option Shares after the transfer, the Option Shares shall remain subject to the terms of this Agreement as if no Offer to Sell had been made.

ARTICLE FOUR DEATH OF A SHAREHOLDER

4.1 Mandatory Purchase Upon Death. Upon the death of a Shareholder (the "Deceased Shareholder"), his spouse (if any) and his Estate shall have the option to require the Corporation to purchase, (subject to Regulatory Approval) all the Common Stock which the Deceased Shareholder owned at his death. The Corporation shall have the option to purchase any Common Stock distributed from the Deceased Shareholder's Estate to a person who is not a Family Member.

4.2 Terms of Purchase. The purchase price for the Deceased Shareholder's Common Stock shall be determined under Article Eight of this Agreement and the terms of payment shall be those that are specified in Article Nine of this Agreement. Subject to the receipt of Regulatory Approval, the closing of the purchase and sale of the Deceased Shareholder's Common Stock shall take place within ninety (90) days following the Deceased Shareholder's date of death, or, if later, thirty (30) days following the qualification of a personal representative of the Deceased Shareholder's Estate.

4.3 Proceeds of Life Insurance. Notwithstanding the terms of payment provided in Article Nine of this Agreement, if the Corporation receives any proceeds of a life insurance policy on the life of the Deceased Shareholder, that portion of the insurance proceeds that are actually received by the Corporation and not pledged or payable to a creditor of the Corporation shall, subject to the receipt of any Regulatory Approval, be applied to the payment of the purchase price of the Deceased Shareholder's Common Stock required to be purchased under Section 4.1, above. Any proceeds in excess of the purchase price of the Deceased Shareholder's Common Stock shall be the property of the Corporation.

ARTICLE FIVE TERMINATION OF MARITAL RELATIONSHIP

5.1 Mandatory Purchase. If the marital relationship of a Shareholder is terminated by divorce or annulment or by the death of a Shareholder's spouse and the Shareholder does not succeed to all of his spouse's community or other interest in his Common Stock, the Shareholder shall purchase all of his spouse's interest in his Common Stock and his spouse (or her estate) shall be obligated to sell all of the spouse's interest in this Common Stock to the Shareholder.

5.2 Terms of Purchase. The purchase price for the Common Stock shall be determined under Article Eight of this Agreement. The terms of payment shall be those that are specified in Article Nine of this Agreement, except that any promissory note given in full or partial payment of the purchase price shall be unsecured. The purchase and sale of Common Stock shall take place no later than thirty (30) days after the decree of divorce or annulment becomes final or ninety (90) days after the date of the spouse's death (or, if later, thirty (30) days after the qualification of a personal representative of the spouse's estate), as the case may be.

5.3 Shareholder's Failure to Purchase. If the Shareholder fails, for any reason, to purchase all of his spouse's interest in his Common Stock within the applicable time period, the Corporation, subject to Regulatory Approval, shall have the option to purchase all of the interest of the Shareholder's spouse for the same price and upon the same terms that are available to the Shareholder under Section 5.2. If the Corporation does not exercise its option to purchase all of the interest of the Shareholder's spouse, or if the Corporation is unable to obtain Regulatory Approval for such purchase, each of the other Shareholders shall have the option to purchase its or his pro rata portion of the interest of the Shareholder's spouse that is not purchased by the Corporation, for the same price and upon the same terms that are available to the Shareholder under Section 5.2. Any portion of the spouse's interest not purchased under this Article Five shall continue to be subject to the terms of this Agreement.

ARTICLE SIX INVOLUNTARY EVENTS

6.1 Notice of Involuntary Event. Prior to or immediately upon the occurrence of any Involuntary Event with respect to a Shareholder, the Shareholder so affected shall give notice to the Corporation describing the nature of the Involuntary Event, the name of the person or persons causing or proposing to cause the Involuntary Event and the details of any proposed transfer of Common Stock as a result of the Involuntary Event.

6.2 Purchase Upon Involuntary Event. Upon the occurrence of an Involuntary Event with respect to a Shareholder, or, if earlier, upon receipt by the Corporation of the notice required by Section 6.1 of this Agreement, and subject to Regulatory Approval, the Corporation shall purchase, and the Shareholder with respect to whom the Involuntary Event has or is expected to occur, or that Shareholder's legal representative, successor or purported transferee, shall sell, all the shares of Common Stock of the Shareholder for the price that is determined under Article Eight of this Agreement. The purchase and sale provided for herein shall take place as promptly as possible after the occurrence of the Involuntary Event or after the Corporation receives notice of the Involuntary Event. If the Corporation does not purchase all of the shares of Common Stock of the Shareholder, or fails to obtain Regulatory Approval for such purchase, then the other Shareholders shall have the option to purchase its or his pro rata portion of such shares. The purchase price shall be paid to the Shareholder or his legal representative, successor or purported transferee, as the case may be, upon the terms that are set forth in Article Nine of this Agreement, except that any promissory note given in full or partial payment for a Shareholder's Stock shall be unsecured.

**ARTICLE SEVEN
VOTING OF SHARES IN MERGER**

7.1 Shareholder Agreement to Join in Voting of Shares in Favor of Merger. Contemporaneously with the execution of this Agreement, the Corporation and the Shareholders have entered into a Plan and Agreement of Merger (the "Merger Agreement") pursuant to which a wholly owned subsidiary of Government Personnel Mutual Life Insurance Company, a Shareholder ("GPM"), will be merged with and into the Corporation, with the Corporation as the survivor of such merger (the "Merger"). The Merger is subject to receipt of Regulatory Approvals, and the affirmative vote of two-thirds of the holders of shares of Common Stock of the Corporation. The Board of Directors of the Corporation has approved the Corporation's execution of the Merger Agreement, and recommended that the holders of the shares of Common Stock of the Corporation approve the Merger. Each Shareholder agrees that, upon receipt of any required Regulatory Approvals, when the Board of Directors calls a special meeting of the shareholders of the Corporation to vote on the Merger Agreement and the Merger, such Shareholder will vote "for" and in favor of the Merger Agreement and the Merger.

7.2 Exchange of Common Stock in Connection with Merger. The Shareholders (other than GPM) may exercise their right to exchange their shares of Common Stock in consideration of the receipt of the Common Share Merger Price (as defined in the Merger Agreement) free of any restrictions on transfer set forth in this Agreement.

**ARTICLE EIGHT
DETERMINATION OF THE PURCHASE PRICE**

8.1 Voluntary Transfers. With respect to any purchase of Common Stock pursuant to Article Three of this Agreement, the purchase price for an Offer to Sell given within two (2) years from the effective date of this Agreement or execution date of an Adoption Agreement (as applicable) shall be the lesser of (i) the purchase price paid by the Shareholder upon the original issuance of the shares of Common Stock to such Shareholder, (ii) the purchase price contained in the Offer to Sell, or (iii) the fair market value of the Common Stock determined in accordance with Section 8.3 of this Agreement. An Offer to Sell given after two (2) years from the date of this Agreement or execution date of an Adoption Agreement (as applicable) shall be the lesser of (i) the purchase price contained in the Offer to Sell, or (ii) the fair market value of the Common Stock determined in accordance with Section 8.3 of this Agreement.

8.2 Death, Termination of Marital Relationship, or Involuntary Event. With respect to any purchase of Common Stock pursuant to Article Four, Article Five and Article Six of this Agreement, the purchase price shall be the fair market value of the Common Stock determined in accordance with Section 8.3 of this Agreement.

8.3 Determination of Fair Market Value. For purposes of this Agreement the "fair market value" of the Common Stock being purchased shall be determined by the mutual agreement of the Selling Shareholder and the Corporation or remaining Shareholders. If the Selling Shareholder and the Corporation or remaining Shareholders do not agree on the fair market value of the Selling Shareholder's Common Stock within fifteen (15) days after the date of the event triggering the purchase and sale of such shares of Common Stock or the receipt of

the Offer to Sell, as the case may be, the fair market value of the Selling Shareholder's Common Stock shall be determined by appraisal that takes into account any tax cost of selling assets to fund the purchase price.

(A) The Selling Shareholder and the Corporation or a majority in interest of the remaining Shareholders shall, within fifteen (15) days following the expiration of the time for mutual agreement, agree on the appointment of a qualified appraiser ("Qualified Appraiser"), who shall be a professional appraiser qualified by experience and ability to appraise the shares of the Corporation, but who shall be independent of all parties.

(B) If the Selling Shareholder and the Corporation or a majority in interest of the remaining Shareholders cannot agree on the appointment of a qualified appraiser, then the Selling Shareholder and the Corporation or a majority in interest of the remaining Shareholders shall each designate a qualified appraiser within fifteen (15) days following the expiration of the time for jointly appointing a qualified appraiser under Section 8.3(A). Then, within fifteen days those appraisers shall jointly appoint a third qualified appraiser mutually acceptable to them and who shall then be the Qualified Appraiser.

(F) The Qualified Appraiser shall determine the fair market value of the Selling Shareholder's Common Stock within sixty (60) days following the expiration of the applicable period for his appointment.

(G) If only one of the parties designates a qualified appraiser under Section 8.3(A), above, that appraiser shall be the Qualified Appraiser and shall determine and provide a written opinion on the fair market value of the Selling Shareholder's Common Stock shall be conclusive and binding on the Selling Shareholder and the Corporation or remaining Shareholders.

(H) The fees and expenses of the Qualified Appraiser shall be divided equally between the Selling Shareholder and the Corporation or remaining Shareholders.

(I) The Qualified Appraiser shall make an independent appraisal, and the value so determined shall be conclusive and binding on the Selling Shareholder and the Corporation and remaining Shareholders.

8.4 Date of Valuation. For purposes of any appraisal required to determine the purchase price of any Common Stock under this Agreement, the purchase price of the Common Stock shall be determined as of the last day of the month preceding the date of the event triggering the purchase and sale of the Common Stock or the receipt of the Offer to Sell, as the case may be.

ARTICLE NINE PAYMENT OF THE PURCHASE PRICE

9.1 Terms of Payment. Except as otherwise specifically provided in this Agreement, the parties may mutually agree to the terms of payment; otherwise, the following terms of payment shall apply to any purchase and sale of Common Stock under this Agreement:

(B) Form of Payment. The purchase price shall be paid at the closing, at the option of the purchaser, either in cash or other immediately available funds or by the execution of a Promissory Note, or a combination of cash or immediately available funds and a Promissory Note. The principal amount of any Promissory Note given in full or partial payment for any Common Stock shall be payable in no more than five (5) equal annual installments, with the first installment to be due on or before one (1) year after the closing date. Accrued interest shall be due and payable with each installment. This obligation shall be evidenced by a Promissory Note subject to the terms of this Agreement which shall provide for: (i) interest on the unpaid principal balance at the applicable federal rate; (ii) the right to prepay principal in whole or in part without penalty; (iii) the Promissory Note to be secured by a security interest in the Common Stock that is purchased; and (iv) acceleration of the entire unpaid principal balance plus accrued interest if an event of default remains uncured for thirty (30) days after actual receipt of written notice by the maker(s) of the Promissory Note. The applicable federal rate shall be the annual mid-term rate published by the IRS for purposes of Section 1274(d) of the Internal Revenue Code for the month of the Closing.

(C) Limitation on Annual Payment by Corporation. Notwithstanding the above, the aggregate payments by the Corporation for any year pursuant to this Agreement shall not exceed Fifteen Percent (15%) of the Corporation's after tax net income for its most recent fiscal year. If this limitation shall reduce the payment scheduled to be made by the Corporation in any year, the available amount shall be prorated to each of the shares of Common Stock being purchased, and any unpaid portion of an installment shall be added to the subsequent year's installments and shall continue to bear interest. If the purchase price has not been fully paid at the end of five (5) years due to this limitation, the repayment schedule shall be extended from year to year until the purchase price has been fully paid.

(D) Collateral. Any Promissory Note executed in connection with a purchase of Common Stock under this Agreement shall be secured by a pledge of the Common Stock being purchased and the execution and delivery of a Security Agreement.

(E) Transfer of Stock on Books and Records. Upon delivery of the cash and any Promissory Note by the purchaser, certificates in proper form for transfer, representing the Common Stock purchased, shall be delivered to the Corporation along with any required instruments of transfer so that the Common Stock can be transferred on the books and records of the Corporation. The Selling Shareholder's right to receive dividends or vote the Common Stock terminates upon the tender of the total purchase price to the Selling Shareholder (including cash and any Promissory Note), regardless of whether the certificates have been delivered to the Corporation for transfer.

(F) Delivery of Certificates. When the Common Stock so purchased has been transferred on the books and records of the Corporation, the Common Stock shall be delivered by the Corporation either: (i) directly to the purchaser, if payment was made entirely in cash; or (ii) to the Selling Shareholder, to be held as collateral security for payment of the Promissory Note, subject to the Security Agreement. If the purchaser is other than the Corporation, the purchaser shall be entitled to vote the Common Stock so

acquired and to receive any dividends payable thereon, except during the continuation of an "Event of Default" as that term is defined in the Security Agreement. Upon payment of the last installment of the purchase price, all the Common Stock that has been held as security shall be delivered to the purchaser. If an Event of Default as specified in the Security Agreement remains uncured for thirty (30) days after actual receipt of written notice, the secured party shall have the right to sell and transfer the Common Stock held as collateral security at a public or private sale and without a Court order, to bid for and purchase the Common Stock at any public or private sale and to pursue any other remedy provided in the Security Agreement.

(G) Compliance With Agreement and Securities Laws. No transfer of Common Stock shall be made on the books and records of the Corporation unless and until the Corporation has received evidence satisfactory to counsel for the Corporation that the terms of this Agreement and all applicable federal and state securities laws have been complied with.

9.2 **Insufficient Surplus.** If the Corporation exercises any option or is obligated to purchase Common Stock under this Agreement when the Corporation does not have sufficient surplus to permit it to lawfully purchase all the Common Stock which it is obligated to purchase, the Shareholders (and/or their legal representatives) shall, subject to any Regulatory Approvals, promptly take measures to vote their respective shares of Common Stock to change the stated capital of the Corporation or take any other steps that may be appropriate or necessary to enable the Corporation to lawfully purchase and pay for all the Common Stock that is to be purchased by the Corporation. If the Corporation is nevertheless unable to purchase all of the Common Stock that is to be purchased by the Corporation, or is unable to obtain Regulatory Approval to change its stated capital, the obligation of the Corporation with respect to the Common Stock which the Corporation is unable to purchase shall be abated until the Corporation is able to do so lawfully.

9.3 **Offset of Shareholder's Obligations to the Corporation.** Notwithstanding the provisions of Section 9.1 of this Agreement, the Corporation may offset the amount of any obligation that is due or owing to the Corporation by the Selling Shareholder against any amounts that are due or owing under this Agreement by the Corporation to the Selling Shareholder.

ARTICLE TEN CLOSING

10.1 **Place of Closing.** Unless otherwise agreed by the applicable Parties, the closing ~~of the sale and purchase of any Stock shall take place at the principal office of the Corporation.~~

10.2 **Postponement of Closing Date.** If a determination of the purchase price of any Common Stock to be transferred is required to be made by appraisers under Article Eight of this Agreement, the closing shall take place on the next regular business day following ten (10) days after the date on which the appraisers file their final determination of the value of the Common Stock, if that day is later than any of the dates specified herein.

10.3 Delivery of Documents. Upon the closing of the sale and purchase, the selling and purchasing parties shall execute and deliver to each other all documents which are required to carry out the sale of any Common Stock under this Agreement, including the payment of cash and/or the execution and delivery of the Promissory Note and Security Agreement, and the assignment and delivery of Common Stock certificates endorsed in blank or accompanied by duly executed stock powers.

10.4 Release of Liens. If the Selling Shareholder is a Deceased Shareholder's Estate, the Personal Representative of the Deceased Shareholder's Estate shall also furnish to the purchaser a Certificate Discharging Property Subject to Estate Tax Lien (I.R.S. Form 792) which specifically refers to the Common Stock and, if necessary, a Certificate of Release of Federal Tax Lien (I.R.S. Form 669), or any equivalent documentation that will enable the purchaser of a Deceased Shareholder's Common Stock to confirm that the Common Stock is not encumbered by a federal tax lien. To the extent available under applicable state law, the Personal Representative shall also furnish to the purchaser a release or waiver of lien for all state inheritance taxes.

ARTICLE ELEVEN LEGENDS ON STOCK CERTIFICATES

Upon the execution of this Agreement, all certificates of Common Stock which now are or may hereafter be owned by the Shareholders shall be surrendered to the Secretary of the Corporation and shall be endorsed as follows:

(A) On the face of the certificate: "SEE REVERSE FOR RESTRICTIONS."

(B) On the back of the certificate: "THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A SHAREHOLDERS' AGREEMENT DATED EFFECTIVE AS OF _____, _____, A COUNTERPART OF WHICH IS ON FILE AT THE PRINCIPAL PLACE OF BUSINESS OF THE CORPORATION. A COPY OF THE AGREEMENT WILL BE FURNISHED BY THE CORPORATION TO THE RECORD HOLDER OF THIS CERTIFICATE WITHOUT CHARGE UPON WRITTEN REQUEST FROM THE RECORD HOLDER."

ARTICLE TWELVE AMENDMENT AND TERMINATION

12.1 Amendment. This Agreement may be amended only by a written agreement that is signed by the Corporation and all Shareholders then owning Common Stock subject to this Agreement.

12.2 Termination. This Agreement shall terminate upon the occurrence of any of the following events:

(A) The bankruptcy, receivership, voluntary or involuntary dissolution (unless the charter is subsequently reinstated) of or assignment for the benefit of creditors by the Corporation;

- (B) The written agreement of all the Shareholders and the Corporation to terminate this Agreement;
- (C) One (1) Shareholder becoming the owner of all of the issued and outstanding shares of the Common Stock that are subject to the Agreement; or
- (D) The consummation of the Merger of the Corporation with a subsidiary of GPM.

12.3 Effect of Termination on Existing Rights. The termination of this Agreement for any reason shall not affect any right or remedy existing on the effective date of termination of this Agreement. Upon termination of this Agreement the Secretary of the Corporation shall, upon tender of the certificates for the Common Stock, delete the legend endorsed thereon pursuant to Article Eleven of this Agreement.

ARTICLE THIRTEEN MISCELLANEOUS

13.1 Specific Performance. The Parties recognize that it is impossible to measure in monetary terms the damages which would accrue to a party by reason of a failure to perform any of the obligations under this Agreement. Therefore, upon the breach of this Agreement by any party, the other Parties shall be entitled to the specific performance of this Agreement. If any party to this Agreement (or his legal representative) institutes any action or proceeding to enforce the terms of this Agreement, each of the Parties waives the claim or defense that the party has an adequate remedy at law, and none of the Parties (or their representatives) shall urge in any action or proceeding the claim or defense that an adequate remedy at law exists.

13.2 Void Transfers. If any Common Stock is transferred otherwise than in accordance with the terms of this Agreement, the transfer shall automatically be void. The Corporation may hold and refuse to transfer any Common Stock or any certificate therefore tendered to the Corporation for transfer, in addition to and without prejudice to all other rights or remedies which may be available to the Corporation.

13.3 Agreement by Transferees. Any Common Stock transferred to any person other than the Corporation shall continue to be subject to all of the terms of this Agreement. Each transferee (and his or her spouse) shall, prior to the transfer, execute and deliver to the Corporation a valid and binding agreement to that effect which is satisfactory to the Corporation.

13.4 Warranties and Representations. Each Shareholder, upon the execution of this Agreement and upon the delivery of any certificates representing his Common Stock pursuant to this Agreement, warrants and represents that: (i) he has all right, title, and interest in the shares evidenced thereby, free and clear of any lien or encumbrance; (ii) his shares of Common Stock are not subject to any prior agreement of any type; (iii) he has full right to subject his shares of Common Stock to this Agreement; and (iv) he has not done or permitted anything to be done to his shares of Common Stock which would prevent this Agreement from being fully effective with respect to that Common Stock.

13.5 Legal Construction. If any provision that is contained in this Agreement is held by a Court of competent jurisdiction to be invalid, illegal or unenforceable in any respect for any

reason, the invalid, illegal or unenforceable provision shall not affect any other provision of this Agreement and this Agreement shall be construed in all respects as if the invalid, illegal or unenforceable provision had never been contained herein.

13.6 Revocation of Prior Agreements. This Agreement and the attached exhibits supersede all other prior understandings and agreements, either oral or in writing, between the Parties with respect to the subject matter hereof and constitute the only agreement between the Parties with respect to this subject matter.

13.7 Headings. The headings that are used in this Agreement are for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms of this Agreement.

13.8 Gender and Number. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice-versa, unless the context requires otherwise.

13.9 Further Assurance. The Corporation and the Shareholders each covenant and agree to perform any additional acts and to execute and deliver any additional documents which may be necessary to carry out the terms and purposes of this Agreement.

13.10 Washington Law to Apply. THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WASHINGTON (EXCLUDING ANY CONFLICTS-OF-LAW RULE OR PRINCIPLE OF WASHINGTON LAW THAT MIGHT REFER THE GOVERNANCE, CONSTRUCTION OR INTERPRETATION OF THIS AGREEMENT TO THE LAWS OF ANOTHER STATE).

13.11 Assignment. The Parties may not sell, assign or transfer any of their rights in, to or under this Agreement, except as otherwise specifically provided in this Agreement.

13.12 Parties Bound. The terms of this Agreement shall apply to, be binding upon and inure to the benefit of the Parties and their respective heirs, executors, administrators, legal representatives, successors and assigns (where permitted).

13.13 Notices. Any notice, consent or other communication required or permitted hereunder must be in writing and shall be either actually delivered or mailed by registered or certified mail, return receipt requested, postage prepaid, addressed to the Corporation or a Shareholder, as the case may be, at the respective address set forth below that party's signature line on this Agreement, or at any other address that the party to whom the communication is to be given shall have theretofore specified by written notice given in accordance herewith. Any notice to a Deceased Shareholder's Estate, to the legal representative of a Shareholder or to a Shareholder's spouse may be given at the address of the applicable Shareholder. Any such notice, consent or other communication shall be deemed given when actually delivered.

13.14 Life Insurance. The Corporation and the other Shareholders may, but shall not be required to, apply for, purchase and maintain policies of life insurance on any Shareholder. No insurance company which issues a policy of insurance with respect to a Shareholder shall be a

party to this Agreement, nor shall the insurance company be bound to inquire into or be chargeable with notice of any provision of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the _____ day of _____, 2012.

NORTH COAST LIFE INSURANCE COMPANY

By: _____
Robert J. Ogden, President

SHAREHOLDERS:

No. Shares:

C. Robert Ogden
Address: _____

Robert J. Ogden
Address: _____

Doug Ogden
Address: _____

David Ogden
Address: _____

R.J. MARTIN MORTGAGE COMPANY

By: _____
Name: _____
Title: _____
Address: _____

W. 1116 RIVERSIDE PARTNERS

By: _____
Name: _____
Title: _____
Address: _____

**GOVERNMENT PERSONNEL MUTUAL
LIFE INSURANCE COMPANY**

By: _____
Peter J. Hennessey III
Chairman, President & CEO
Address:
GPM Life Building
2211 N.E. Loop 410
PO Box 659567
San Antonio, TX 78265-9567

763,017

EXHIBIT A
ADOPTION AGREEMENT

This Adoption Agreement is executed pursuant to the terms of that certain Shareholders' Agreement dated effective as of the ___ day of _____ 2012, as amended ("Agreement"), by the undersigned transferee ("Transferee"). By the execution of this Adoption Agreement the Transferee agrees as follows:

1. **Acknowledgment.** Transferee acknowledges that Transferee is acquiring certain shares of the common capital stock of North Coast Life Insurance Company (the "Corporation"), subject to the terms and conditions of the Agreement.
2. **Agreement.** Transferee (i) agrees that shares of the capital stock of the Corporation ("Stock"), acquired by Transferee shall be bound by and subject to the terms of the Agreement, and (ii) hereby adopts the Agreement with the same force and effect as if Transferee were originally a party thereto.
3. **Notice.** Any notice required as permitted by the Agreement shall be given to Transferee at the address listed beside Transferee's signature below.
4. **Joinder.** The Transferee agrees to cause his or her spouse, if applicable, to execute and deliver to the Corporation consent of Spouse in the form attached to the Agreement, which shall bind the spouse's community interest, if any, in any shares of Stock to the terms of the Agreement.

EXECUTED this ___ day of _____, 2012 .

TRANSFEREE:

Address: _____

**EXHIBIT D
ESCROW AGREEMENT**

THIS ESCROW AGREEMENT (the "Escrow Agreement") is entered into as of _____, 2012, by and among **GOVERNMENT PERSONNEL MUTUAL LIFE INSURANCE COMPANY**, a Texas mutual life insurance company ("GPM"); certain Controlling Shareholders of **NORTH COAST LIFE INSURANCE COMPANY**, a Washington life insurance company (the "Company") who are identified on the signature page of this Escrow Agreement (the "Controlling Shareholders"); and **WASHINGTON TRUST BANK**, a national banking association with offices in Spokane, Washington (the "Escrow Agent").

RECITALS

A. GPM and the Controlling Shareholders have entered into (a) a Common Stock and Surplus Debenture Subscription Agreement dated as of May __, 2012 (the "Subscription Agreement") and (b) a Plan and Agreement of Merger dated as of _____ 2012 (the "Merger Agreement") providing for (i) the acquisition by GPM of 763,017 shares of the common stock, par value \$3.01 per share of the Company and a surplus debenture of the Company in the face amount of \$469,115, and (ii) the merger of GPM's wholly-owned subsidiary, GPM Merger Corporation, a Washington corporation (the "Merger Sub") with and into the Company, which shall be the "Surviving Corporation" of the merger, and the conversion of each of the shares of common stock of the Company (other than shares owned by GPM) outstanding at the Effective Time (as defined in the Merger Agreement) of the merger into the right to receive cash in the amount of the Common Share Merger Price (as defined in the Merger Agreement). The Subscription Agreement and the Merger Agreement are sometimes hereinafter referred to as the "Transaction Agreements."

B. In conjunction with the consummation of the transactions contemplated by the Transaction Agreements, the Controlling Shareholders have agreed that certain sums due and payable to the Controlling Shareholders under the Transaction Agreements be delivered to and deposited with the Escrow Agent (the "Escrow Deposits") in cash, representing a portion of the Redemption Price (as defined in the Subscription Agreement) and the Merger Price (as defined in the Merger Agreement) due and payable to the Controlling Shareholders which Escrow Deposits are to be held in escrow as security for the indemnification obligations of the Controlling Shareholders under the Transaction Agreements, and in accordance with this Escrow Agreement.

C. GPM and the Controlling Shareholders desire the Escrow Agent to hold and dispose of the Escrow Deposits (as defined herein), and the Escrow Agent has agreed to do so, on the terms and conditions hereinafter set forth.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows and the Escrow Agent is hereby instructed to act in accordance with this Escrow Agreement:

1. Appointment of Escrow Agent. GPM and the Controlling Shareholders hereby appoint the Escrow Agent as escrow agent, and the Escrow Agent hereby accepts its appointment and agrees to act as escrow agent pursuant to this Escrow Agreement.

2. Escrow Deposit. On or before the date of this Escrow Agreement, the Controlling Shareholders have, in accordance with Section 2.6(c) of the Subscription Agreement, directed the Paying Agent (as defined in the Subscription Agreement) to deposit, in cash, with the Escrow Agent into an escrow account (the "Indemnification Escrow Account") one-quarter (25.0%) of the Redemption Price (as defined in the Subscription Agreement) due and payable to them in connection with the redemption by the Company of certain shares of Preferred Stock held by them; and have, in accordance with Section 2.6(c) of the Subscription Agreement and Section 1.03(b) of the Merger Agreement, directed the Exchange Agent (as defined in the Merger Agreement) to deposit, in cash, with the Escrow Agent in the Indemnification Escrow Account, on and after the Effective Date of the Merger Agreement, one-quarter (25.0%) of the Common Share Merger Price (as defined in the Merger Agreement) due and payable to the Controlling Shareholders (such amounts, together with interest or other income earned thereon, the "Escrow Deposit"). The Escrow Deposit will be held by the Escrow Agent until utilized to reimburse the Surviving Corporation and the GPM Indemnified Parties, or to be delivered to the Controlling Shareholders pursuant to the terms hereof. The Escrow Agent, by its execution of this Escrow Agreement, hereby acknowledges its agreement to the receipt of the Escrow Deposit and agrees to act with respect thereto as hereinafter set forth.

3. Investment of Escrow Deposit. The Escrow Agent is authorized and directed to invest and reinvest the Escrow Deposit in (i) the Federated U.S. Treasury Cash Reserve Fund, provided such fund maintains a rating by Moody's Investors Service, Inc. or by Standard & Poor's Corporation at least equal to "A", or (ii) such other investment specifically designated jointly in writing by GPM and the Controlling Shareholders. The Escrow Deposit shall be invested at all times during the term of this Escrow Agreement, except when such investments are liquidated and cash is held by the Escrow Agent, immediately pending payment of any amount from the Escrow Account as provided in this Escrow Agreement. GPM and the Controlling Shareholders hereby acknowledge that the Escrow Agent shall not be responsible or liable for any loss suffered in connection with any investment of the Escrow Deposit made by it in accordance with this Section 3 or realized as a result of the liquidation of any such investment, absent willful misconduct, bad faith or gross negligence on the part of the Escrow Agent.

4. Disbursements. All disbursements by the Escrow Agent of the Escrow Deposit held by it under this Agreement shall, at the option of the recipient, be by bank or cashiers checks or by wire transfer of immediately available funds to such bank account or bank accounts as shall be designated in writing by the recipient thereof.

5. Claims Against the Escrow Deposit. Pursuant to the provisions of Article Ten of the Merger Agreement and Article X of the Subscription Agreement, the Escrow Agent is authorized to release and deliver the Escrow Deposit held by it under this Agreement as follows:

(a) Direct Claims. If GPM believes that the Surviving Corporation (as defined in the Merger Agreement) or any GPM Indemnified Party is entitled to indemnification for any Losses (as defined in the Transaction Agreements) pursuant to either Section 10.03(a) of the Merger Agreement or Section 10.3 of the Subscription Agreement, GPM shall deliver contemporaneously to the Escrow Agent and to the Controlling Shareholders an Indemnity Notice (as defined in the Transaction Agreements) specifying the amount of any such Damages and the basis of GPM's claim for indemnification with reasonable specificity to permit the Controlling Shareholders to identify such claim and the basis therefore, in accordance with the provisions of the Transaction Agreements. If the Controlling Shareholders shall object to all or any part of any Direct Claim specified by GPM, the Controlling Shareholders will so notify GPM and the Escrow Agent in writing within thirty (30) days from the date of receipt by the Controlling Shareholders of such Indemnity Notice from GPM. If the Controlling Shareholders do not object to GPM's Direct Claim within such thirty (30) day period, promptly thereafter the Escrow Agent will pay to GPM, from the Indemnification Escrow Account, the amount of Losses specified by GPM in such Indemnity Notice. If the Controlling Shareholders shall object to GPM's claim within such thirty (30) day period, the Escrow Agent will continue to hold in the Indemnification Escrow Account the amount of the Losses specified in the Indemnity Notice until it receives further notice both from the Controlling Shareholders and from GPM as to the final resolution of the dispute between them as to any such Direct Claim, whereupon the Escrow Agent promptly will pay to GPM, from the Indemnification Escrow Account, that portion of the Losses, if any, resolved to be due GPM, and the remaining amount of the Escrow Deposit, if any, shall continue to be held by the Escrow Agent or otherwise delivered in accordance herewith. If any such dispute results in arbitration or litigation and is not settled or otherwise resolved, the Escrow Agent will continue to hold in the Indemnification Escrow Account the amount of the Losses specified in the Indemnity Notice and will not be required to make any delivery thereof until an Order (hereinafter defined) is rendered in such arbitration or litigation, at which time the Escrow Agent will deliver to GPM the amount of any award to it thereunder, and the remaining amount of the Escrow Deposit, if any, shall continue to be held by the Escrow Agent or otherwise delivered in accordance herewith.

(b) Third-Party Claims. If GPM or the Surviving Corporation shall receive notice of any Third-Party Claim (as defined in Section 10.03(a) of the Merger Agreement or Section 10.3 of the Subscription Agreement) for which the Surviving Corporation or any GPM Indemnified Party may become entitled to indemnification pursuant to the Transaction Agreements for any Losses, GPM shall deliver to the Escrow Agent and the Controlling Shareholders a written Claim Notice (as defined in the Transaction Agreements) and a copy of any notice from such third party, specifying the amount of any Losses believed to be due the Surviving Corporation or any GPM Indemnified Party by reason of such Third-Party Claim and the basis of GPM's claim for indemnification.

The Escrow Agent will continue to hold in the Escrow Account the amount of no less than the Losses as therein specified or the entire Escrow Deposit, whichever is less, until it receives notice from GPM and the Controlling Shareholders as to the final resolution of any such Third-Party Claim, whereupon the Escrow Agent promptly will pay to the Surviving Corporation or GPM Indemnified Party, from the Escrow Account, that portion of the Damages, if any, resolved to be due the Surviving Corporation or the GPM Indemnified Party, and the remaining amount of the Escrow Deposit, if any, shall continue to be held by the Escrow Agent or otherwise delivered in accordance herewith. If any such dispute results in arbitration or litigation and is not settled or otherwise resolved, the Escrow Agent will continue to hold in the Escrow Account in the amount of no less than the Losses as herein provided or the entire Escrow Deposit, whichever is less, and will not be required to make any delivery thereof until an Order is rendered in such arbitration or litigation, at which time the Escrow Agent will deliver to the Surviving Corporation or the GPM Indemnified Party, from the Escrow Account, the amount of any award or judgment to it thereunder, and the remaining amount of the Escrow Deposit, if any, shall continue to be held by the Escrow Agent or otherwise delivered in accordance herewith.

(c) Final Release of Escrow Deposit. On the date that is two years following the Effective Date of the Merger Agreement (the "Anniversary Date"), and provided that there are no Direct Claims or Third-Party Claims pending on the Anniversary Date for which an Indemnity Notice or Claim Notice has been delivered to the Escrow Agent, the Escrow Agent shall deliver to the Controlling Shareholders, from the Indemnification Escrow Account, an amount equal to the balance of the Escrow Deposit, together with accrued interest thereon. If there is any Direct Claim or Third-Party Claim for indemnification made and outstanding on the Anniversary Date for which the Controlling Shareholders may have an obligation to provide indemnification to the Surviving Corporation or any GPM Indemnified Party pursuant to the Transaction Agreements, the Escrow Agent shall deliver to the Controlling Shareholders, from the Escrow Account, an amount equal to the Escrow Deposit, less an amount equal to the sum of all amounts as may be reasonably necessary to pay and satisfy all Losses specified in any Indemnity Notice or Claim Notice that has been submitted by GPM to the Escrow Agent. Any questions relating to the sufficiency of any amount to be retained within the Escrow Account beyond the Anniversary Date shall be resolved liberally in favor of GPM. Upon the payment and satisfaction or other resolution of all Direct Claims or Third-Party Claims pending on the Anniversary Date (for which an Indemnity Notice or Claim Notice has been delivered to the Escrow Agent), the balance, if any, of the Escrow Deposit, including accrued interest thereon, shall be released by the Escrow Agent from the Indemnification Escrow Account and delivered to the Controlling Shareholders.

6. Termination. This Escrow Agreement shall terminate, and the Indemnification Escrow Account shall be closed, upon delivery of the entire amount of the Escrow Deposit (including interest thereon) in accordance herewith, provided that the provisions of Section 8 shall survive the termination hereof.

7. Delivery of Escrow Deposit. The Controlling Shareholders will be entitled to delivery of the Escrow Deposit solely in accordance with the terms hereof. Except as may

otherwise be lawfully determined, no creditor of the Controlling Shareholders will have any rights in or to the Escrow Deposit so long as it remains subject to the terms of this Escrow Agreement.

8. Duties of the Escrow Agent; Fees. GPM agrees to bear the cost and to pay to the Escrow Agent the fees and expenses set forth on Exhibit A, and hereby agrees to pay or reimburse the Escrow Agent upon request for all expenses, disbursements and advances, including reasonable attorneys' fees, incurred or made by it in connection with carrying out its duties hereunder. Acceptance by the Escrow Agent of its duties under this Escrow Agreement is subject to the following terms and conditions, which the parties to this Escrow Agreement hereby agree will govern and control the rights, duties, liabilities, privileges and immunities of the Escrow Agent:

(a) the duties and obligations of the Escrow Agent shall be determined solely by the provisions of this Escrow Agreement and the Escrow Agent shall be responsible only for the performance of such duties and obligations as are specifically set out in this Escrow Agreement;

(b) the Escrow Agent shall be fully protected in acting on and relying upon any written advice, certificate, notice, direction, instruction, request, or other paper or document which the Escrow Agent in good faith believes to be genuine and to have been signed or presented by the proper party or parties, and may assume that any person purporting to give such advice, certificate, notice, direction, instruction, request or other paper or document has been duly authorized to do so. The Escrow Agent assumes no responsibility for the accuracy of the recitals thereof;

(c) the Escrow Agent shall not be liable for any mistake in fact, or law, or otherwise, absent willful misconduct, bad faith or gross negligence;

(d) the Escrow Agent may seek the advice of legal counsel in the event of any dispute, arbitration or question as to the construction of any of the provisions of this Escrow Agreement or its duties hereunder, and it shall incur no liability and will be fully protected by GPM and the Controlling Shareholders in respect of any action taken, omitted or suffered by it in good faith in accordance with the opinion of such counsel; and,

(e) Subject to the terms and conditions set forth in Section 9, GPM and the Controlling Shareholders agree to indemnify, defend and hold the Escrow Agent harmless from and against any and all claims, losses and liabilities arising out of or resulting from this Escrow Agreement (including without limitation enforcement of this Escrow Agreement), absent willful misconduct, bad faith or gross negligence of the Escrow Agent.

9. Controversy. In the event of any disagreement related to the Escrow Deposit or in the event that the Escrow Agent shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims, or demands from any party hereto which, in its opinion, conflict with any of the provisions of this Agreement or any matter involved herein or affected hereby,

the Escrow Agent shall be entitled at its sole option to refuse to comply with any such instructions, claims, or demands, and its sole obligation shall be to keep safely all property held in escrow, so long as such disagreement or uncertainty shall continue; the Escrow Agent may refuse to make delivery of any assets in its possession to any or all of the claimants, and the Escrow Agent shall not be or become liable to any claimant by reason of any failure or refusal to comply with such conflicting instructions, claims or demands or to deliver assets as demanded. The Escrow Agent may continue to refuse to take any action, irrespective of the time which elapses during which such disagreement or uncertainty continues, until the Escrow Agent shall be directed otherwise in writing by:

- (a) authorization executed by GPM, on the one hand, and the Controlling Shareholders, on the other hand; or
- (b) an Order of an arbitrator, appointed pursuant to the mutual written agreement of GPM and the Controlling Shareholders directing a specific distribution of all or any portion of the Escrow Deposit; or
- (c) a certified or file-stamped copy of an Order of a court directing a specific distribution of all or any portion of the Escrow Deposit.

Upon receipt of any such document, the Escrow Agent shall act within a reasonable time according to its terms, thereby being relieved from any duty, responsibility, or liability arising from the disputed claim or from the terms of this Agreement. The Escrow Agent may conclusively rely on any such written instructions, and shall be fully protected and indemnified in taking any action in reliance thereon. All actions taken by the Escrow Agent pursuant to any court order shall be conclusively presumed to be taken in good faith. The Escrow Agent shall be held harmless for any action taken pursuant to, and in accordance with a written order of any court or arbitrator, even if such order is appealable or, without the actual knowledge of the Escrow Agent, such order has been reversed, withdrawn, or modified or is not effective for any other reason (an "Order"). In no event shall the Escrow Agent be required to file an interpleader or similar type of action or to defend any action or legal proceeding filed against it, but it may do so in its sole discretion. The Escrow Agent is hereby authorized to petition the District Court of Spokane County, Washington or the United States District Court of the Eastern District of Washington, _____ Division, located in Spokane, Washington, for instructions or to interplead the Escrow Deposit or assets so held into such court. GPM and the Controlling Shareholders agree to the jurisdiction of either of said courts over their persons as well as the Escrow Deposit. GPM hereby binds and obligates itself to pay the Escrow Agent, in addition to any charge made hereunder for acting as Escrow Agent, reasonable attorneys' fees incurred by the Escrow Agent, and any other disbursements, expenses, losses, costs and damages in connection with or resulting from all such actions referred to in this Section 9.

10. Resignation of Escrow Agent. The Escrow Agent and any successor escrow agent, as the case may be, may resign its duties and be discharged from all further duties and obligations hereunder at any time upon giving thirty (30) days' prior written notice to GPM and the Controlling Shareholders. GPM and the Controlling Shareholders shall thereupon jointly designate a successor escrow agent hereunder within said thirty (30) day period, to whom the Escrow Agent shall deliver the Escrow Deposit. In the absence of such a joint designation of a

successor escrow agent, the Escrow Agent shall, without further liability or responsibility, retain the Escrow Deposit as custodian thereof until otherwise directed by GPM and the Controlling Shareholders jointly. The Escrow Agent's sole responsibility until such direction shall be to keep safely the Escrow Deposit and to deliver the same to such person or entity as designated by GPM and the Controlling Shareholders. Upon final delivery of the Escrow Deposit, the Escrow Agent shall be released from any and all liability under this Agreement.

11. Notices. Any notice or other communication required or permitted hereunder shall be effective only if it is in writing and delivered personally or sent by telecopy or mailed by registered or certified mail, return receipt requested (air mail if to a point overseas from the point of mailing), postage prepaid addressed as follows:

If to the Controlling Shareholders, to:

Robert J. Ogden, President
North Coast Life Insurance Company
P.O. Box 1445
Spokane, WA 99210-1445
Facsimile: (509) 747-8569

With a copy (which shall not constitute notice) to:

Timothy J. Giesa, Esq.
Reed & Giesa, P.S.
222 North Wall Street, Suite 410
Spokane, WA 99201
Facsimile: (509) 838-6341

If to GPM, to:

Peter J. Hennessey III, CLU, FLMI, Chairman, President & CEO
Government Personnel Mutual Life Insurance Company
GPM Life Building
2211 N.E. Loop 410
PO Box 659567
San Antonio, TX 78265-9567
Facsimile: (210) 357-2216

With a copy (which shall not constitute notice) to:

David D. Knoll, Esq.
Thompson, Coe, Cousins & Irons, LLP
701 Brazos, 1500 Austin Centre
Austin, Texas 78701
Facsimile: (512) 708-8777

If to Escrow Agent:

Washington Trust Bank

Corporate Trust Department

Spokane, WA 78701

Attention: _____, Vice President & Trust Officer

Telecopy No.: (509) ____ - ____

or to such other address as any such party may designate by notice given to the other parties and shall be deemed to have been given as of the date received. All notices given by telecopy shall be promptly confirmed by the mailing (by first class mail) of a letter in respect thereof. All notices hereunder shall be effective on the date given if hand delivered or telecopied (subject to confirmation of receipt) or on the third day following deposit thereof in the U.S. mails, properly addressed and postage prepaid.

12. Entire Agreement. This Escrow Agreement (together with the other agreements and documents referred to herein) constitutes the entire understanding of the parties relating to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, whether oral or written, relating to the subject matter hereof. No assignment, amendment or modification of the terms of this Escrow Agreement shall be binding or effective unless expressed in writing and signed by each party.

13. Governing Law. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of Washington, without regard to conflicts of law.

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

15. Binding Effect; No Assignment; Amendment. This Agreement may be modified or amended only by a writing duly executed by each party hereto. This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns. Neither this Agreement nor any right or obligation hereunder shall be assignable by either party without the written consent of the other party hereto.

16. Captions; Definitions. The titles or captions of sections contained in this Escrow Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Escrow Agreement or the intent of any provision hereof. All capitalized terms used in this Escrow Agreement shall have the meanings given them in this Agreement; capitalized terms used and not otherwise defined in this Escrow Agreement shall have the meanings given them in the Transaction Agreements.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed as of the date first above written.

**GOVERNMENT PERSONNEL MUTUAL
LIFE INSURANCE COMPANY**

By: _____

Name: Peter J. Hennessey III, CLU, FLMI

Title: Chairman, President & CEO

THE CONTROLLING SHAREHOLDERS:

C. Robert Ogden

Robert J. Ogden

Douglas H. Ogden

David M. Ogden

R.J. MARTIN MORTGAGE COMPANY

By: _____

Name: C. Robert Ogden

Title: President

W. 1116 RIVERSIDE PARTNERS

By: _____

Name: C Robert Ogden

Title: Managing Partner

ESCROW AGENT:

WASHINGTON TRUST BANK

By: _____

Name:

Title: Vice President and Trust Officer

EXHIBIT E

FORM OF CERTIFICATE OF THE COMPANY AND THE CONTROLLING SHAREHOLDERS

Pursuant to the provisions of Section 7.3 of that certain Common Stock and Surplus Debenture Subscription Agreement dated as of May __, 2012 (the "Agreement") by and among North Coast Life Insurance Company (the "Company"), certain Controlling Shareholders of the Company (the "Controlling Shareholders") and Government Personnel Mutual Life Insurance Company (the "Purchaser") I, the undersigned, on behalf of the [Company][Controlling Shareholders], hereby certify to the Purchaser as follows:

1. That I am the [individual record owner of ___ shares of the common stock of the Company] [officer, partner, manager] of [entity] , and in that capacity have the requisite power and authority to execute this certificate [on behalf of the {entity}];

2. That, to the best of my information and belief, the conditions set forth in Article VII of the Agreement, including the truth of the representations and warranties made by the Controlling Shareholders and the Company in Article III of the Agreement as of the date hereof and the compliance with and performance by the Controlling Shareholders and the Company of their respective obligations in Articles V and VII of the Agreement, insofar as they relate to the [the Company] [the Controlling Shareholders], have been fully satisfied, performed and complied with.

IN WITNESS WHEREOF, I have executed this Certificate this ___ day of _____, 2012.

By: _____
Name:
Title:

ATTEST:

Secretary

EXHIBIT F

FORM OF CERTIFICATE OF OFFICER OF THE PURCHASER

Pursuant to the provisions of Section 8.3 of that certain Common Stock and Surplus Debenture Purchase Agreement dated as of May __, 2012 (the "Agreement") by and among North Coast Life Insurance Company (the "Company"), certain Controlling Shareholders of the Company (the "Controlling Shareholders") and Government Personnel Mutual Life Insurance Company (the "Purchaser") I, the undersigned President of the Purchaser, do hereby certify to the Company and the Controlling Shareholders as follows:

1. That I am the duly elected President of the Purchaser, and in that capacity have the requisite power and authority to execute this certificate on behalf of the Purchaser;

2. That, to the best of my information and belief, the conditions set forth in Article VIII of the Agreement, including the truth of the representations and warranties made by the Purchaser in Article IV of the Agreement as of the date hereof and the compliance with and performance by the Purchaser of its obligations in Articles VI and VIII of the Agreement, insofar as they relate to the Purchaser, have been fully satisfied, performed and complied with by the Purchaser.

IN WITNESS WHEREOF, I have executed this Certificate on behalf of the Purchaser this __ day of _____, 2012.

**GOVERNMENT PERSONNEL MUTUAL LIFE
INSURANCE COMPANY**

By: _____
Peter J. Hennessey III, Chairman, President & CEO

ATTEST:

Secretary

EXHIBIT G

<u>Loan #</u>	<u>Name</u>		<u>Rate of Interest</u>	<u>Principal Balance</u> <u>2/29/2012</u>	<u>Sales Price</u>	<u>% of Balance</u>
40075100	Delgado, Lazaro and Maria	TX	10.000%	\$ 8,320	\$ 8,320	100%
90245100	Jones, Louise	AL	8.5000%	18,881	18,881	100%
990075100	North, Karen	ID	10.250%	50,982	50,982	100%
40045101	Scott Brown/Kimberly Cox	TX	8.000%	11,170	1,000	9%
289025100	Henderson, Curtis	WA	9.000%	21,214	21,214	100%
901305100	Pollard, Susie	AL	8.500%	27,421	2,742	10%
90385100	Tillman, Rosie	AL	7.500%	26,442	2,644	10%
	Totals			\$164,430	\$105,783	