

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE:	:	
	:	
	:	NO. 1 BIC 2021
Bedivere Insurance Company	:	
In Liquidation	:	
	:	

APPLICATION FOR APPROVAL OF RESTRUCTURING PROPOSAL

Applicant, Michael Humphreys, Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as the Statutory Liquidator (“Liquidator”) of Bedivere Insurance Company (“Bedivere” or “Estate”), in compliance with Pa. R.A.P. 3776, respectfully applies to this Court for an order approving his Restructuring Proposal (“Restructuring”). In support of this Application, the Liquidator avers the following:

BACKGROUND

1. The Insurance Commissioner of the Commonwealth of Pennsylvania was appointed Liquidator of Bedivere pursuant to this Court’s Order dated March 11, 2021 (“Liquidation Order”)¹ and the Liquidation Order directed the Liquidator to

take possession of Bedivere’s property, business and affairs in accordance with Article V [of the Insurance Department Act of 1921,

¹ The Liquidation Order appointed former Insurance Commissioner Jessica K. Altman, and her successors in office, if any, as Liquidator of Bedivere. Mr. Humphreys succeeded Ms. Altman as Insurance Commissioner.

as amended, 40 P.S. §§ 221.1 – .63], and to administer them pursuant to the orders of this Court

See Liquidation Order, ¶2.

2. When placed into liquidation, Bedivere was part of a tiered holding company structure, whereby 100% of the stock of Bedivere was owned by Trebuchet US Holdings Inc. (“Trebuchet US”). Trebuchet US, in turn, was wholly-owned by Trebuchet Investments (“TI”), which in turn was owned by Trebuchet Group Holdings Limited (Bermuda) (“TGH”), the ultimate parent company. As part of the holding company structure, Bedivere and Trebuchet US were members of a consolidated tax group for federal income tax purposes, under which Trebuchet US was the tax paying entity.

3. The Trebuchet US consolidated tax group was established on January 1, 2015. The members of the tax group included Trebuchet US, Bedivere, Lamorak Insurance Company, Potomac Insurance Company, The Employers’ Fire Insurance Company, Excalibur Reinsurance Company, and Camelot Risk Management, Inc.

4. In 2018 Camelot Risk Management merged into Armour Risk Management, a company that was outside of the consolidated tax group and sold after the merger. In 2020, Lamorak Insurance Company, The Employers’ Fire Insurance Company, and Potomac Insurance Company were merged into Bedivere Insurance Company. In 2021, Excalibur Reinsurance Company (in liquidation) was discharged from its liquidation and dissolved as a corporation by operation of law.

Therefore, only Bedivere and Trebuchet US remain as members of the consolidated tax group.

5. As Trebuchet US has no other operations and exists only to own the stock of Bedivere, Trebuchet US is now in a position and desires to terminate its existence and dissolve. Because Bedivere is part of the consolidated tax group, the dissolution of Trebuchet US could lead to a change in ownership of Bedivere which, under §382 of the Internal Revenue Code of 1986, as amended (“Code”), could adversely affect the significant net operating loss carryovers (“NOLs”) held by Bedivere which may be used to offset future net income, thereby reducing tax liabilities.

6. Under § 172(c) of the Code, NOLs arise, for federal income tax purposes, when deductible business expenses exceed income in any given tax year. As a result of the large losses suffered by Bedivere during the years of its independent operations and during its liquidation, in excess of \$2.2 billion of NOLs were accumulated through 2023.

7. The proposed Restructuring will protect the existence of the NOLs and allow the approximate \$2.2 billion of NOLs to be available to Bedivere to reduce potential tax liabilities due to income generated by reserve reductions that may occur for a variety of reasons, including as a result of the claims settlement process or as a result of the elimination of incurred but not reported claims that will be discharged

if, upon application by the Liquidator, a claims bar date is approved and established by this Court at some point in the future. The potential savings from the application of the NOLs involve tens of millions of dollars. The Restructuring will satisfy the requirements of § 382(l)(5) of the Code so that the NOLs will not be subject to a limitation under §382(a) after the Restructuring is implemented.

PROPOSED RESTRUCTURING

8. The central element of the Restructuring is the transfer of ownership from Trebuchet US to three Guaranty Association creditors of Bedivere (“GAs”) which will result in an ownership change, but one which will qualify for the bankruptcy exception under §382(l)(5) of the Code, thereby preserving the NOLs of Bedivere for future use. The GAs will receive no preference as to their claims against the estate due to their new ownership status, and each of the GAs will, in fact, cancel and forgive \$1,300 of qualified indebtedness (as defined in §382(l)(5)(E) of the Code) in exchange for receiving the Bedivere stock. Furthermore, the Bedivere stock issued to the GAs provides them with no additional viable claim against the Bedivere estate, as assets will be insufficient for distributions to any creditors below priority class (b), much less priority class (i) shareholders,² based on current projections.

² See 40 P.S. §221.44, for the distribution priority scheme applicable to creditors in a liquidation proceeding.

9. All actions relating to the Restructuring will occur at the date designated for implementing the Restructuring (“Closing Date”), expected to occur on or prior to March 31, 2025.

10. On the Closing Date, Bedivere will redeem 100 percent of the outstanding Bedivere Stock from Trebuchet US for \$1. This element of the Restructuring is set forth in the Redemption Agreement between Trebuchet US and Bedivere, which is attached as Exhibit A and incorporated herein.

11. Also on the Closing Date, Bedivere will issue 1,000 shares of Bedivere Stock to each of the GAs, comprised of the Connecticut Insurance Guaranty Association, the Illinois Insurance Guaranty Fund and the Massachusetts Insurers Insolvency Fund, in exchange for the cancellation and forgiveness of indebtedness totaling \$1,300 by each GA. The Bedivere Stock issued to the GAs will be restricted as to subsequent sale, transfer, or pledge and each GA will execute a revocable proxy which will appoint the Liquidator as the proxy for its voting rights. These elements of the Restructuring are set forth in the Guaranty Associations Shareholders’ Agreement, among the three GAs and Bedivere, which is attached as Exhibit B and incorporated herein. Additionally, Bedivere will indemnify and hold the GAs harmless from any liability associated with the Restructuring as set forth in the Transaction and Indemnification Agreement attached hereto as Exhibit C and incorporated herein. Bedivere has also agreed to pay the reasonable expenses of the

GAs in evaluating and implementing the Restructuring and such expenses are estimated to be under \$35,000.

12. The Restructuring mimics a restructuring approved by the Commonwealth Court for the Reliance Insurance Company liquidation wherein Reliance retained NOLs when shares were redeemed by Reliance's stockholder and reissued to four GAs in exchange for cancellation of \$1,000 of each GA's claims. As part of that restructuring, Reliance sought and received a favorable private letter ruling from the Internal Revenue Service holding that the GAs would be treated as receiving the stock in their capacity as creditors for purposes of §382(l)(5)(A)(ii) and §1.382-9(b)(2) of the Code and that the GA Owners would be treated as owning stock which meets the requirements of §1504(a)(2) under §382(l)(5)(A)(ii) of the Code. Finally, the Commonwealth Court also approved a restructuring for the Lincoln General Insurance Company liquidation wherein Lincoln General retained NOLs when shares were redeemed by Lincoln General's stockholder and reissued to a stock trust and held on behalf of class (e), (f) and (g) creditors in exchange for cancellation of 0.1% of such creditors' outstanding claims, which amounted to approximately \$3,900.

CONCLUSION

13. The Liquidator believes that the proposed Restructuring is in the best interests of the Bedivere estate and its policyholders, claimants, and creditors. It

preserves the substantial NOLs for the benefit of the Bedivere estate and allows Bedivere to control its own future regarding tax positions and negotiations with the Internal Revenue Service. As a result of the Restructuring, Bedivere will become its own tax filer and will no longer be part of a consolidated tax group.

WHEREFORE, the Liquidator respectfully requests that this Court enter an Order in the form attached hereto which:

a. grants this Application approving the Restructuring Proposal and approves the following agreements necessary to implement the Restructuring:

i. the Redemption Agreement attached as Exhibit A;

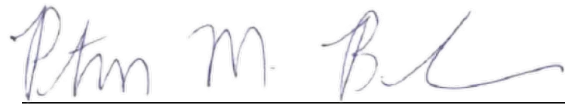
ii. the Guaranty Associations Shareholders' Agreement attached as Exhibit B; and

iii. the Transaction and Indemnification Agreement attached as Exhibit C.

b. authorizes the Liquidator to take all action necessary to execute, deliver, perform and implement all agreements identified above.

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Respectfully submitted:



PRESTON M. BUCKMAN (I.D. #57570)
Insurance Department Counsel
Governor's Office of General Counsel
Pennsylvania Insurance Department
Capitol Associates Building
901 North 7th Street
Harrisburg, PA 17102
(717) 886--2080

*Attorney for Michael Humphreys, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in his capacity as Statutory
Liquidator of Bedivere Insurance Company,
In Liquidation*

Date: January 17, 2025

VERIFICATION

I, Keith E. Kaplan, am authorized by the Insurance Commissioner of the Commonwealth of Pennsylvania, pursuant to 40 P.S. §221.23, to act on his behalf in his capacity as the Liquidator of Bedivere Insurance Company and to supervise the daily operations as Chief Liquidation Officer for Bedivere Insurance Company. I hereby verify that the facts set forth in the foregoing pleading are true and correct to the best of my knowledge, information and belief.

I understand that this Verification is made subject to the penalties of 18 P.S. §4904 relating to unsworn falsification to authorities.

Date: January 14, 2025



KEITH E. KAPLAN
Chief Liquidation Officer

Exhibit A

Redemption Agreement

THIS REDEMPTION AGREEMENT (this “Agreement”) dated as of _____, 2025 is entered into by Trebuchet U.S. Holdings (“Trebuchet”) and Bedivere Insurance Company in Liquidation (“Bedivere”).

BACKGROUND

Trebuchet is an insurance holding company that owns 100% of the outstanding stock of Bedivere. Trebuchet and Bedivere have been filing a consolidated federal income tax return since 2015. In 2021, Bedivere was placed in Liquidation by the Commonwealth Court of Pennsylvania (“Court”) and the Commissioner of the Pennsylvania Insurance Department was appointed as the Liquidator. Bedivere is expected to remain in liquidation for several more years while outstanding claims are resolved. As of the end of the 2023 taxable year, the Trebuchet consolidated group reported over \$2.2 billion of Net Operating Loss (“NOL”) carryovers which are predominantly attributable to Bedivere.

Trebuchet would like to begin the process of liquidation and dissolution so that it can terminate its existence as a corporation for federal income tax purposes. Absent a restructuring, Trebuchet’s dissolution would have the effect of terminating the Trebuchet consolidated group and potentially eliminating the availability of NOL carryovers to reduce Bedivere’s taxable income for federal income tax purposes. In order to ensure that Bedivere will continue to be entitled to utilize the NOLs after the Trebuchet consolidated group terminates, the parties have agreed to enter into this Agreement and undertake a restructuring transaction (the “Restructuring”) through the following transactions all to be effective on the Closing Date (hereinafter defined). The Restructuring and underlying transactions are pursuant to an Application that was approved by the Court. The Restructuring is intended to satisfy the requirements of Section 382(1)(5) of the Internal Revenue Code of 1986, as amended (the “Code”), so that the Bedivere NOLs will not be subject to a limitation under Section 382(a) of the Code after the Closing Date.

On the Closing Date, Bedivere will redeem all of the outstanding shares of Bedivere stock which are held by Trebuchet in exchange for \$1.00 of consideration (the “Redemption”). Trebuchet currently holds 240,693 shares. Also on the Closing Date, Bedivere will reissue a certain number of treasury shares that will be issued to three guaranty associations in exchange for cancellation of \$3,900 in debt pursuant to a plan approved by the Court.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, agreements, covenants and warranties hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Redemption of the Bedivere Shares. Pursuant to this Agreement, on the Closing Date, Bedivere will redeem all of the outstanding shares of Bedivere stock which Trebuchet owns in exchange for \$1.00 of consideration. Trebuchet shall sell, transfer, convey, assign and deliver to Bedivere all right, title and interest in and to such shares, free and clear of all liens, encumbrances, security interests, pledges, options, claims and rights of others of any nature whatsoever. Effective upon the Closing Date, Trebuchet shall have no further rights or interests in such shares or as a shareholder of Bedivere, and hereby acknowledges and agrees that after redemption it will have no rights to distributions or dividends from Bedivere.
2. Issuance of Shares to Selected GAs. Pursuant to this Agreement, on the Closing Date, in consideration of the cancellation of \$1,300 of indebtedness (which is identified as qualified indebtedness as described in Section 382(l)(5)(E) of the Code and Treas. Reg. Section 1.382-9) owed by Bedivere to each of the three GAs, Bedivere shall deliver to each GA 1,000 shares of stock in Bedivere in consideration of each GA forgiving such indebtedness in exchange for such stock.
3. Closing Date. The closing of the transactions contemplated by this Agreement (the “Closing”) shall take place on _____ (the date of such Closing, the “Closing Date”), and the transactions contemplated by this Agreement shall be effective for all purposes as of the Closing Date (or such earlier agreed to date). The Closing shall take place at a place and time (or method such as via fax or .pdf via email) as the parties may agree in writing after, or contemporaneously with, the establishment of a definitive Closing Date.
4. Representations and Warranties of Trebuchet. Trebuchet represents and warrants, as of the date hereof and as of the beginning of the Closing Date, as follows:
 - a. Trebuchet is the sole owner of the Bedivere stock. Trebuchet possesses all rights, title and interest in and to the Bedivere stock, free and clear of all liens, security interests, pledges, encumbrances, claims, options and rights of others. There are no options, warrants, agreements, rights or other commitments of, or granted by, Trebuchet, which entitles or, if exercised, could entitle, any individual or entity to purchase or otherwise acquire any or all of the Bedivere stock, except pursuant to this Agreement.
 - b. This Agreement is the legal, valid and binding obligation of Trebuchet, enforceable against Trebuchet in accordance with its terms. Trebuchet has full power and authority to transfer, sell and convey to Bedivere the shares of stock in Bedivere to be redeemed by Bedivere pursuant to the terms and conditions of this Agreement.
 - c. As of the Closing Date, neither the Board of Directors of Trebuchet nor its shareholder has adopted articles of dissolution or filed articles or a certificate of dissolution with the Pennsylvania Secretary of State.

- d. Trebuchet has no knowledge (i) of any ownership change as that term is defined in Section 382 of the Code with respect to the shares of Bedivere since 2015 when Trebuchet and Bedivere began filing a consolidated federal income tax return, (ii) that there is an excess loss account under Treas. Reg. Section 1.1502-19 with respect to the stock of Bedivere, and (iii) of any outstanding tax liability with respect to the Trebuchet consolidated group, whether related to federal or other taxes. To the best of Trebuchet's knowledge, it has timely filed all consolidated federal income tax returns. Trebuchet has not agreed to any extension of the statute of limitations with respect to federal income tax returns with respect to any taxable years for which the statute remains open.
 - e. Each of the foregoing representations and warranties is true and correct as of the date hereof and as of the Closing Date and shall survive the execution of this Agreement and the transactions contemplated herein.
5. Representations and Warranties of Bedivere. Bedivere represents and warrants, as of the date hereof and as of the Closing Date, as follows:
- a. This Agreement is the legal, valid and binding obligation of Bedivere, enforceable against Bedivere in accordance with its terms.
 - b. Each of the foregoing representations and warranties is true and correct as of the date hereof and as of the Closing Date and shall survive the execution of this Agreement and the transactions contemplated herein.
6. Covenants of the Parties.
- a. Trebuchet covenants as follows:
 - 1. It shall forego any loss recognized by it on the redemption and sale of its shares of stock of Bedivere including, without limitation, it shall not take a worthless stock deduction under Section 165 of the Code.
 - 2. It shall take no action that reduces the amount of the NOLs allocable to Bedivere.
 - 3. On or before the Closing Date of the Restructuring, it shall designate Bedivere as the agent for the Trebuchet consolidated group, effective upon the termination of Trebuchet's existence, and shall file the appropriate information with the Internal Revenue Service (the "IRS") under Treas. Reg. Section 1.1502-77 in a timely manner and for all tax years ending on or before the Closing Date for which the statute of limitations on assessment is open as of the Closing Date.
 - 4. If the Closing Date occurs in the 2024 calendar year and the designation of Bedivere as the new agent is not effective as of the day an extension on Form 7004 must be filed, Trebuchet must file an extension on Form 7004

with respect to the filing of the Trebuchet consolidated return for the 2024 consolidated return year. If the designation of Bedivere as the new agent is not effective as of October 15, 2025 or any earlier date on which the last consolidated return is required to be filed, Trebuchet must file the consolidated return for the period ending on the Closing Date on behalf of the Trebuchet consolidated group in a timely manner and only after review and approval by Bedivere. These same rules apply with modified appropriate due dates in the event that the Closing Date does not occur until the 2025 calendar year.

5. For the taxable year in which the Redemption occurs, which is expected to be 2024, Trebuchet shall file a consolidated return ending on the Closing Date unless paragraph 6(b) applies. If the Closing Date is not on December 31 of the year of the Redemption, then Trebuchet shall file a separate, non-consolidated return for that tax year that does not include Bedivere for the period after the Closing Date until December 31 of that year.
- b. Bedivere covenants that it shall file the final consolidated federal income tax return (or any other consolidated federal income tax return) if the return is required to be filed after its designation by Trebuchet as the new agent for the group is effective. In the final consolidated return, Bedivere (or Trebuchet if filed by Trebuchet) shall make all elections determined to be necessary under Treas. Reg. Section 1.1502-36 so that Bedivere is not subject to any attribute reduction under Treas. Reg. Section 1.1502-36(d).
 - c. Covenant of Trebuchet and Bedivere. Any tax sharing agreement including, without limitation, that certain Tax Sharing Agreement, dated as of January 1, 2015, by and among Trebuchet and Bedivere, among or between any of Trebuchet and Bedivere or their respective successors and assigns heretofore in effect or informally agreed upon shall terminate effective as of the Closing Date, and none of such parties shall be entitled after the Closing Date to make any claim under any such agreement. All parties shall provide commercially reasonable cooperation (i) in responding to any IRS inquiries and (ii) in order to complete and submit any tax returns for open tax years.

7. Conditions to Closing and Closing Deliverables.

- a. The parties' obligations to effect the transactions are subject to the approval by the Court of this Agreement and all the transactions contemplated hereby.

- b.** At the Closing on the Closing Date, Trebuchet shall deliver a certificate of an officer of Trebuchet, dated as of the Closing Date and signed by an executive officer of Trebuchet, certifying copies of the resolutions duly adopted by the board of directors of Trebuchet authorizing the execution, delivery and performance by Trebuchet of this Agreement, and the consummation of the Restructuring and the transactions contemplated by this Agreement including, without limitation, specifically the sale of the shares of stock in Bedivere to Bedivere (which such certificate shall include a representation as to the incumbency and signatures of the officer of Trebuchet executing the transaction documents Trebuchet executes).
- c.** At the Closing on the Closing Date, the parties shall deliver:

 - 1.** Bedivere shall deliver \$1.00 in cash to Trebuchet for the Redemption;
 - 2.** Trebuchet shall surrender a stock certificate for shares of stock in Bedivere;

and
 - 3.** Bedivere shall deliver to Trebuchet a copy of the order of the Court authorizing this Agreement, the Restructuring and the transactions contemplated by this Agreement.
- 8.** Further Assurances. At any time and from time to time after the date hereof, at the other party's request and without further consideration, each party shall promptly execute and deliver all such further agreements, certificates, instruments and documents, or perform such further actions, as the other party may reasonably request, in order to fully consummate the transactions contemplated hereby and to carry out the purposes and intent of this Agreement.
- 9.** Termination. The parties may terminate this Agreement prior to the Closing Date only upon (i) the failure of either of the conditions in Section 7(a) of this Agreement by the Closing Date, (ii) a material breach by any party which such breach is not cured or waived in writing within 30 days of written notice of such breach or (iii) mutual written consent of the parties. If this Agreement is terminated for any of the foregoing reasons, this Agreement shall become wholly void and of no force or effect, without any liability or further obligation on the part of any party, except with respect to the party making the material breach resulting in the termination pursuant to clause (ii) of this Section 10.
- 10.** Assignment. This Agreement is binding upon, inures to the benefit of, and is enforceable by the parties hereto, and their respective successors, agents and assigns.
- 11.** Miscellaneous.

- a.** This Agreement may be executed in counterparts, including by electronic or facsimile transmission, each of which shall be deemed an original, and all of which together shall constitute one and the same document.
- b.** Any claims, controversies, disputes, or differences among the parties hereto or any persons hereby shall be resolved by and in the Court. This Agreement and all documents entered into in connection with the transactions contemplated by this Agreement (other than those containing a contrary express choice of law provision) shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the Commonwealth of Pennsylvania. The parties hereto consent to the jurisdiction of the Court with respect to any action arising out of or in connection with this Agreement.
- c.** This is the entire agreement among the parties with respect to the subject matter hereof and it may not be terminated, modified or amended except in a writing executed by each party hereto. This Agreement supersedes all prior written and/or oral agreements and understandings among the parties with respect to its subject matter.
- d.** No provision of this Agreement shall be construed against or in favor of any party hereto because such party's counsel drafted, revised, commented upon or did not comment upon, such provision.
- e.** No delay on the part of any party in exercising any right, power or privilege hereunder, or any single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

By: _____

Director and President
Trebuchet U.S. Holdings

By: _____

Chief Liquidation Officer
Bedivere Insurance Company (in Liquidation)

Exhibit B

BEDIVERE INSURANCE COMPANY (IN LIQUIDATION)

GUARANTY ASSOCIATIONS SHAREHOLDERS' AGREEMENT

THIS AGREEMENT (the "Agreement"), dated as of _____, 2025 (the "Agreement Date"), is made by and among Bedivere Insurance Company (In Liquidation) ("Bedivere" or "Company"), Connecticut Insurance Guaranty Association, Illinois Insurance Guaranty Fund and Massachusetts Insurers Insolvency Fund (each individually a "Shareholder" and collectively the "Shareholders").

BACKGROUND

A. Company has issued and there are outstanding 3,000 shares of Company's common stock (the "Shares");

B. Pursuant to a plan approved by the Commonwealth Court of Pennsylvania (the "Court"), the Shareholders own all of the outstanding Shares with each Shareholder owning one-third of the Shares as set forth in Exhibit 1.

C. Bedivere and the Shareholders desire to protect against the potentially divisive results of the acquisition of Shares by other parties who may not prove to be compatible with Bedivere or the remaining Shareholders; and

D. It is the purpose of this Agreement to place certain restrictions on a Shareholder who desires to sell, assign, pledge or transfer in any manner any or all of its Shares.

NOW, THEREFORE, in consideration of the premises and the mutual promises of the parties set forth herein, and intending to be legally bound hereby, the parties agree as follows:

1. Restrictions on Transfer.

(a) Restrictions on Transfer. No Shareholder shall sell, assign, transfer, give, abandon, donate or dispose (any of the foregoing, a "Transfer") of any of its Shares, or any right or interest in any Shares hereafter acquired by it, whether voluntarily, by operation of law, by order of court, or otherwise, to any person or entity other than Company, except in accordance with Sections 2 and 3 of this Agreement.

(b) Transferees. Subject to the express terms and conditions of Sections 2 and 3 of this Agreement, no Shareholder may Transfer any Shares to any person or entity in accordance with Section 2, unless the person or entity acquiring such Shares (the "Transferee") (x) is another Shareholder and (y) agrees to hold such Shares subject to all of the provisions of this Agreement. As a condition to

the effectiveness of any permitted Transfer of Shares contemplated hereby, the Transferee shall agree, in writing, to be bound by the provisions hereof with respect to such Shares. All references in this Agreement to Shares or to the number of Shares held or owned by any Shareholder shall be deemed to include Shares held or owned by any permitted Transferee and any permitted Transferee shall be deemed to be a "Shareholder" of this Agreement.

(c) Violative Transfers Void. Any purported Transfer of Shares by any Shareholder not in accordance with the provisions of this Agreement shall be null and void, and shall not operate to Transfer any interest or title to the purported Transferee. Company shall not cause or permit the Transfer of any certificates representing any Shares owned by any Shareholder to be made on its books except in accordance with the terms of this Agreement.

2. Right of First Refusal Based on Offers

(a) Company's Right of First Refusal. If any Shareholder (the "Selling Shareholder") wishes to sell all (but not less than all) of such Shareholder's Shares or any right or interest in them (the "Offered Stock") pursuant to a bona fide written offer from another Shareholder to purchase the offered Stock (a "Bona Fide Offer"), it shall first give written notice (a "Notice of Sale") to Company of its intention to do so. A Notice of Sale shall name the proposed Transferee and specify the number and price per share of Offered Stock and the terms of payment and any other terms or conditions thereof, and shall have attached thereto a copy of the Bona Fide Offer. Company shall have the right of first refusal to purchase, by written notice to the Selling Shareholder within ninety (90) days after Company receives a Notice of Sale, all of the Offered Stock at the price and on the terms of the Bona Fide Offer.

(b) Closing. The Closing of the purchase and sale of Offered Stock pursuant to a right of first refusal exercised under this Section 2 shall take place at the principal office of Company (or such other location as may be agreed upon by the Selling Shareholder and Company) within thirty (30) days after a notice to the Selling Shareholder by the Company pursuant to Section 2(a) hereof of Company's exercise of its right to purchase Offered Stock. At the Closing, the Selling Shareholder shall deliver to the Company the Offered Stock certificates representing such Shares, duly endorsed for Transfer, free and clear of any lien, claim, charge, pledge, security interest or encumbrance whatsoever, and the Company shall deliver to the Selling Shareholder consideration therefor at the price and on the terms of the Bona Fide Offer.

(c) Sales to Transferee. If Company does not exercise its purchase rights in the manner and within the time periods provided in Sections 2(a) and 2(b) hereof with respect to all shares of the Offered Stock, the Selling Shareholder may, at any time within one hundred twenty (120) days after the delivery of the Notice of Sale but after the expiration of the applicable time periods set forth in Sections 2(a) and 2(b) hereof, Transfer the Offered Stock in accordance with the Bona Fide Offer, provided that such Transfer shall not be in conflict with the restrictions set forth in the Company's By-Laws, as duplicated in Section 3 hereof. If the Selling Shareholder's Offered Stock is not Transferred within such 120-day period, such Offered Stock shall thereafter remain subject to all provisions of this Agreement.

3. Restriction with respect to Section 382. The Company's By-Laws contain the restriction in the following sentence and each Shareholder by executing this Agreement acknowledges and agrees to be bound by the restriction. "No Shareholder shall take any action that would result in an ownership change under Section 382 of the Internal Revenue Code of 1986, as amended, to which the limitation of Section 382(a) applies to Bedivere's Net Operating Losses. If such a transfer, sale or other action occurs, it shall be void ab initio, unless the transfer, sale or other action is approved in writing by the Commissioner of the Pennsylvania Insurance Department in the Commissioner's capacity as the Liquidator of Bedivere (or his or her designee)."

4. Legend on Certificates; Revocable Proxy.

(a) All certificates representing Shares now or hereafter issued shall be marked on the face with the following legend (in addition to such other legends as may be required under applicable securities laws):

"The transfer of the shares represented by this certificate is restricted by the terms and conditions of the Shareholders' Agreement, dated _____, 2024, by and among Company and its Shareholders, as amended from time to time, and the restriction contained in the Company's By-Laws, as amended from time to time, copies of which may be inspected at the principal office of Company."

(b) Each Shareholder agrees to provide the Commissioner of the Pennsylvania Insurance Department in the Commissioner's capacity as the Liquidator of Bedivere (or his or her designee) with a Revocable Proxy in the form of Exhibit 2, such Revocable Proxy to be executed and delivered simultaneously with the execution and delivery of this Agreement.

5. Additional Shares. Each Shareholder agrees that any Shares acquired by it after the Agreement Date shall be subject to all of the terms and conditions of this Agreement. A copy of this Agreement executed by any Shareholder shall be delivered to the Commissioner of the

Pennsylvania Insurance Department in the Commissioner's capacity as the Liquidator of Bedivere (or his or her designee).

6. Participation by a Selling Shareholder. In no event shall a Transferring Shareholder participate as an officer, director or shareholder of Company in any decision to be made by or on behalf of Company pursuant to this Agreement including, without limitation, a decision with respect to the purchase price of any Share by Company and the selection of any appraiser.

7. Additional Provisions.

(a) All notices, requests, demands, consents, waivers, and other communications required or permitted under this Agreement must be in writing and shall be deemed to have been given (i) upon delivery to the appropriate addresses stated below, with written confirmation of receipt, if delivered personally, or (ii) on the date received at the appropriate addresses stated below, if mailed by first class certified mail, registered mail, or express mail, in each case with postage prepaid and return receipt requested, or (iii) on the date received at the appropriate addresses stated below, if sent by a nationally recognized overnight delivery or courier service, with delivery charges prepaid and proof of delivery or receipt obtained, or (iv) on the date received at the appropriate addresses or telex numbers, .pdf e-mail or fax numbers stated below, if sent by prepaid telegram, telex, telecopy, .pdf e-mail or fax, with proof of receipt obtained, and further provided that a copy is sent within 24 hours thereafter by one of the other methods of giving notices permitted under this Section 7. The addresses, telex numbers, e-mail addresses and fax numbers of the parties for purposes of this Section 7 are set forth below. Any party may change its addresses, telex numbers, e-mail addresses or fax numbers for purposes of this Section 7 by giving notice of such change to all other parties in the manner permitted under this Section 7.

(i) For Company:

Bedivere Insurance Company (In Liquidation)
1880 JFK Boulevard, Suite 801
Philadelphia, PA 19103
Attn: Keith Kaplan, Chief Liquidation Officer
Tel: (917) 716-7367
E-Mail: c-kkaplan@pa.gov

With a required copy to:

Michael Broadbent
Cozen O'Connor
One Liberty Place
1650 Market Street, Suite 2800
Philadelphia, PA 19103
Tel: (215) 665-4732
E-Mail: mbroadbent@cozen.com

(ii) For Shareholders:

To the addresses as set forth on Exhibit 1 attached hereto.

(b) Amendment. This Agreement may be amended or modified from time to time only by the written consent of Company and all of the Shareholders.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to the principles of conflicts of laws thereof.

(d) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. An executed counterpart of this Agreement and all amendments shall be kept at the principal office of Company and shall be available for inspection by any interested party during normal business hours.

(e) Equitable Relief. The parties acknowledge that the Shares are unique, and that any violation of this Agreement cannot be compensated for in damages alone. Therefore, in addition to all of the other remedies which may be available under applicable law, any party hereto shall have the right to enforce specifically the terms of this Agreement by obtaining injunctive relief against any violation or nonperformance hereof.

(f) Assignment. No Shareholder shall assign, transfer, pledge or otherwise encumber or dispose of any of his or her rights or obligations under this Agreement except as otherwise provided herein. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the respective parties hereto and their successors, agents and assigns.

(g) Pronouns. Any pronouns and any variation thereof used herein shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or entity referred to may require.

(h) Construction and Entire Agreement. In the case any provision of this Agreement shall for any reason be held to be invalid, illegal or unenforceable, such holding shall not affect the validity, legality, or enforceability of the remaining provisions of this Agreement, which shall be construed as if such invalid, illegal or unenforceable provision had never been included herein. This Agreement represents the entire understanding of the parties and supersedes any prior agreement or understanding relating to the subject matter of this Agreement.

(i) Consent to Jurisdiction. Any claim, dispute or controversy arising out of or in connection with this Agreement, or any breach thereof, shall be determined in and by the Court. The parties hereto consent to the jurisdiction of the Court with respect to any action arising out of or in connection with this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Agreement Date.

Bedivere Insurance Company (in Liquidation)

By: _____

Name: Keith Kaplan

Title: Chief Liquidation Officer

Connecticut Insurance Guaranty Association

By: _____

Name: Barbara Law

Title: Executive Secretary

Massachusetts Insurers Insolvency Fund

By: _____

Name: Barbara Law

Title: Manager

Illinois Insurance Guaranty Fund

By: _____

Name: Timothy Schotke

Title: Executive Director

EXHIBIT 1

Ownership of Shares

Shareholder	Notice Address	Number of Shares	Percentage of Total Shares
<i>Connecticut Insurance Guaranty Association</i>	One Bowdoin Square, 2 nd Fl. Boston, MA 02114	1,000	33 $\frac{1}{3}$ %
<i>Illinois Insurance Guaranty Fund</i>	150 S. Wacker, Suite 2970 Chicago, IL 60606	1,000	33 $\frac{1}{3}$ %
<i>Massachusetts Insurers Insolvency Fund</i>	One Bowdoin Square, 2 nd Fl. Boston, MA 02114	<u>1,000</u>	<u>33$\frac{1}{3}$ %</u>
			100 %

EXHIBIT 2

REVOCABLE PROXY

The undersigned, _____ (“GA”), hereby revocably constitutes and appoints the Commissioner of the Pennsylvania Insurance Department in the Commissioner’s capacity as the Liquidator of Bedivere Insurance Company (or his or her designee) (“Liquidator”) as its attorney and proxy, with full power of substitution, to vote all shares of the capital stock of Bedivere Insurance Company in Liquidation (“Bedivere”), owned by GA (the “Shares”). The Liquidator shall vote all of the Shares as he, in his sole and absolute discretion, deems proper. Without limiting the foregoing in any manner whatsoever, the Liquidator shall have the power to vote on any matter relating to Bedivere for which a stockholder vote is permitted or required including, but not limited to, the right to vote with respect to any recapitalization, reorganization, merger, consolidation, sale of assets or properties, increases or decreases in capital stock, reduction of stated capital, amendment to the articles of incorporation or bylaws and election or removal of directors. The Liquidator is also hereby authorized to vote the Shares at any meeting, whether annual or special, and also to vote or otherwise act with respect to the Shares in connection with any action by consent in lieu of a meeting or any other act which a stockholder may take.

This proxy is revocable at any time on written notice from the GA to the Liquidator. This proxy revokes any other proxy granted by the undersigned at any time with respect to the Shares and shall continue in effect until revoked.

IN WITNESS WHEREOF, the undersigned has executed this instrument this ____ day of
____, 2024.

Witness:

_____ [GA]

Exhibit C

TRANSACTION AND INDEMNIFICATION AGREEMENT

THIS TRANSACTION AND INDEMNIFICATION AGREEMENT (the “Agreement”) is made as of this ___ day of _____, 2025, by and between Bedivere Insurance Company (In Liquidation) (“Bedivere”) (the “Indemnitor”), on the one hand, and the Connecticut Insurance Guaranty Association, the Massachusetts Insurers Insolvency Fund (“MIIF”), and the Illinois Insurance Guaranty Fund (“IIGA”) (collectively, the “IGAs”), on the other (the Indemnitor and the IGAs, collectively the “Parties”).

Recitals:

1. Bedivere is a property and casualty insurance company declared insolvent by an Order of Liquidation dated March 11, 2021, and is subject to the supervision of the Commonwealth Court of Pennsylvania (the “Court”) while it is in liquidation; and
2. The IGAs have been asked to participate in a proposed transaction intended to preserve the Net Operating Losses (“NOLs”) of Bedivere (the “Proposed Transaction”); and
3. The Proposed Transaction, which will result in an ownership change of Bedivere, is intended to qualify under the bankruptcy exception of Section 382(l)(5) of the Internal Revenue Code of 1986, as amended, so as to preserve the NOLs; and
4. As a result of the Proposed Transaction, which will be approved by the Court, the IGAs will become the sole shareholders of Bedivere in exchange for the partial cancellation of debt by each of the IGAs; and
5. The IGAs will only participate in the Proposed Transaction if the IGAs and their respective officers, directors, employees, attorneys, and agents (the IGAs and such persons, collectively the “Indemnitees”) will not be exposed to liability or expense arising out of or relating to the Proposed Transaction ; and
6. The Indemnitor is willing to enter into this Agreement because it shall directly receive substantial benefits therefrom, and because the activities to be conducted shall be in furtherance of the purposes of the Indemnitor.

NOW, THEREFORE, as an inducement to the IGAs to participate in the Proposed Transaction and become shareholders of Bedivere, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties hereby covenant and agree as follows:

Indemnification.

Proceedings. The Indemnitor shall indemnify the Indemnitees, and each of them, if the Indemnitees or any of them is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, claim, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding , whether civil, criminal, administrative, investigative or otherwise, in

which an Indemnitee was, is or will be involved as a party or otherwise, arising out of or related to the Proposed Transaction (each a “**Proceeding**”) against expenses (including reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding) (“**Expenses**”), and all liabilities and loss, including judgments, damages, penalties, fines and amounts paid in settlement (if such settlement is approved pursuant to Section 2(f)) incurred by an Indemnitee in connection with such Proceeding so long as the Indemnitee’s actions or omissions are not determined, in a final judicial determination (as to which all rights of appeal have been exhausted or lapsed), to have constituted gross negligence, willful misconduct or recklessness. For the avoidance of doubt and without limiting the generality of the foregoing, the Indemnitees shall be indemnified against Expenses, liabilities and loss arising out of or related to the IGAs becoming shareholders of Bedivere pursuant to the Proposed Transaction, and the Indemnitees shall not be indemnified against Expenses, liabilities or loss constituting a covered claim or an expense of handling a covered claim arising under the statute under which an IGA is organized.

Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that any Indemnitee is a witness, or is made (or asked) to respond to discovery requests, in any Proceeding related to the Proposed Transaction to which the Indemnitee is not a party, it shall be indemnified against all Expenses actually and reasonably incurred by it or on its behalf in connection therewith.

Expenses and Indemnification Procedure.

Advancement of Expenses. Notwithstanding any provision of this Agreement to the contrary, the Indemnitor shall advance all reasonable out-of-pocket Expenses of an Indemnitee in connection with the investigation, defense, settlement or appeal of any Proceeding referenced in Section 1(a) within fifteen business (15) days after the receipt by the Indemnitor of a written request of an Indemnitee, coupled with appropriate documentation in sufficient detail to support the requested advance, whether prior to or after final disposition of any Proceeding. Advances shall include any and all reasonable Expenses incurred pursuing a Proceeding to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Indemnitor to support the advances claimed. This Section 2(a) shall not apply to any claim made by an Indemnitee for which indemnity is excluded pursuant to Section 8 hereof.

Undertaking to Repay Expenses. In the event that either (a) it shall ultimately be determined that an Indemnitee is not entitled to be indemnified for the Expenses paid by the Indemnitor pursuant to Section 2(a) or (b) any such advances made pursuant to Section 2(a) have not been used to pay Expenses, the Indemnitee shall repay to the Indemnitor such amount of the advanced Expenses or the appropriate portion thereof. Any advances and undertakings to repay pursuant to this Section 2 shall be unsecured and interest free.

Notice/Cooperation by Indemnitee. An Indemnitee shall, as a condition precedent to its right to be indemnified under this Agreement, give the Indemnitor notice in writing as soon as

practicable of any claim made against the Indemnitee for which indemnification will or could be sought under this Agreement. Notice to the Indemnitor shall be directed to Bedivere by email and U.S. mail or overnight delivery at the following address (or such other address as Bedivere may from time to time designate in writing to the IGAs). Notwithstanding the foregoing, any failure of the Indemnitee to provide such a request to the Indemnitor, or to provide such a request in a timely fashion, shall not relieve the Indemnitor of any liability that it may have to the Indemnitee unless, and to the extent that, such failure actually and materially prejudices the interests of the Indemnitor.

Bedivere Insurance Company (In Liquidation)
1880 JFK Boulevard, Suite 801
Philadelphia, PA 19103
Attn: Keith Kaplan, Chief Liquidation Officer
Tel: (917) 716-7367
E-Mail: c-kkaplan@pa.gov

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

Michael Broadbent
Cozen O'Connor
One Liberty Place
1650 Market Street, Suite 2800
Philadelphia, PA 19103
Tel: (215) 665-4732
E-Mail: mbroadbent@cozen.com

Notice shall be deemed received on the third business day after the date postmarked if sent by domestic certified or registered mail, properly addressed; otherwise, notice shall be deemed received when such notice shall actually be received by the Indemnitor. In addition, the Indemnitees shall give the Indemnitor such information and cooperation as it may reasonably require and as shall be within the Indemnitee's power.

Procedure. Any indemnification provided for in Section 1 and this Section 2 shall be made as promptly as practicable, but in no event later than forty-five (45) days after receipt of the written request of an Indemnitee, coupled with appropriate documentation in sufficient detail to support the requested payment. If a claim under this Agreement, under any statute, or under any provision of the Articles of Incorporation or Bylaws providing for indemnification is not paid in full by the Indemnitor within forty-five (45) days after receipt of a fully documented written request for payment thereof has first been received by the Indemnitor, the Indemnitee may, but need not, at any time thereafter bring an action against the Indemnitor to recover the unpaid amount of the claim and, subject to Section 13, the Indemnitee shall also be entitled to be paid for the Expenses of bringing such action. The Indemnitor shall not oppose the Indemnitee's right to seek any such action. It shall be a defense to any such action (other than an action brought to enforce a claim for Expenses incurred in connection with any Proceeding in advance

of its final disposition) that the Indemnitee has not met the standards of conduct which make it permissible under applicable law for the Indemnitor to indemnify the Indemnitee for the amount claimed, but the burden of proving such defense shall be on the Indemnitor, and the Indemnitee shall be entitled to receive payments of Expenses pursuant to Section 2(a), and the Indemnitor shall promptly make such payments of Expenses, unless and until such defense may be finally adjudicated by court order or judgment from which no further right of appeal exists. Each of the Parties intends that if the Indemnitor contests an Indemnitee's right to indemnification, the question of the Indemnitee's right to indemnification shall be for the Court to decide, and neither the failure of the Indemnitor to have made a determination that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct required by applicable law, nor an actual determination by the Indemnitor that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has or has not, as the case may be, met the applicable standard of conduct. The Indemnitor shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 2 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate before the Court that the Indemnitor is bound by all the provisions of this Agreement.

Selection of Counsel. In connection with the defense of any Proceeding against an Indemnitee, the Indemnitor shall be entitled to assume the defense of such Proceeding (other than a Proceeding involving criminal proceedings, in which case the Indemnitee shall be entitled to assume the defense of such Proceeding and the Indemnitor shall have the right to employ separate counsel at Indemnitor's expense), with counsel consented to by the Indemnitee, such consent not being unreasonably withheld, upon the delivery to the Indemnitee of written notice within ten (10) business days following receipt of notice from the Indemnitee pursuant to Section 2(c); *provided* that (i) the Indemnitor shall have acknowledged in writing to the Indemnitee its obligation, subject to the provisions of this Agreement, to indemnify the Indemnitee as provided hereunder, and (ii) the Indemnitor must conduct such defense in a commercially reasonable manner thereafter to preserve its rights in this regard. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Indemnitor, the Indemnitor will not be liable to the Indemnitee under this Agreement for any fees of any other counsel subsequently incurred by the Indemnitee with respect to the same Proceeding; *provided* that (x) the Indemnitee shall have the right to employ separate counsel in any such Proceeding at the Indemnitee's expense; and (y) if (A) the employment of counsel by the Indemnitee has been previously authorized by the Indemnitor, (B) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Indemnitor and the Indemnitee in the conduct of any such defense, or (C) the Indemnitor has not, in fact, employed counsel to assume the defense of such Proceeding, then the reasonable fees and expenses of the Indemnitee's counsel shall be at the expense of the Indemnitor.

Settlements. The Indemnitor shall not be liable to the Indemnitees under this Agreement for any amounts paid in settlement of any action or claim effected without Indemnitor's written consent. The Indemnitor shall not settle any action or claim in any manner which would impose any penalty or limitation on the Indemnitees, or which does not provide for a full, unqualified and final release of all claims asserted against the Indemnitees, without the Indemnitees' written consent. Neither the Indemnitor nor the Indemnitees will unreasonably withhold consent to any proposed settlement so long as such proposed settlement provides for a full, unqualified and final

release of all claims asserted against the Indemnitees and does not impose any penalty or limitation on the Indemnitees. If the Indemnitor settles a claim that is made jointly against Bedivere and an Indemnitee, the Indemnitor shall use commercially reasonable efforts to settle the entire claim on behalf of all parties named in the complaint.

Additional Indemnification Rights.

Scope. Notwithstanding any other provision of this Agreement, the Indemnitor shall indemnify the Indemnitees to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, Bedivere's Articles of Incorporation and Bylaws, or by statute. In the event of any change, after the date of this Agreement, in any applicable law, statute, or rule which expands the right of a Pennsylvania corporation to indemnify its shareholders, such changes shall be, *ipso facto*, within the purview of the Indemnitees' rights and the Indemnitor's obligations under this Agreement. In the event of any change in any applicable law, statute or rule which narrows the right of a Pennsylvania corporation to indemnify its shareholders, such changes (to the extent not otherwise required by such law, statute or rule to be applied to this Agreement) shall have no effect on this Agreement or the parties' rights and obligations hereunder.

Non-exclusivity. The indemnification provided by this Agreement shall not be deemed exclusive of any rights to which an Indemnitee may be entitled under Bedivere's Articles of Incorporation, Bylaws, any agreement, any vote of shareholders or disinterested directors, the Pennsylvania Business Corporation Law of 1988, as amended, or otherwise, both as to action in Indemnitee's official capacity and as to action in another capacity while holding such office, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

Payment.

(a) The sole source of any indemnification, Expenses, advancement of Expenses and other amounts payable to an Indemnitee under this Agreement shall be the assets of Bedivere, with such payment being made as an expense of administration pursuant to 40 P.S. § 221.44(a).

(b) Bedivere agrees that it shall be a condition precedent to the Proposed Transaction that this Agreement be approved by a final order of the Court (as to which all rights of appeal have been exhausted or lapsed) entered at the time the Proposed Transaction is approved by the Court.

Estate Closure. It shall be a condition precedent to the closure of the Bedivere estate that the Indemnitees shall have received from the Bedivere estate as an expense of administration pursuant to 40 P.S. § 221.44(a), a distribution of an amount agreed upon by Bedivere and all

Indemnites against whom there are Pending Claims (as hereafter defined in this Section 5), or failing agreement by Bedivere and such Indemnites an amount determined by the Court applying the provisions of this Agreement (after the Parties have had an appropriate opportunity to be heard, including briefing), as an amount which is sufficient to pay all indemnification, Expenses and other amounts payable to Indemnites under this Agreement with respect to any and all claims against Indemnites (whether or not such claims have been resolved) for which indemnification has been sought under this Agreement by notice given prior to such discharge in accordance with Section 2(c) (“Pending Claims”). All agreements and obligations of the Indemnitor contained herein shall cease upon receipt by Indemnites of such distribution. Upon termination of the Bedivere liquidation proceedings, there shall be no further liability for Bedivere (including the Chief Liquidation Officer) or agents of Bedivere or the Pennsylvania Insurance Commissioner in his capacity as Statutory Liquidator of Bedivere (“Liquidator”), or any other capacity, or the Pennsylvania Insurance Department under this Agreement. In no event shall the Liquidator, or the Pennsylvania Insurance Commissioner in any capacity, be personally liable under this Agreement. Bedivere shall, in its application to the Court for termination of the Bedivere estate, ask the Court to order that the revocable proxy provided in the Guaranty Associations Shareholders’ Agreement and the Bedivere stock issued to the IGAs be cancelled.

Partial Indemnification. If an Indemnitee is entitled under any provision of this Agreement to some or a portion of indemnification, but not for the total amount thereof, the Indemnitor shall nevertheless indemnify the Indemnitee for the portion of such indemnification to which the Indemnitee is entitled.

Severability. The provisions of this Agreement shall be severable as provided in this Section 7. If this Agreement or any portion hereof shall be invalidated on any ground by the Court, then the Indemnitor shall nevertheless indemnify the Indemnites to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated, and the balance of this Agreement not so invalidated shall be enforceable in accordance with its terms.

Exceptions. Any other provision herein to the contrary notwithstanding, the Indemnitor shall not be obligated pursuant to the terms of this Agreement:

Claims Initiated by the Indemnites. To pay Expenses, liabilities or loss to the Indemnites with respect to proceedings or claims initiated or brought voluntarily by the Indemnites and not by way of defense (such as by counterclaim, cross-claim or third-party claim), except with respect to proceedings brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise as required under the Pennsylvania Business Corporation Law of 1988, as amended, but such payment of Expenses, liabilities and loss may be provided by Bedivere in specific cases if Bedivere, in its sole discretion, finds it to be appropriate;

Lack of Good Faith. To pay any Expenses, liabilities or loss to the Indemnites for any Expenses incurred by the Indemnites with respect to any Proceeding instituted by the Indemnites to enforce or interpret this Agreement, if the Court determines that each of the material assertions made by the Indemnites in such proceeding was made in bad faith;

Illegal Activity. To pay any Expenses, liabilities or loss to the Indemnitees if the Court finally adjudges by a final order (as to which all rights of appeal have been exhausted or lapsed) that such indemnification is illegal, including by virtue of such indemnification being in violation of public policy or any provision of law.

Issuance of Bedivere Stock; Forgiveness of Debt. In exchange for the 1,000 shares of Bedivere stock that Bedivere will issue to each of the IGAs, each of the IGAs hereby agrees to forgive and cancel \$1,300 in debt described in section 382(1)(5)(E) that is owed by Bedivere to the IGAs, which has been acknowledged and approved by the Court, in the amounts shown on Exhibit A, and for the claims listed on Exhibit A, which is attached hereto and incorporated herein.

Interpretation; Construction of Certain Phrases.

The headings of particular provisions of this Agreement are inserted for convenience only and will not be construed as a part of this Agreement or serve as a limitation or expansion on the scope of any term or provision of this Agreement. The words “*include*,” “*includes*” or “*including*” shall be deemed to be followed by the words “*without limitation*.” The words “*hereof*” “*herein*” and “*herewith*” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.

For purposes of this Agreement:

references to “Bedivere” shall include, in addition to the resulting or surviving corporation, any constituent entity (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that if an Indemnitee is or was a shareholder, director, officer, employee or agent of such constituent entity, or is or was serving at the request of such constituent entity as a director, officer, employee or agent of any other enterprise, the Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as the Indemnitee would have with respect to such constituent entity if its separate existence had continued;

references to “*fin*es” shall include any excise taxes or penalties assessed on Indemnitees with respect to an employee benefit plan; and

references to “*Sections*” or “*clauses*” shall be to Sections or clauses of this Agreement.

Counterparts; .pdf or Facsimile Signatures. This Agreement may be executed in any number of counterparts (including by .pdf or facsimile signature), each of which shall be deemed to be an original and all of which together shall constitute one and the same document.

Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Indemnitor, the Indemnitees, and their respective successors and assigns.

Attorneys' Fees. If any action is instituted by any of the Indemnitees under this Agreement to enforce or interpret any of the terms hereof, the Indemnitees shall be entitled to be paid all court costs and expenses, including reasonable attorneys' fees, incurred by the Indemnitees with respect to such action, unless as a part of such action, the Court determines that each of the material assertions made by the Indemnitees as a basis for such action was made in bad faith or was frivolous. In the event of an action instituted by or in the name of the Liquidator or Bedivere under this Agreement or to enforce or interpret any of the terms of this Agreement, the Indemnitees shall be entitled to be paid all court costs and expenses, including attorneys' fees, incurred by the Indemnitees in defense of such action (including with respect to the Indemnitees' counterclaims and cross-claims made in such action), unless as a part of such action the Court determines that each of the Indemnitees' material defenses to such action was made in bad faith or was frivolous.

Notice. All notices, requests, demands, consents and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, or by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service). The address for notice to the Indemnitor shall be as set forth in Section 2(c), the address for notice to the IGAs shall be as set forth on the signature pages of this Agreement, and the address for notice to any Indemnitee shall be the address provided to the Parties by an Indemnitee, or as subsequently modified in a notice given in accordance with this Section 14.

Consent to Jurisdiction. The Indemnitor and the Indemnitees hereby irrevocably consent to the jurisdiction of the Court for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement. Any action or proceeding instituted under or to enforce this Agreement shall be brought only in the Court.

Choice of Law. This Agreement shall be governed by and its provisions construed in accordance with the laws of the Commonwealth of Pennsylvania, as applied to contracts between Pennsylvania residents entered into and to be performed within Pennsylvania without regard to any Pennsylvania choice of law statutes or rulings.

Enforcement. The Indemnitor expressly confirms and agrees that it has entered into this Agreement and assumes the obligations to Indemnitees imposed on Indemnitor hereby in order to induce the IGAs to participate in the Proposed Transaction and become shareholders of Bedivere, and the Indemnitor acknowledges that the IGAs are relying upon this Agreement in participating in the Proposed Transaction and becoming shareholders of Bedivere. This Agreement is made for the benefit of the Indemnitees and may be enforced by any and all Indemnitees.

Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by all of the Parties. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

Prior Agreement. Notwithstanding any contrary provision contained herein, this Agreement supersedes and replaces any and all prior written indemnification agreements between the IGAs and the Indemnitor.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Bedivere Insurance Company (in Liquidation)

By: _____

Name: Keith Kaplan

Title: Chief Liquidation Officer

Connecticut Insurance Guaranty Association

By: _____

Name: Barbara Law

Title: Executive Secretary

Address for Notice:

Guaranty Fund Management Services

One Bowdoin Square

Boston, Massachusetts 02114

Massachusetts Insurers Insolvency Fund

By: _____

Name: Barbara Law

Title: Manager

Address for Notice:

Guaranty Fund Management Services

One Bowdoin Square

Boston, Massachusetts 02114

Illinois Insurance Guaranty Fund

By: _____

Name: Tim Schotke

Title: Executive Director

Address for Notice:

150 S. Wacker, Suite 2970

Chicago, Illinois 60606

EXHIBIT A

The allowed amount of each claim on the list below will be reduced by \$1,300.

1. Connecticut Insurance Guaranty Association

Claim #: 323053004

2. Massachusetts Insurers Insolvency Fund

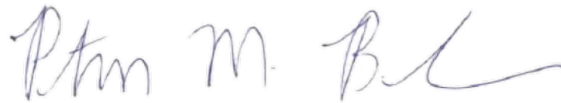
Claim #: 0B700013G

3. Illinois Insurance Guaranty Fund

Claim #: 0W103132H

**CERTIFICATION OF COMPLIANCE
WITH PUBLIC ACCESS POLICY**

I certify that this filing complies with the provisions of the Public Access Policy of the Unified Judicial System of Pennsylvania: Case Records of the Appellate and Trial Courts that require filing confidential information and documents differently than non-confidential information and documents.



PRESTON M. BUCKMAN (I.D. #57570)
Insurance Department Counsel
Governor's Office of General Counsel
Pennsylvania Insurance Department
Capitol Associates Building
901 North 7th Street
Harrisburg, PA 17102
(717) 886-2080

*Attorney for Michael Humphreys, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in his capacity as Statutory
Liquidator of Bedivere Insurance Company,
In Liquidation*

Dated: January 17, 2025

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving the foregoing document on all parties of record in this proceeding, in accordance with Pa.R.A.P. 3780, in the following manner:

Service via e-service or email addressed as follows:

Counsel for the Statutory Liquidator of Bedivere Insurance Company:

Michael J. Broadbent, Esq.
mbroadbent@cozen.com
Cozen O'Connor
One Liberty Place
1650 Market Street, Suite 2800
Philadelphia, PA 19103
(215) 665-4732

NON-PARTIES:

Counsel for Pennsylvania Property & Casualty Insurance Guaranty Association (PPCIGA):

H. Marc Tepper, Esq.
marc.tepper@bipc.com
Buchanan Ingersoll & Rooney PC
Two Liberty Place
50 South 16th Street, Suite 3200
Philadelphia, PA 19102
(215) 665-3864
(215) 665-8760 (Fax)

Counsel for Colgate-Palmolive Co.:

Adam Budesheim, Esquire

abudesheim@mccarter.com

Gregory Horowitz, Esquire

ghorowitz@mccarter.com

David Kane, Esquire

dkane@mccarter.com

McCarter & English, LLP

Four Gateway Center

100 Mulberry Street

Newark, NJ 07102

(973) 622-4444, (973) 624-7070 (Fax)

Joann Lytle, Esquire

jlytle@mccarter.com

McCarter & English, LLP

1600 Market Street, Suite 3900

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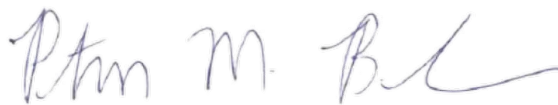
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*Attorney for Michael Humphreys, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in his capacity as Statutory
Liquidator of Bedivere Insurance Company,
In Liquidation*

Date: January 17, 2025

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE:

**Bedivere Insurance Company
In Liquidation**

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NO. 1 BIC 2021

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RE: Liquidator’s Application for Approval
of Restructuring Proposal

ORDER

AND NOW, this ____ day of _____, 2025, upon consideration of
the Liquidator’s Application for Approval of Restructuring Proposal
 (“Application”) and the representations made therein regarding the proposed
restructuring transaction (“Restructuring”), it is hereby ORDERED and
DECREED that:

1. the Application is GRANTED;
2. the following documents are approved as necessary to implement the

Restructuring:

- a. the Redemption Agreement attached as Exhibit A to the Application;
- b. the Guaranty Associations Shareholders' Agreement attached as Exhibit B to the Application; and
- c. the Transaction and Indemnification Agreement attached as Exhibit C to the Application.

3. Further, the Liquidator is authorized to take all action necessary to execute, deliver, perform and implement all agreements identified above and to take any additional action necessary to implement the Restructuring.

Anne E. Covey, Judge