



PROPERTY-LIABILITY TRUST, INC.

**NOTICE TO MEMBERS OF
A SPECIAL MEETING OF THE BOARD OF DIRECTORS
TO CONSIDER AMENDMENTS TO BYLAWS, CHANGE TO COVERAGE, AND
LOSS PORTFOLIO TRANSFER**

A Special Meeting of the Board of Directors and hearing of the Members of Property-Liability Trust, Inc., a New Hampshire voluntary corporation, ("PLT") will be held on July 21, 2016 at 9:30 a.m. at 25 Triangle Park Drive, Concord, NH 03301. The purpose of this meeting will be to consider amendments to PLT's Bylaws, changes to the scope of PLT's coverage, and the terms of a proposed loss portfolio transfer with an affiliated reinsurance company of RiverStone Resources, LLC ("RiverStone"). As part of the loss portfolio transfer, the administration of Member claims will be handled by a third party, not PLT, which will be discussed in greater detail at the meeting.

In order to understand the reason for the proposed changes that will be discussed at the July 21, 2016 meeting, a brief summary of the events leading up to these changes follows. PLT placed itself in voluntary run-off in October of 2013 when it entered into an agreement by which it transferred all of its assets to another risk pool, HealthTrust, Inc. Voluntary run-off is a status in which an insurance risk bearer agrees to discontinue writing new coverages or policies, but is permitted to adjust and pay all claims that were submitted pursuant to the coverages or policies written prior to entering run-off. All of the assets transferred to HealthTrust, Inc. were returned to PLT in late spring of 2014 in response to an enforcement action that was resolved with the execution of a Consent Decree in July 2014. PLT agreed to remain in voluntary run-off pursuant to the terms of the Consent Decree, but reserved the right to seek permission to resume full operations if it became financially viable to do so.

In June 2015, PLT filed for permission to come out of voluntary run-off and to issue new coverages. A three day evidentiary hearing was held and, after considering a great deal of factual and expert evidence, permission was denied in a written order dated November 21, 2015 because the hearing officer found that PLT did not prove it "has sufficient financial viability to allow it to issue and honor said policies or renewals without subsidization by any other entity."

As of July 1, 2016, PLT is in complete run-off. As it has moved into complete run-off, the Board of Directors of PLT has considered several options to place its Members in the best position to have its covered claims paid. As was outlined in the Notice sent to you on April 15, 2016 regarding PLT's financial condition, PLT and its regulators are concerned about the difficult financial condition in which PLT finds itself. Specifically, according to PLT's actuaries, the workers' compensation funds held by Property-Liability Trust, plus over \$14 million in securities held by the New Hampshire Department of Labor, are likely more than sufficient to cover the workers' compensation claims that will be made through the conclusion of the operations of Property-Liability Trust currently estimated to end in approximately 2029. However, also according to PLT's actuaries, the funds held to pay property liability claims (e.g.,

property destruction, general liability, law enforcement liability) are likely insufficient to pay claims after approximately August of 2017 (even though claims will continue to be filed after that date). There is not any additional security (i.e. money) held by a state agency to pay these claims.

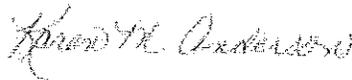
In light of these financial challenges that could result in covered Member claims not being paid, PLT proposes entering into a reinsurance transaction in the form of a loss portfolio transfer transaction related to certain property, liability, and workers' compensation exposures on Member Agreements issued by PLT on and prior to July 1, 2015 (the "Loss Portfolio Transfer") with RiverStone. This Loss Portfolio Transfer transaction has been structured such that RiverStone will provide reinsurance for the amount associated with any covered claims up to PLT's current reinsurance attachment points and RiverStone will also provide the administration for all PLT claims through the run-off period. PLT will continue to exist in order to oversee the administration of claims by RiverStone and the other reinsurers with whom PLT already has contracts.

The purpose of the meeting is to hold a hearing of the Members before the Board of Directors to (1) consider, or if the possible, approve the Loss Portfolio Transfer, (2) approve the proposed amendment to PLT's Bylaws (the "Bylaw Amendment"), which simplify the governance obligations of PLT including meeting and notice requirements and composition of the Board of Directors, and in the form attached to this Notice as Exhibit A, and (3) approve the amendment to PLT's member agreements (the "Member Agreement Amendments"), to allow RiverStone to settle any Third-Party Claim without Member consent., in the form attached to this Notice as Exhibit B.

Members of PLT will have an opportunity at the special meeting to ask questions of and receive answers from PLT concerning issues related to the Loss Portfolio Transfer, related transactions, and proposed amendments. Such hearing will be confidential, according to the Confidentiality and Nondisclosure Agreement entered into between the Trust and RiverStone dated March 31, 2016. For your convenience, we have included with this Notice an "Overview of the Proposed Loss Portfolio Transfer and Related Transactions" (included with this Notice as Exhibit C). Moreover, PLT will make available on its website copies of the Loss Portfolio Transfer Agreement and Services Agreement referenced in the summary materials when they become available.

The PLT Board of Directors believes that the Loss Portfolio Transfer is in the best interest of the Members and provides that greatest likelihood that all valid claims that meet the requirements of the Member Agreement and applicable law will be timely paid without reduction.

Thank you for your ongoing support of PLT.



July 8, 2016

Karen Anderson
Chair, Property-Liability Trust, Inc. Board of Directors

EXHIBIT A
**FIRST AMENDMENT
TO
AMENDED AND RESTATED BYLAWS
OF
PROPERTY-LIABILITY TRUST, INC.**

Effective _____, 2016, the Board of Directors of Property-Liability Trust, Inc. amends the Amended and Restated Bylaws of Property-Liability Trust, Inc. as follows:

ARTICLE III, MEMBERSHIP IN PLT, shall be changed, as follows:

Article III, Section 3.5. Meetings of the Members:

The following Article III, Section 3.5 shall be deleted in its entirety:

SECTION 3.5. Meetings of the Members. A meeting of the Members shall be held at least annually for the purposes of receiving reports on the operations of PLT; voting upon nominations for members of the Board of Directors; and transacting any other business which may be transacted at an annual meeting. The time and place of any meeting will be determined by the Board of Directors. Members shall be notified of the time and place of any meeting by at least ten (10) days written notice which may include email notification. Each Member shall be entitled to one vote as provided in Section 6.3. Any number of Members shall constitute a quorum for the conduct of elections and the transaction of any business.

Article III, Section 3.5 shall be replaced in its entirety with the following:

SECTION 3.5. Meeting of the Members. An annual meeting of the Members may be called upon written notice to the Board of Directors by at least five (5) Members, or may be called by a vote of the Board of Directors. The time and place of any meeting will be determined by the Board of Directors and communicated to the requesting Members. The requesting Members must provide notice of the time and place of the meeting to the Members by at least ten (10) days written notice which may include email notification. Any number of Members shall constitute a quorum for the transaction of any business.

Article III, Section 3.6. Optional Defense by Members:

The following Article III, Section 3.6 shall be deleted in its entirety:

SECTION 3.6. Optional Defense by Members. Members shall be provided a reasonable opportunity in liability cases or claims to participate in their own defense or prevent the settlement of such cases or claims by the PLT in a manner contrary to the wishes of the Member. A Member that has exercised its privilege to prevent the settlement of the case or claim, shall be responsible for any later judgment or settlement in excess of the settlement offer or proposal, the acceptance of which was prevented by the Member.

Article III, Section 3.6 shall be replaced in its entirety with the following:

SECTION 3.6. Defense by Members. PLT shall not be required to provide Members with an opportunity to participate in their own defense of liability cases or claims, regardless of when such liability cases or claims arose, or when the events giving rise to such liability cases or claims occurred. A Member that interferes with or prevents the settlement of the case or claim shall be responsible for any later judgment or settlement in excess of the settlement offer or proposal, the acceptance of which was prevented by the Member.

ARTICLE IV, TERMINATION OF MEMBERSHIP OR PARTICIPATION IN A COVERAGE PROGRAM, shall be changed, as follows:

The following Article IV, Section 4.3(c) shall be deleted in its entirety:

(c) Membership status shall be forfeited when a Member no longer participates in any Coverage Program.

Article IV, Section 4.3(c) shall be replaced in its entirety with the following:

(c) Members for the purpose of these Bylaws shall be the members that participate in any Coverage Program as of June 30, 2016. Membership status shall be forfeited when a Member no longer participates in any Coverage Program; for the avoidance of doubt, a Member "participates" in a Coverage Program following the end of the relevant Pool Year to the extent that the Member continues to have a contractual right to coverage from PLT for any claim arising under that Coverage Program.

ARTICLE VI, BOARD OF DIRECTORS, shall be changed, as follows:

The following Article VI, Section 6.1 shall be deleted in its entirety:

SECTION 6.1. Board of Directors.

(a) The Board of Directors shall comprise not less than nine (9) and nor more than thirteen (13) Directors each serving in one of the following categories: Municipal Public Officials or School Public Officials.

(b) Not less than four (4) and not more than seven (7) Municipal Public Officials may serve on the Board of Directors at any one time.

(c) Not less than four (4) and not more than seven (7) School Public Officials may serve on the Board of Directors at any one time.

(d) A majority of the Directors then serving must be Public Officials of Members presently participating in Property-Liability Trust.

Article VI, Section 6.1 shall be replaced in its entirety with the following:

SECTION 6.1. Board of Directors.

(a) The Board of Directors shall comprise not less than five (5) and not more than nine (9) Directors.

- (b) A majority of the Directors then serving must be Public Officials of Members.

The following Article VI, Section 6.2(a) shall be deleted in its entirety:

(a) Each Director shall at the time of election or appointment and at all times while serving in such office be qualified to fill the category of Director described in Section 6.1 for which they were elected or appointed. In nominating Directors, the Governance and Nominating Committee may, but need not, give due regard to varying geographic location, population of the Members or entities eligible to be Members, experience in risk management, administrative ability and fiduciary experience. The Board has the authority to waive the above requirements with respect to any individual Directors upon consideration of the particular circumstances, as long as the constitution of the Board continues to meet the requirements of RSA 5-B.

Article VI, Section 6.2(a) shall be replaced in its entirety with the following:

(a) In electing Directors, the Board of Directors may, but need not, give due regard to varying geographic location, population of the Members or entities eligible to be Members, experience in risk management, administrative ability and fiduciary experience.

The following Article VI, Section 6.3 shall be deleted in its entirety:

SECTION 6.3. Election of Directors. The Members shall elect the Directors at the Annual Meeting for the terms specified in Section 6.5. The Governance and Nominating Committee shall recommend a slate of candidates to the Membership. Nominations will also be taken from Members at the annual meeting. Voting for Directors shall be as follows:

- (a) Each Member is entitled to one vote.
- (b) Absentee ballots shall be available to the Members at least 30 days prior to the annual meeting. Each Member may obtain a single absentee ballot by requesting such a ballot from PLT. Completed absentee ballots will be accepted from Members up to 2 days prior to the annual meeting.
- (c) Voting for Directors shall occur in-person at the annual meeting. The vote tally at the annual meeting will be added to the absentee ballots to determine who is elected Directors.
- (d) In the event PLT receives more than one ballot or vote per Member, the official ballot or vote accepted by PLT shall be the one cast by the highest ranking officer of the Member. In the event PLT cannot determine which of multiple conflicting ballots was cast by an officer of the highest rank, none of the ballots from that Member shall count.

Article VI, Section 6.3 shall be replaced in its entirety with the following:

SECTION 6.3. Election of Directors. The Directors shall elect the Directors for the terms specified in Section 6.5.

The following Article VI, Section 6.5 shall be deleted in its entirety:

SECTION 6.5. Tenure of Directors.

- (a) As of the 2013 annual meeting of the Members, the terms of office of all the Directors then serving shall expire, and the Members at that meeting shall elect the full Board of Directors with one-third of the Directors elected to a one-year term, one third elected to a

two-year term, and one-third elected to a three-year term. If the number of Directors elected at the 2013 annual meeting does not divide evenly into thirds, the Directors shall be elected for staggered terms as evenly as possible. After the expiration of the terms established in 2013, the Members shall elect Directors to three (3) year terms, and the terms will be staggered so that no more than five (5) Directors will be elected to full terms in any one year.

- (b) A Director may serve no more than three (3) consecutive 3-year terms. A Director who is appointed to fill a vacancy may serve the remainder of the vacant term and may, then, serve no more than three (3) consecutive 3-year terms.

Article VI, Section 6.5. Tenure of Directors shall be replaced in its entirety with the following:

SECTION 6.5. Tenure of Directors. As of the effective date of this First Amendment, the terms of office of all the Directors then serving shall expire, and the Directors at that meeting shall elect the full Board of Directors to staggered terms of three, four or five (5) years. After the expiration of the terms established as of the effective date of this First Amendment, the Directors shall elect Directors to five (5) year terms.

The following Article VI, Section 6.6 shall be deleted in its entirety:

SECTION 6.6. Power of Other Directors to Act in Case of Vacancy. If a vacancy occurs in any office of Director for any reason, notwithstanding any provision in these Bylaws to the contrary; the remaining Directors then in office shall have full power and authority to act until such vacancy is filled. The Board of Directors has the authority to fill any vacancy on the Board of Directors until the next succeeding annual meeting, at which time the Members shall elect a Director to fill the vacancy for the remainder of the unexpired term. The Governance and Nominating Committee shall make recommendations to fill such vacancies.

Article VI, Section 6.6. Power of Other Directors to Act in Case of Vacancy shall be replaced in its entirety with the following:

SECTION 6.6. Power of Other Directors to Act in Case of Vacancy. If a vacancy occurs in any office of Director for any reason, notwithstanding any provision in these Bylaws to the contrary the remaining Directors then in office shall have full power and authority to act until such vacancy is filled. The Board of Directors has the authority to fill any vacancy on the Board of Directors.

ARTICLE VII, OFFICERS AND COMMITTEES, shall be changed, as follows:

The following Article VII, Section 7.3 shall be deleted in its entirety:

SECTION 7.3. Duties of the Chair. The Chair shall be the presiding officer at all meetings of PLT. The Chair shall appoint all Standing Committees and their chairpersons. The Chair shall be a voting member of each Standing Committee *ex officio*.

Article VII, Section 7.3. Duties of the Chair shall be replaced in its entirety with the following:

SECTION 7.3. Duties of the Chair. The Chair shall be the presiding officer at all meetings of PLT. The Chair shall appoint all committees and their chairpersons. The Chair shall be a voting member of each committee *ex officio*.

The following Article VII, Section 7.5 shall be deleted in its entirety:

SECTION 7.5. Committees.

- (a) General Authority. The Board of Directors shall have the power and authority to appoint from among themselves such committees as the Board of Directors shall deem expedient which may be vested with such powers as the Board of Directors in its sole discretion shall determine. The Board Chair, with the input of the Chairs of the Standing Committees, shall have the authority to promulgate procedures for the coordination and exchange of information among Standing Committees and the internal operational functioning of the Board.
- (b) Standing Committees. The chair and all members of all Standing Committees shall be appointed by and removed by the Chair. Each Director shall serve on at least one (1) Standing Committee. Each Standing Committee's recommendations shall be presented to the full Board for action regardless of its impact upon the functional responsibility of any other Standing Committee. PLT shall have the following Standing Committees (the "Standing Committees"):
 - (i) Strategic Planning Committee. The Strategic Planning Committee shall review all programs and services offered by PLT with a particular focus on Loss Prevention and Risk Management Programs to ensure competitiveness and attraction and retention of Members. The Committee shall also be responsible for reviewing other policies of PLT not assigned to other committees. The Committee shall make policy and program recommendations to the Board of Directors.
 - (ii) Finance and Personnel Committee. The Finance and Personnel Committee shall prepare and recommend a proposed budget for each subsequent year and present said budget to the Board of Directors for approval. The Committee shall review, oversee and/or make recommendations on financial and actuarial rating procedures, the annual independent audit process, investment policy, internal audit and financial statements. The Committee shall (i) oversee pay studies, personnel policies, cost of living adjustments and fringe benefits with regard to employees of PLT (ii) evaluate the Executive Director in consultation with the full Board of Directors, (iii) recommend to the Directors changes to such policies and procedures, in order to improve or ensure competitiveness of PLT and (iv) review and make recommendations to the full PLT Board on requests for the addition of permanent staff positions.
 - (iii) Governance and Nominating Committee. The Governance and Nominating Committee shall nominate persons to serve as members of the Board of Directors and as Chair and Vice Chair, and shall have the responsibility to review and make recommendations to the Board of Directors on amendments to the Bylaws.

Article VII, Section 7.5. Committees shall be replaced in its entirety with the following:

SECTION 7.5. Committees. The Board of Directors shall have the power and authority to appoint from among themselves such committees as the Board of Directors shall deem expedient which may be vested with such powers as the Board of Directors in its sole discretion shall determine. The Board Chair, with the input of the Chairs of the committees, shall have the authority to promulgate procedures for the coordination and exchange of information among committees and the internal operational functioning of the Board.

ARTICLE VIII, DUTIES AND POWERS OF THE BOARD OF DIRECTORS, shall be changed, as follows:

Article VIII, Section 8.1. General Duties of the Board of Directors. Subsection 8.1(e) shall be deleted in its entirety:

(e) Engage an independent certified public accountant who is appointed by and reports directly to the Board of Directors to perform a financial audit at least once per Pool Year and cause copies of such audits to be distributed to Members.

Article VIII, Section 8.1. General Duties of the Board of Directors. Subsection 8.1(e) shall be replaced in its entirety with the following:

(e) If the Board of Directors deems necessary, engage an independent certified public accountant who is appointed by and reports directly to the Board of Directors to perform a financial audit at least once per year and cause copies of such audits to be distributed to Members.

The following Article VIII, Section 8.4 shall be deleted in its entirety:

SECTION 8.4. Service Company. If services are not otherwise to be provided directly by PLT the Board of Directors or the Executive Director may obtain the services of one or more Service Companies to provide claims administration and/or other administrative services for or on behalf of PLT. The Board of Directors must approve any engagement of a Service Company for which the Executive Director performs duties or in which the Executive Director is an employee or officer. A Service Company shall adhere to guidelines for the performance of its duties as set forth by the Board of Directors or the Executive Director.

Article VIII, Section 8.4 Service Company shall be replaced in its entirety with the following:

SECTION 8.4. Service Company. If services are not otherwise to be provided directly by PLT, the Board of Directors may obtain the services of one or more Service Companies to provide any services for or on behalf of PLT that the Board of Directors deems necessary. A Service Company shall adhere to guidelines for the performance of its duties as set forth by the Board of Directors.

Except as amended hereby, the Bylaws shall remain in full force and effect in accordance with their terms and prior amendments.

Dated: _____, 2016

By: _____
Karen Anderson, Board Chair

[First Amendment to Amended and Restated Bylaws of Property-Liability Trust, Inc.]

EXHIBIT B

PROPERTY-LIABILITY TRUST, INC. NOTICE OF ADJUSTMENT TO SCOPE OF COVERAGE

By action of the Board of Directors of Property-Liability Trust, Inc. ("PLT") on _____, 2016, pursuant to Section 11.1(b) of the Amended and Restated Bylaws of PLT, and in accordance with that section of the General Provisions of each outstanding PLT Member Agreements headed "Interpretation", PLT hereby modifies the scope of coverage as set forth in all outstanding Property-Liability Trust, Inc. Member Agreements (the "Member Agreements"), and amends the Member Agreements, as follows, effective as of _____, 2016:

SECTION III. ASSUMPTION OF LIABILITY AGREEMENT FOR THIRD-PARTY CLAIMS AGAINST MEMBERS

F. SETTLEMENT OF THIRD PARTY CLAIMS

1. PLT and its assigns may settle any *Third-Party Claim* without the consent of the *Member*. PLT or its assigns may, in their sole discretion, request the consent of a *Member* to a *Third-Party Claim*, which consent shall not be unreasonably refused. If the *Member* shall refuse to consent to any settlement or compromise recommended by PLT or its assigns and acceptable to the party asserting the *Claim* and shall elect to contest the *Claim*, then PLT's liability under this Agreement shall not exceed and shall be limited to the amount for which the *Claim* or proceedings could have been settled or compromised. An appeal to PLT or its assigns of the shifting of the responsibility for any amounts in excess of the settlement proposal shall be automatic upon the refusal of the *Member* to consent to the settlement or compromise recommended by PLT or its assigns. Should PLT or its assigns refuse to accept responsibility for all or part of any later judgment or settlement in excess of the settlement proposal, the acceptance of which was prevented by the *Member* any increase in costs because of judgment or settlement, as well as defense costs including attorney's fees incurred subsequent to the appeal, shall be the responsibility of the *Member*.
2. The *Member* shall not settle any *Third Party Claim* for which it seeks protection from PLT or its assigns without first giving PLT or its assigns written notice of its intent to settle and obtaining PLT's written consent. Any settlement that the *Member* enters into without first complying with the provisions of this paragraph shall not be subject to protection under this *Agreement*.

**PROPERTY-LIABILITY TRUST, INC.
NOTICE OF ADJUSTMENT TO SCOPE OF COVERAGE**

By action of the Board of Directors of Property-Liability Trust, Inc. ("PLT") on _____, 2016, pursuant to Section 11.1(b) of the Amended and Restated Bylaws of PLT, and in accordance with that section of the General Provisions of each outstanding PLT Educators' Member Agreements headed "Interpretation", PLT hereby modifies the scope of coverage as set forth in all outstanding Property-Liability Trust, Inc. Educators' Member Agreements (the "Member Agreements"), and amends the Member Agreements, as follows, effective as of _____, 2016:

SECTION III. ASSUMPTION OF LIABILITY AGREEMENT FOR THIRD-PARTY CLAIMS AGAINST SCHOOL MEMBERS

F. SETTLEMENT OF THIRD PARTY CLAIMS

1. PLT and its assigns may settle any *Third-Party Claim* without the consent of the *School Member*. PLT or its assigns may, in their sole discretion, request the consent of a *School Member* to a *Third-Party Claim*, which consent shall not be unreasonably refused. If the *School Member* shall refuse to consent to any settlement or compromise recommended by PLT or its assigns and acceptable to the party asserting the *Claim* and shall elect to contest the *Claim*, PLT's or its assigns' liability under this *Agreement* shall not exceed and shall be limited to the amount for which the *Claim* or proceedings could have been settled or compromised. An appeal to PLT or its assigns of the shifting of the responsibility for any amounts in excess of the settlement proposal shall be automatic upon the refusal of the *School Member* to consent to the settlement or compromise recommended by PLT or its assigns. Should PLT or its assigns refuse to accept responsibility for all or part of any later judgment or settlement in excess of the settlement proposal, the acceptance of which was prevented by the *School Member*, any increase in costs because of judgment or settlement, as well as defense costs including attorney's fees incurred subsequent to the appeal, shall be the responsibility of the *School Member*.

2. The *School Member* shall not settle any *Third-Party Claim* for which it seeks protection from PLT or its assigns without first giving PLT or its assigns written notice of its intent to settle and obtaining PLT's written consent. Any settlement that the *School Member* enters into without first complying with the provisions of this paragraph shall not be subject to protection under this *Agreement*.

EXHIBIT C

Overview of the Proposed Loss Portfolio Transfer and Related Transactions

Property-Liability Trust, Inc. (“PLT”) and an affiliated reinsurance company of RiverStone Resources, LLC (“RiverStone”) are proposing to enter into a reinsurance cover transaction in the form of a loss portfolio transfer transaction (“LPT”) covering property, liability, and workers’ compensation exposures (subject to the limitations set forth herein, the “Covered Exposures”) on Member Agreements issued by PLT on July 1, 2015 and prior thereto (“Agreements”). The LPT will be documented in a definitive Loss Portfolio Transfer Agreement (the “LPT Agreement”) to be negotiated by the parties.

The proposal is that the LPT Agreement will provide for RiverStone to indemnify PLT for amounts paid to claimants with regard to Covered Exposures effective from January 1, 2016 forward, as well as reimburse PLT for assessments paid to the New Hampshire Second Injury Fund from January 1, 2016 forward, subject to certain exclusions and limits. The amount of RiverStone’s liability pursuant to the LPT Agreement will be limited to the stated amounts retained by PLT under the current reinsurance or excess workers’ compensation insurance previously purchased by PLT; any PLT losses in excess of the stated occurrence retentions shall not constitute a Covered Exposure, and shall remain PLT’s risk.

PLT and RiverStone are also proposing entering into a services agreement whereby RiverStone will oversee and administer all claims activity (including billing and collection of amounts due from New Hampshire Second Injury Fund) for the Covered Exposures on behalf of PLT as well as administer all activities reporting, billing, and collections to PLT’s reinsurers and excess workers compensation insurers (“Services Agreement”).

Subject to negotiation of satisfactory legal documentation, including a LPT Agreement, and Services Agreement, containing terms, conditions, and indemnities customary for a transaction of this nature, the premium charge for the LPT (inclusive of charges for claim handling and reinsurance administration) is \$21.1 million¹ valued at December 31, 2015 less loss payments (net of Second Injury Fund collections), assessments paid, and any collections from reinsurers made by PLT on the Covered Exposures from January 1, 2016 through contract closing.

Among other terms and conditions, the definitive documentation shall contain the following provisions:

1. **Consideration and Financing:** The premium less loss payments (net of Second Injury Fund collections), assessments paid, and any collections from reinsurers made by the PLT on the Covered Exposures from January 1, 2016 through contract execution, will comprise a single cash payment by wire transfer of immediately available funds at closing. Any incurred loss development in 2016 that is a Covered Exposure, either favorable or unfavorable, will be for RiverStone’s account.

¹ ntd: this amount is subject to adjustment based on further negotiations.

2. **Structure of the Transaction:** RiverStone expects that its Delaware domiciled insurer Clearwater Insurance Company will provide the reinsurance protection and reserves the right to consider alternative structures, but the party will be an affiliate of RiverStone.
3. **Strategic Rationale and Future Plans:** RiverStone will manage the portfolio in a professional and appropriate manner meeting all required stakeholder obligations and the business will be supported throughout the run-off period.
4. **Conditions:** Conditions to closing with respect to the transaction would include, among other things, the following:
 - Completion of satisfactory due diligence, in RiverStone's sole discretion.
 - Negotiation of satisfactory legal documentation, including a Services Agreement and LPT Agreement, containing terms, representations, warranties, covenants, conditions and indemnities customary for a transaction of this nature, including the terms reflected in this non-binding proposal.
 - PLT will continue operating in the ordinary course after closing, and shall take no steps to dissolve, liquidate, or wind up its business until receipt of written notification RiverStone that all existing and potential claims on Covered Exposures have been finally resolved or have lapsed.
 - The LPT Agreement and the Services Agreement are subject to approval by the Department of Labor, the Bureau of Securities Regulation, and any other relevant local, state or federal regulatory agencies (the "Regulators") and shall be approved in writing by the members of PLT following a formal hearing in accordance with PLT's constitutional documents. Each such approval must be satisfactory to RiverStone in form and substance, in RiverStone's and its counsel's sole discretion.
 - The right of PLT's members to approve in advance all third party settlements, as set for in the Member Agreements, shall be amended or eliminated to the satisfaction of each the PLT and RiverStone and their counsel, in their sole discretion.
 - Any other applicable third-party consents and approvals, including applicable regulatory approvals, as required.

