

## NON-DISCLOSURE AGREEMENT

This non-disclosure agreement (the "Agreement") is entered into by and between Lumbermens Mutual Casualty Company, In Liquidation ("Lumbermens" or the "Estate") and \_\_\_\_\_ (the "Interested Bidder") (collectively, the "Parties"), and is effective on the date set forth below as the date this Agreement is signed on behalf of the Interested Bidder.

### RECITALS

**WHEREAS**, Jennifer Hammer, Director of the Illinois Department of Insurance, is the statutory and court-affirmed Liquidator of Lumbermens (the "Liquidator") pursuant to an order entered by the Circuit Court of Cook County, Illinois in case number 12 CH 24227 (the "Supervising Court") and, effective May 1, 2017, the Liquidator appointed Jim Stephens as her Special Deputy and Attorney-In-Fact; and

**WHEREAS**, the Liquidator is interested in soliciting bids for the possible purchase and sale of 100% of the shares of stock of Specialty Surplus Insurance Company, an Illinois domiciled insurance company ("SSIC"); and

**WHEREAS**, the Interested Bidder has requested from the Liquidator information (the "Information") regarding the business and affairs of SSIC in connection with the Interested Bidder's possible purchase of 100% of the shares of stock of SSIC (the "Transaction").

### THE PARTIES HEREBY AGREE AS FOLLOWS:

#### TERMS

**SECTION 1.** The Estate is willing to furnish such Information to the Interested Bidder only for the purpose of evaluating the Transaction and pursuant to the terms of this Agreement. As a condition to the furnishing of such Information, the Interested Bidder agrees that such Bidder or its Representatives together with any reports, analyses, compilations, memoranda, notes and any other writings or electronic media prepared by the Interested Bidder or its Representatives that contain, reflect or are based upon such Information (collectively, the "Evaluation Material"), will be treated confidentially, will not be disclosed and will not be used by the Interested Bidder other than solely for the purpose of evaluating the Transaction; provided, however, that (i) any Evaluation Material may be disclosed to the Interested Bidder's officers, directors, employees, counsel, investment bankers, and other representatives (such persons being generally referred to herein as "Representatives") who need to know such information for the purpose of evaluating the Transaction between the Interested Bidder and the Estate (it being understood that the Interested Bidder will cause its Representatives to treat such information confidentially and in accordance

with the terms hereof), (ii) disclosure of Evaluation Material may be made if the Estate consents in writing or (iii) disclosure of Evaluation Material may be made to the extent otherwise permitted by this Agreement. The Interested Bidder agrees to be responsible for any breach of this Agreement by any of its Representatives (it being understood that such responsibility shall be in addition to and not by way of limitation of any right or remedy the Estates may have against such Representatives with respect to any such breach).

**SECTION 2.** Each party agrees that neither it nor any of its Representatives will discuss the Transaction with any other person or disclose to any other person the fact that Evaluation Material has been provided to the Interested Bidder that discussions or negotiations are taking place concerning the Transaction or any of the terms, conditions or other facts with respect to the Transaction, including the status thereof; provided, however, that the Parties hereto may make such disclosure to the extent, upon the advice of counsel, that such disclosure is required to be made in order to avoid violating (i) federal or state securities laws, (ii) an order of any court or governmental agency or (iii) the rules and regulations of any securities exchange or inter-dealer quotation system on which such party's securities are then listed or admitted for trading, and in any event only after giving as much notice to the other party as is practicable under the circumstances. The term "person" as used in this letter shall be broadly interpreted to include, without limitation, the media and any corporation, company, group, partnership, or entity or individual.

**SECTION 3.** If the Interested Bidder or any of its Representatives is required to disclose any Evaluation Material (i) in connection with any judicial or administrative proceedings (by oral questions, interrogatories, requests for information or documents, subpoena, Civil Investigation Demand or similar process) or (ii) in order, upon the advice of its counsel, to avoid violating federal or state securities laws or regulations, the Interested Bidder will in advance of such disclosure, to the extent legally permissible and practicable, provide the Estate, in advance of any such disclosure, with copies of any Evaluation Material it intends to disclose (and, if applicable, the text of the disclosure language itself) and provide reasonable cooperation to the Estate to the extent it may seek to limit such disclosure. If such disclosure is not limited, the Interested Bidder or its Representative may disclose only that portion of the Evaluation Material which it is advised in writing by outside counsel is legally required to be disclosed, provided, however, that the Interested Bidder or such Representative shall take all reasonable efforts to preserve the confidentiality of the Evaluation Material (including by obtaining an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Evaluation Material).

**SECTION 4.** The Interested Bidder will (and will cause its respective Representatives to) promptly, upon the request of the Estate, deliver to the Estate or destroy the Evaluation Material, without retaining any copy thereof. If requested by the Estate, an appropriate officer of the Interested Bidder will certify to the Estate that all such material has been so delivered or destroyed. Notwithstanding such return or destruction, each party will continue to be bound by its obligations hereunder.

**SECTION 5.** The term "Evaluation Material" does not include information that (a) was or becomes generally available to and known by the public (other than as a result of a breach of this

Agreement by the Interested Bidder or any of its Representatives) or (b) was or becomes available to the Interested Bidder on a non-confidential basis; provided that the source of such information was not the Estate or its Representatives or bound by a confidentiality agreement.

**SECTION 6.** The Interested Bidder acknowledges that, although the Estate has endeavored to include in the Evaluation Material information known to it which it believes to be relevant for the purpose of the Interested Bidder's investigation, the Interested Bidder understands that neither the Estate nor any of its Representatives makes any representation or warranty, either express or implied, as to the accuracy or completeness of the Evaluation Material. The Interested Bidder agrees that, except as may be otherwise agreed by the Parties in a definitive agreement providing for the Transaction when and if it is executed, neither the Estate or its Representatives shall have any liability to the Interested Bidder its affiliates or any of its Representatives resulting from or relating to the Interested Bidder's, its affiliates' or its Representatives' use of the Evaluation Material supplied by the Estates or its Representatives or any errors therein or omissions therefrom.

**SECTION 7.** It is agreed that no failure or delay by either the Interested Bidder or the Estate in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any right, power or privilege.

**SECTION 8.** The Interested Bidder agrees that the Estate, without prejudice to any rights to judicial relief it may otherwise have, shall be entitled to seek equitable relief, including injunction, in the event of any breach of the provision of this Agreement and that the Interested Bidder shall not oppose the granting of such relief on the basis that the Estate has an adequate remedy at law. The Interested Bidder also agrees that it will not seek and agrees to waive any requirement for the securing or posting of a bond or similar kind of support in connection with the Estate seeking or obtaining such relief.

**SECTION 9.** It is further understood and agreed that, unless and until the execution and delivery of a definitive agreement providing for the Transaction, neither the Interested Bidder nor the Estate intends to be, and nor shall either of them be, under any legal obligation of any kind whatsoever with respect to the Transaction, by virtue of any written or oral expressions by them, their respective affiliates or their respective Representatives with respect to the Transaction, except for the matters specifically agreed to in this Agreement. This provision may be modified or waived only by a separate writing signed by each of the Parties hereto expressly so modifying or waiving this provision.

**SECTION 10.** This Agreement contains the entire agreement between the Parties concerning the subject matter hereof, and no amendment or modification of this Agreement or waiver of the terms and conditions hereof will be binding unless approved in writing by the Parties hereto. Neither this Agreement nor any of the right, interests or obligations of any party hereunder may be assigned by any of the Parties hereto without the prior written consent of the other party. Any purported assignment in contravention of this provision shall be null and void. This Agreement may be executed in one or more counterparts. In the event any court shall determine

that any provision of this Agreement is invalid, such determination shall not affect the validity of any other provision of this Agreement, which shall remain in full force and effect and shall be construed so as to be valid under applicable law.

**SECTION 11.** This Agreement shall be governed by, and construed in accordance with, the substantive laws of the State of Illinois, without giving effect to its conflicts of laws principles, and the Parties hereby consent to the personal and subject matter jurisdiction, without right of removal, of the Supervising Court for the resolution of any dispute arising from or related to this Agreement.

**SECTION 12.** This Agreement shall remain in effect for a period of one (1) year from the date hereof.

**SECTION 13.** The recitals and prefatory clauses of this Agreement are incorporated herein and made a part hereof.

**SIGNED AND ACCEPTED BY:**

**Lumbermens Mutual Casualty Company, In Liquidation**

BY: \_\_\_\_\_  
Jim Stephens, Special Deputy Receiver

Dated: September \_\_\_\_\_, 2017

**Interested Bidder:** \_\_\_\_\_

BY: \_\_\_\_\_ ITS:

Dated: September \_\_\_\_\_, 2017