

May 11, 2016

Mr. John P. Kelly, Assistant Special Deputy Superintendent  
New York Liquidation Bureau  
110 William Street  
New York, New York 10038

Dear Mr. Kelly,

This letter is to confirm our understanding of the terms of our engagement entered into between EisnerAmper LLP ("EA" or "we"), as independent auditors, and Maria T. Vullo, Acting Superintendent of Financial Services of the State of New York (the "Receiver"), in her capacity as liquidator of Health Republic Insurance of New York, Corp. (the "Company"), pursuant to Article 74 of the New York Insurance Law, and the nature and extent of the services which we will provide. Pursuant to Section 7422 of the Insurance Law, the Receiver has appointed you Assistant Special Deputy Superintendent and agent of the Receiver to carry out, through the New York Liquidation Bureau (the "Bureau", "you" or "Management"), the responsibilities of the Receiver.

#### **Scope of Services - Audit**

We will perform an audit of the Company's statutory basis financial statements, which comprise the, statutory basis statement of admitted assets, liabilities and surplus as of December 31, 2015 and the related statutory basis statements of operations and cash flows for the years then ended and the related notes to the statutory basis financial statements ("statutory basis financial statements"). Also, the following supplementary information, summary investment schedule; investment risk interrogatories; schedule of expenditures of federal awards including related notes to schedule of expenditures of federal awards (collectively, the "Supplementary Information") accompanying the statutory basis financial statements will be subjected to the auditing procedures applied in our audit of the statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory basis financial statements or to the statutory basis financial statements themselves, in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the statutory basis financial statements as a whole in a report combined with our auditors' report on the statutory basis financial statements:

#### **Audit Objective**

The objective of our audit is the expression of an opinion about whether the Company's statutory basis financial statements are fairly presented, in all material respects; in conformity with accounting practices prescribed or permitted by the Department of Financial Services of the State of New York, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("U.S. GAAP") and to report on the fairness of the Supplementary Information referred to above when considered in relation to the statutory basis financial statements as a whole. The objective also includes reporting on:

- Internal control over financial reporting and compliance with the provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the statutory basis financial statements in accordance with *Government Auditing Standards*.

- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

#### **EisnerAmper LLP Responsibilities and Limitations**

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of the Company's accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion, and collectively referred to as the "Single Audit". We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Acting Superintendent of the Department of Financial Services of the State of New York as Receiver and Management of the Company. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion on the statutory basis financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with Management in advance. If circumstances occur related to the condition of the Company's records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the statutory basis financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the statutory basis financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue reports, or withdrawing from the engagement.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the statutory basis financial statements or on major programs. However, we will inform the appropriate level of Management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of Management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

### **Audit Procedures – General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statutory basis financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluating the overall presentation of the statutory basis financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the statutory basis financial statements are free of material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Company or to acts by Management or employees acting on behalf of the Company. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from the Company's attorneys as part of the engagement, and they may bill the Company for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from the Bureau about the Bureau's responsibilities for the statutory basis financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulation, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards. We are also required to make certain communications to those charged with governance.

### **Audit Procedures – Internal Control**

Our audit will include obtaining an understanding of the Company and its environment, including internal control, sufficient to assess the risks of material misstatement of the statutory basis financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the statutory basis financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the statutory basis financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to Management and those charged with governance internal control related matters that are required to be communicated under American Institute of Certified Public Accountants professional standards, *Government Auditing Standards*, and the Uniform Guidance.

### **Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the statutory basis financial statements are free of material misstatement, we will perform tests of the Company's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal statutes, regulations and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Company's major programs. The purpose of these procedures will be to express an opinion on the Company's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

### **Management's Responsibilities and Representations**

Management is responsible for: (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that Management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. The Bureau is also responsible for the selection and application of accounting principles; and for the preparation and fair presentation of the statutory basis financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting practices prescribed or permitted by the New York Department of Financial Services, which is a comprehensive basis of accounting other than US GAAP; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Management is responsible for including all informative disclosures that are appropriate for the accounting practices prescribed or permitted by the New York Department of Financial Services, which is a comprehensive basis of accounting other than US GAAP. Those disclosures will include (a) a description of the accounting practices prescribed or permitted by the New York Department of Financial Services, including a summary of significant accounting policies, and how the accounting practices prescribed or permitted by the New York Department of Financial Services differs from U.S. GAAP; (b) informative disclosures similar to those required by U.S. GAAP; and (c) additional disclosures beyond those specifically required that may be necessary for the statutory basis financial statements to achieve fair presentation.

Management is also responsible for making all financial records and related information available to us, and for the accuracy and completeness of that information. The Bureau are also responsible for providing us with (a) access to all information of which the Bureau is aware that is relevant to the preparation and fair presentation of the statutory basis financial statements, (b) access to personnel, accounts, books, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance (c) additional information that we may request for the purpose of the audit, and (d) unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence. The Bureau's responsibilities include identifying any significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information. The Bureau's responsibilities also include adjusting the statutory financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the statutory basis financial statements taken as a whole.

The Bureau is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Company involving (1) Management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the statutory basis financial statements. The Bureau's responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Company received in communications from employees, former employees, grantors, regulators, or others. In addition, the Bureau is responsible for identifying and ensuring that the Company complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is Management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on June 15, 2016.

The Bureau is responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. The Bureau agrees to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we reported on the schedule of expenditures of federal awards. The Bureau also agree to include the audited statutory basis financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited statutory basis financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. The Bureau's responsibilities include acknowledging to us in the representation letter that: (1) the Bureau responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) the Bureau believes the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) the Bureau has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

The Bureau also responsible for the preparation of the Supplementary Information, which we have been engaged to report on, in conformity with accounting practices prescribed or permitted by the New York Department of Financial Services, which is a comprehensive basis of accounting other than US GAAP. The Bureau agrees to include our report on the Supplementary Information in any document that contains, and indicates that we have reported on, the Supplementary Information. The Bureau also agrees to include the audited statutory basis financial statements with any presentation of the Supplementary Information that includes our report thereon OR make the audited statutory basis financial statements readily available for users of the Supplementary Information no later than the date the Supplementary Information is issued with our report thereon. The Bureau's responsibilities include acknowledging to us in the representation letter that: (1) the Bureau is responsible for presentation of the Supplementary Information in accordance with accounting practices prescribed or permitted by the New York Department of Financial Services, which is a comprehensive basis of accounting other than US GAAP; (2) the Bureau believes the Supplementary Information, including its form and content, is fairly presented in accordance with accounting practices prescribed or permitted by the New York Department of Financial Services, which is a comprehensive basis of accounting other than US GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) the Bureau has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the Supplementary Information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the "Audit Objectives" section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. The Bureau is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as the Bureau's planned corrective actions for the report, and for the timing and format for providing that information.

We may advise you about appropriate accounting principles and their application, and may assist in the preparation of the Company's statutory basis financial statements, but the responsibility for the statutory basis financial statements and the selection and application of appropriate accounting principles remains with the Bureau.

We understand that the Bureau's employees will prepare all cash, accounts receivable, grant and other confirmations we request and will locate any documents or invoices selected by us for testing.

The Bureau is required to disclose in the statutory basis financial statements the date through which subsequent events have been evaluated and whether that date is the date the financials were issued or were available to be issued. The Bureau agrees that it will not date the subsequent event note earlier than the date of the management representation letter.

At the conclusion of the engagement, we will complete the appropriate sections of the Single Audit Data Collection Form that summarizes our audit findings. It is Management's responsibility to electronically submit the reporting package (including statutory basis financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with the Bureau the electronic submission and certification. If applicable, we will provide copies of our report to the Bureau to include with the reporting package the Bureau will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

If the Bureau intends to publish or otherwise reproduce the statutory basis financial statements together with our report (or otherwise make reference to our firm) in a document that contains other information, the Bureau agrees to (a) provide us with a draft of the document to read, and (b) obtain our approval for inclusion of our report before it is printed and distributed.

With regard to the electronic dissemination of audited statutory basis financial statements, including statutory basis financial statements published electronically on the Bureau's Internet website, the Bureau understands that electronic sites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

### **Confidentiality**

During the course of this engagement, EisnerAmper LLP may receive confidential information from the Company. EisnerAmper LLP shall treat such information as confidential pursuant to the firm's policies and procedures and the applicable professional standards. Notwithstanding, EisnerAmper LLP may disclose confidential information to any federal, state or local government agency or regulatory body to the extent and in the form or manner necessary or required to perform or complete the services described herein.

The audit documentation prepared in conjunction with our audit is the property of our firm and constitutes confidential information and will be retained by us in accordance with our firm's policies and procedures, as well as applicable state requirements, as well as NYS Regulation 118. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the cognizant or oversight agency for audit, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purpose of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify the Bureau of any such request. If requested, access to such audit documentation will be provided under the supervision of EisnerAmper LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained by us in accordance with our firm's policies and procedures. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We may from time to time, use third-party service providers or we may assign employees or employees of our subsidiaries located outside the United States to work on the Bureau's engagement in order to facilitate delivery of our services to the Bureau. In accordance with the Confidentiality Agreement executed on July 26, 2007, we may share confidential information about the Bureau and the Company with these service providers, employees or subsidiaries, and subject to our control, we may share your confidential information with these third-party service providers, employees or subsidiaries. Accordingly, EisnerAmper LLP maintains data protection policies, procedures and safeguards to protect the privacy of the Bureau's confidential information, including information provided to third-party providers, employees or subsidiaries located both within and outside the United States. By the Bureau's signature below, the Bureau consents to having confidential information transmitted in accordance with the terms of the Confidentiality Agreement executed on July 26, 2007, to third-party providers, employees or subsidiaries located both within and outside the United States for the purposes described above.

EisnerAmper LLP may transmit or receive information from the Bureau through electronic means, including through the firm's portal. In the event that the Company creates one or more user accounts to access our portal, in order to insure the confidentiality of the Bureau's financial information, it is the Bureau's responsibility to notify EisnerAmper LLP in the event that there is a change in e-mail addresses and/or individual(s) authorized to access the EisnerAmper LLP client portal on the Bureau's behalf.

### **Engagement Administration**

The engagement is being undertaken solely for the Company's benefit, and the parties do not intend to provide contractual rights to any other person.

Peter Bible is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We will provide copies of our reports to the Company; however, Management is responsible for distribution of the reports and the statutory basis financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available to public inspection.

The Bureau acknowledges that we must have sufficient time to conduct our audit engagement. We will require the Bureau's assistance to provide us with information on a timely basis in order to complete our engagements in an efficient and timely manner. Should we not receive such information and assistance from the Bureau with sufficient time to complete our audit, then the Bureau acknowledges that we can give no assurances that our audit will be completed prior to any deadline that the Bureau may have. In addition, we will plan the engagement based on the assumption that the Bureau's personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reasons, the Bureau's personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement, resulting in an increase in fees over the original fee estimate.

### **Non-attest Services**

To the extent we perform any non-attest services (including, but not limited to, the preparation of tax returns, advice regarding appropriate accounting principles and their application and/or assistance in the preparation of the Company's statutory basis financial statements, schedule of expenditures of federal awards, and related notes), the Bureau's agree to assume all Management responsibilities which means that the Bureau will make all Management decisions and perform all Management functions, designate an individual, preferably from senior management, with suitable skill, knowledge, or experience to oversee the services, evaluate the adequacy and results of the services performed, accept responsibility for the results of the services and, where appropriate, establish and maintain internal controls including monitoring ongoing activities. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming Management responsibilities. These non-attest services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

### **Fees and Billing Arrangements**

We estimate that our fees for the services described in this letter will be approximately \$295,000, plus out-of-pocket costs, which is based on estimated hours of 1,300. Notwithstanding anything to the contrary contained in this Agreement, in no event shall the Bureau be obligated to reimburse more than \$20,000 of EA's out-of-pocket expenses. If it appears to us that the time required to be expended is likely to exceed the foregoing estimate, or in the event of unanticipated issues or problems require additional work or procedures, we will notify you as promptly as possible at interim dates of June 30, 2016 and July 15, 2016, and will estimate the additional fees involved. In addition, should the nature of the Company change by addition of new material government grants, subsidiaries, locations, or other changes of a material nature, our fee will have to be adjusted.

Our estimate of these fees is based upon our discussions with you, in which you have disclosed potential problems or issues, as outlined in our fee proposal to the Bureau, which we anticipate may require us to conduct an audit of unusual scope or otherwise expend time and effort in excess of that normally anticipated in an engagement of this type. The estimate also assumes that we will have the full cooperation of your personnel, as required, and that there is a reasonable continuity of personnel familiar with the matters to which our engagement relates. Further, you will provide us with the schedules and records that we request (which will be detailed in a request list in advance of our fieldwork), and that all such schedules and records will be provided to us timely in accordance with the scheduled fieldwork dates, to be mutually agreed-upon.

If the requested schedules and records are not provided to us in accordance with the scheduled dates and we are unable to continue our work, we will resume our work as soon as the schedules and records are provided to us and the individuals assigned to the engagement again become available.



Our fees are based on the hourly rates of the personnel assigned and the time required to be expended, plus expenses. Expenses such as computer hardware and software, access to the firm's knowledge and technology resources, telephone and telecommunication charges, copying, delivery and postage are charged based on a percentage of our fees. Expenses incurred for travel, meals and accommodations will be charged as incurred.

We will issue progress bills for the estimated fees according to the following schedule:

Audit of statutory basis financial statements and report on internal control:

June 1, 2016	\$150,000
July 1, 2016	<u>\$145,000</u>
	\$295,000 [Aggregating 100% of the low end of estimated audit fee]

EA's invoices will be rendered as schedule above and will be payable within thirty days of approval by the Bureau, unless disputed by the Bureau in writing. Upon request by the Bureau EA will provide the Bureau with invoice details including time charged by day, individual, hours and general area worked on, along with summary hours and rate by person. A summary of the status of progress billing will be attached to each bill, showing total billings to date and status of open bills. In accordance with EA's policies, work may be suspended if the Bureau's account becomes more than thirty days past due and will not be resumed until the Bureau's account is paid in full or EA has agreed to alternative payment arrangements. EA reserves the right to resign from the engagement for reasonable cause.

You may request that we perform additional services not addressed in this engagement letter. However, any additional projects outside of the services detailed in the "Scope of Services" section of this letter, such as tax examinations, assistance with technical accounting and tax matters, advisory services, etc., are not included in our fee above. Projects outside of the "Scope of Services" section of this letter will be billed timely at our standard billing rates and will be due promptly upon presentation. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will be a separate engagement that will be performed on the same terms as this engagement letter.

### **Rights and Protections**

It must be understood that the nature of our engagement requires us to exercise our independent professional judgment with respect to various auditing, accounting and related issues. In reaching our conclusions, we must retain the right to judge the nature and scope of the work required in order to conform to auditing standards generally accepted in the United States of America, as well as the work we deem necessary to enable us to reach the conclusions and form the opinions required of us. If our judgment as to the scope of the work required causes us to reassess our foregoing estimate of fees for this engagement, we will so advise you.

We reserve the right to refrain from performing additional work (and thereby incurring additional time charges) unless and until you have confirmed your understanding of, and agreement to, any additional estimated charges.

We acknowledge your right to terminate our services at any time, and you acknowledge our right to resign at any time (including instances where, in our judgment, our independence has been impaired or we can no longer rely on the integrity of Management), subject in either case to our right to payment for charges incurred to the date of termination or resignation.

In the event that we determine to resign, and you seek damages allegedly resulting from such resignation, our maximum liability to you in the event we are held liable because of such resignation shall be limited to the fees actually paid to us to the date of resignation.

In the event that EisnerAmper LLP receives any subpoena or other legal process in an action or proceeding in which EisnerAmper LLP is not a party, the Company shall reimburse EisnerAmper LLP for all costs and expenses (including reasonable legal fees and costs) associated with providing testimony, documents or information relating to the services under this letter, including any time expended, at our then-standard rates.

You, on behalf of the Company, and EisnerAmper LLP, to the extent permitted by law, each knowingly, voluntarily and intentionally waive the right to a trial by jury in any action arising out of or relating to this engagement letter or the services to be performed by EisnerAmper LLP pursuant hereto. This waiver applies to any legal action or proceeding, whether sounding in contract, tort, negligence, or otherwise. The terms of this engagement letter and all related matters shall be governed by the laws of the State of New York, and any legal action or proceeding related to this engagement letter or the work performed or to be performed pursuant hereto shall be brought in any appropriate court in the State of New York, County of New York.

EisnerAmper LLP is a member firm of EisnerAmper Global Ltd, a network of legally independent firms. EisnerAmper LLP is also a member firm of Allinial Global, an association of legally independent accounting and consulting firms. Neither the other member firms nor the correspondent firms nor EisnerAmper Global Ltd or Allinial Global controls, is responsible for or accepts liability for the work or advice which EisnerAmper LLP provides to its clients and in signing and returning to us the enclosed copy of this engagement letter you acknowledge and accept that such other member and correspondent firms, EisnerAmper Global Ltd and Allinial Global do not owe you any duty in relation to the work or advice which we will from time to time provide to you or are required to provide to you.

### **Employment of EisnerAmper Staff and Independence**

Professional standards require that a firm and its covered members maintain independence throughout the professional engagement period. In order to preserve our independence, no offer of employment shall be discussed with any EisnerAmper LLP professional during the professional engagement period and you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel. Should such an offer of employment be made, our independence could be impaired which could require us to resign from the engagement. Additionally, we invest a great deal of time and effort in ensuring that we have knowledgeable and appropriately trained professionals to service our clients. When a client contacts us about its desire to hire one of our professionals, we recognize and appreciate the confidence shown towards our staff. However, when we lose a valued employee, we incur significant expenses in hiring and training his or her replacement. Accordingly, should the Company hire a member of our professional staff, the Company will pay us a fee equal to the annual compensation being paid to the individual by us. Such fee is payable when the employee accepts the position.

### **Other Matters**

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2013 peer review report accompanies this letter.

### **Miscellaneous**

This agreement shall not be amended, unless in writing and signed by either persons affixing their signatures below or such other designees with authority to do so.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

This agreement contains the full and complete understanding of the parties with respect to the subject matter and services described herein and supersedes all prior representations, agreements, contracts, and understandings concerning such subject matter and services, whether they be oral or written, including but not limited to any prior non-disclosure agreements.

**Request for Signature**

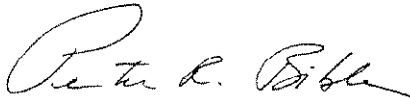
We appreciate your confidence in retaining our firm to perform these services and are happy to have this opportunity to serve you.

If this is in accordance with your understanding, please indicate your acceptance of the above arrangements by signing and returning this letter by mail, facsimile or PDF/e-. For purposes of this letter, facsimile or PDF copies of signatures shall be deemed original and shall constitute one and the same instrument.

The signatories to this engagement letter represent and warrant that such person is lawfully authorized and empowered to execute this engagement letter on behalf of the party on whose behalf such person is signing, and that upon execution, this engagement letter will be binding upon such party, without any further approval, ratification, or other action.

Very truly yours,

EISNERAMPER LLP



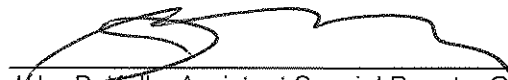
By: \_\_\_\_\_  
Peter Bible, Partner

Date: \_\_\_\_\_

**ACCEPTED:**

This letter correctly sets forth the understanding of **Health Republic Insurance of New York, Corp.**

*Management signature:*

By:  \_\_\_\_\_  
John P. Kelly, Assistant Special Deputy, General Counsel and Agent of Maria T. Vullo, Acting Superintendent of Financial Services of the State of New York as Liquidator of Health Republic Insurance of New York, Corp.

Date: 6/3/16



### System Review Report

To the Partners of EisnerAmper LLP  
and the National Peer Review Committee of the AICPA

We have reviewed the system of quality control for the accounting and auditing practice of EisnerAmper LLP (the firm) applicable to non SEC issuers in effect for the year ended August 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based upon our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards, audits of employee benefit plans, audits of carrying broker-dealers, and examinations of service organization (Service Organizations Control (SOC) 1 engagements).

In our opinion, the system of quality control for the accounting and auditing practice of EisnerAmper LLP applicable to non SEC issuers in effect for the year ended August 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. EisnerAmper LLP has received a peer review rating of pass.

*William and Tidwell, LLP*

WEAVER AND TIDWELL, LLP

Dallas, Texas  
November 22, 2013