

CLARICK
GUERON
REISBAUM | LLP

By Email

May 10, 2017

Maria T. Vullo, Superintendent of Financial Services of the State of New York,
As Liquidator of Health Republic Insurance of New York Corp.
c/o Mr. David Axinn, Esq.
Special Deputy Superintendent
New York Liquidation Bureau
110 William Street
New York, NY 10038

Re: Engagement Letter/Retainer Agreement

Dear Mr. Axinn:

This letter sets forth the understanding and agreement of the terms upon which Clarick Gueron Reisbaum LLP (“CGR”) is hereby engaged by Maria T. Vullo, Superintendent of Financial Services of the State of New York, as Liquidator of Health Republic Insurance of New York Corp. (“you” or “Health Republic”), in accordance with the Order of Liquidation entered by the Supreme Court of the State of New York, County of New York on May 11, 2016. Specifically, CGR is being engaged as litigation counsel for Health Republic and to advise Health Republic in connection with claims and potential claims against the United States (inclusive of its agencies and administrators) and certain third parties arising from or related to the operations of Health Republic, including without limitation claims relating to the liability of the United States for risk corridors, reinsurance, and/or risk adjustment payments owed to Health Republic. Unless otherwise agreed in writing, the terms of this letter also will apply to any additional matters we agree to handle on your behalf or at your direction in connection with Health Republic.

You agree to pay our fees for services based upon our hourly time charges. We agree to provide a 15 percent discount of all of our hourly time charges. Our discounted partners’ hourly rates currently range from \$455 to \$544; my and Nicole Gueron’s discounted hourly rate is \$544. Our discounted associate hourly rates range from \$298 to \$370; Melissa Holsinger’s discounted hourly rate is \$370. We will inform you of any future changes in our rates. You further agree to pay for disbursements and expenses CGR may incur on your behalf. These may include copying costs and other items.

CGR will issue monthly invoices for our services and expenses; those invoices are due upon receipt. CGR may request that you provide CGR a retainer payment as an advance payment of legal fees and expenses. If we cannot agree on a retainer payment, CGR reserves the right to withdraw as your counsel. If the matter is concluded without having exhausted any

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retainer you have paid, you will be responsible only for time and expenses actually expended, and we will refund the balance of the retainer to you. We are not currently requesting any initial retainer payment.

We acknowledge and agree that, without limitation, a conflict between CGR and you would arise in any matter in which CGR were adverse to the Superintendent in her capacity as Receiver or as Administrator of Security Funds. We have reviewed CGR's conflicts database and can confirm that CGR does not have any current conflict vis-a-vis you and/or Health Republic. In the event that a potential conflict arises in the future (e.g., if a potential client requests that CGR represent it in an unrelated matter adverse to you), consistent with our ethical obligations, we will seek a waiver from you. You may decline such a waiver request, in which event CGR will not proceed with the potential representation.

Either of us may terminate this relationship at any time. If we find it necessary to terminate the relationship, we will, of course, comply with our ethical obligations to protect your interests in the process of withdrawing. Unless previously terminated, this engagement will terminate upon our submission of CGR's final bill for this matter.

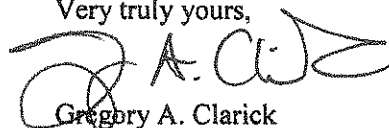
At the conclusion of the representation, your files with respect to this engagement will be delivered to you at your request. For these purposes, you agree that your file does not include CGR's accounting records, or other internal documents or drafts of any documents prepared in connection with this engagement. CGR will retain the files for a period of seven years running from the conclusion of the representation at which time the files will be destroyed unless you notify CGR to the contrary in writing.

Please be advised that in the event of a fee dispute, you may have the right to arbitrate its resolution in accordance with the New York Court "Fee Dispute Resolution Program" codified in Part 137 of the New York State Court Rules. CGR will provide information and the forms for arbitration, upon request.

Finally, the Appellate Divisions of the State of New York have enacted a Statement of Client's Rights and Statement of Client's Responsibilities, which I have attached to this Retainer Agreement. If you have a question about either of these documents, please let me know. If this letter expresses your understanding of our engagement, please indicate by countersigning below and returning it to me.

We are pleased to have the opportunity to assist you and look forward to working together.

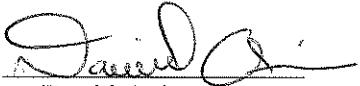
Very truly yours,



Gregory A. Clarick

Mr. David Axinn, Esq.
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MARIA T. VULLO, SUPERINTENDENT OF FINANCIAL SERVICES
OF THE STATE OF NEW YORK, AS LIQUIDATOR OF HEALTH REPUBLIC
INSURANCE OF NEW YORK, CORP.

By: 
David Axinn
Special Deputy Superintendent
New York Liquidation Bureau

Statement of Client's Rights

Section 1210.1 of the Joint Rules of the Appellate Division amended April 15, 2013
(22 NYCRR §1210.1)

1. You are entitled to be treated with courtesy and consideration at all times by your lawyer and the other lawyers and nonlawyer personnel in your lawyer's office.
2. You are entitled to have your attorney handle your legal matter competently and diligently, in accordance with the highest standards of the profession. If you are not satisfied with how your matter is being handled, you have the right to discharge your attorney and terminate the attorney-client relationship at any time. (Court approval may be required in some matters, and your attorney may have a claim against you for the value of services rendered to you up to the point of discharge.)
3. You are entitled to your lawyer's independent professional judgment and undivided loyalty uncompromised by conflicts of interest.
4. You are entitled to be charged reasonable fees and expenses and to have your lawyer explain before or within a reasonable time after commencement of the representation how the fees and expenses will be computed and the manner and frequency of billing. You are entitled to request and receive a written itemized bill from your attorney at reasonable intervals. You may refuse to enter into any arrangement for fees and expenses that you find unsatisfactory. In the event of a fee dispute, you may have the right to seek arbitration; your attorney will provide you with the necessary information regarding arbitration in the event of a fee dispute, or upon your request.
5. You are entitled to have your questions and concerns addressed promptly and to receive a prompt reply to your letters, telephone calls, emails, faxes, and other communications.
6. You are entitled to be kept reasonably informed as to the status of your matter and are entitled to have your attorney promptly comply with your reasonable requests for information, including your requests for copies of papers relevant to the matter. You are entitled to sufficient information to allow you to participate meaningfully in the development of your matter and make informed decisions regarding the representation.
7. You are entitled to have your legitimate objectives respected by your attorney. In particular, the decision of whether to settle your matter is yours and not your lawyer's. (Court approval of a settlement is required in some matters.)
8. You have the right to privacy in your communications with your lawyer and to have your confidential information preserved by your lawyer to the extent required by law.
9. You are entitled to have your attorney conduct himself or herself ethically in accordance with the New York Rules of Professional Conduct.
10. You may not be refused representation on the basis of race, creed, color, religion, sex, sexual orientation, age, national origin or disability.

Statement of Client's Responsibilities

(Informational Statement Adopted by the New York State Bar Association)

1. The client is expected to treat the lawyer and the lawyer's staff with courtesy and consideration.
2. The client's relationship with the lawyer should be one of complete candor and the client should apprise the lawyer of all facts or circumstances of the matter being handled by the lawyer even if the client believes that those facts may be detrimental to the client's cause or unflattering to the client.
3. The client must honor the fee arrangement as agreed to with the lawyer to the extent required by law.
4. All bills tendered to the client for services rendered pursuant to the agreed upon arrangement regarding fees and expenses should be paid when due.
5. A client who discharges the attorney and terminates the attorney-client relationship must nevertheless honor financial commitments under the agreed to arrangement regarding fees and expenses to the extent required by law.
6. Although the client should expect that his or her letters, telephone calls, emails, faxes, and other communications to the lawyer will be answered within a reasonable time, the client should recognize that the lawyer has other clients who may be equally deserving of the lawyer's time and attention.
7. The client should maintain contact with the lawyer, promptly notify the lawyer of any change in telephone number, address, email, or other electronic contact information, and respond promptly to a request by the lawyer for information and cooperation.
8. The client must realize that the lawyer is required to respect only legitimate objectives of the client and that the lawyer will not advocate or propose positions that are unprofessional or contrary to law or the New York Rules of Professional Conduct.
9. The lawyer may decline to accept a matter if the lawyer has previous personal or professional commitments that will prohibit the lawyer from devoting adequate time to representing the client competently and diligently.
10. A lawyer is under no obligation to accept a client if the lawyer determines that the cause of the client is without merit, a conflict of interest would exist or a suitable working relationship with the client is not likely.