

PROFIT SHARE AGREEMENT

THIS PROFIT SHARE AGREEMENT (the "Agreement") is made as of _____ (the "Effective Date"), by and between iA American Warranty Group, Inc., iA American InvestCo, Inc. and their wholly owned subsidiaries, (collectively, "Company") and _____, a _____, organized under the laws of _____ ("Participant"). Subsidiaries means any companies that are controlled by iA American Warranty, L.P. and iA American InvestCo, Inc.

WITNESSETH:

WHEREAS, Participant wholly owns and/or otherwise controls each dealer, a retail automobile dealership, or group of retail automobile dealerships, that sells vehicle service contracts to purchasers of new and used automobiles, listed under Schedule A attached hereto (the "Dealer(s)"), and has the right, power, and authority to enter into this Agreement on behalf of Dealers;

WHEREAS, the Company, for itself and through its affiliated companies, manages, issues, administers and/or provides F&I products, services and contracts (collectively "Products") offered by dealers to purchasers of new and used vehicles;

WHEREAS, Company and Participant (and/or Dealers) entered into that certain dealer or producer agreement and together with any related agreements, amendments, addendums or attachments (collectively, "Producer Agreement") under which Dealers offer and sell Products shown in Schedule B to this Agreement (collectively "Contracts"); and

WHEREAS, Participant desires to participate for itself and through Dealers, in a program whereby Company agrees to share a portion of the underwriting profits and investment income with Participant, if any, generated by and attributed to the eligible Contracts (the "Business") in accordance with the terms and conditions set forth in this Agreement ("Profit Share Program" or "Program", as hereinafter defined).

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties agree as follows:

1. Definitions

Dealer Cost - means the net amount (after any related cancellations, and other adjustments) paid to Administrator for a Contract sold by a Dealer.

Earned Reserve – is the amount of Reserve earned in accordance with the Earnings Formula.

Earnings Formula – is a formula utilized by Administrator to calculate the Earned Reserve on new and used VSCs.

Incurred But Not Reported Losses ("IBNR") - means the Losses estimated to have incurred on the Contracts but have not yet been reported to the Company, an estimate of which will be made in accordance with usual and customary actuarial principles and standards established by the Company in its sole discretion.

Incurred Losses - means the total sum of the following with respect to Contracts sold or issued by Participant: Paid Losses, IBNR, Pending Claims.

Investment Income - means the investment income calculated in the manner set forth by Section 3 of this Agreement and credited to the Profit Share Fund.

Loss Ratio - is the Incurred Losses divided by the Earned Reserves.

Loss Reserves - means, as of any calculation date, the reserves established by the Company in its sole discretion for (1) reported and unpaid losses and (2) IBNR.

Paid Losses – are the sum total of the cost of repairs, inspection fees and loss adjustment expenses paid by the Administrator and/or the Insurer for valid claims made on a valid VSC.

Profit – is that portion of a Profit Share Fund that is the Earned Reserve on reported and fully paid VSC's, less the Incurred Losses.

Profit Share Payments – Payments of Profit by Company to Participant under this Agreement.

Reserve - is the portion of the Dealer Cost set aside to pay the Incurred Losses, less the sum total of fees retained by the Administrator and Insurer.

Unearned Reserve - means, as of any calculation date, the initial Reserve less that portion of the initial Reserve that has been earned during the coverage period of the Contract to the calculation date in accordance with usual and customary actuarial principles and standards established by the Company in its sole discretion.

2. **Profit Share Fund**

The Company shall create and maintain a notional funds account on its books to record the running funds total from the Effective Date of this Agreement, of the following (the "Profit Share Fund"):

- (1) Reserves covered by this Agreement; plus
- (2) Investment Income; less
- (3) Paid Losses on the Contracts; less
- (4) Taxes, regulatory fees, and management and investment-related expenses; less
- (5) Profit Share Payments made by the Company under this Agreement.

3. **Investment Income**

On a monthly basis, Company shall credit the Profit Share Fund with interest at the rate equivalent to that of the 180-day U.S. Treasury Bill plus one (1) percentage point, not to exceed in the aggregate three percent (3%), divided by twelve (12). The interest rate shall be determined at the beginning of each month and shall be applied to the beginning month balance of the Profit Share Fund.

4. **Fund Statements**

Within sixty (60) days after the close of each month, the Company shall provide a written statement to Participant showing the following information:

- Reserves on Contracts issued during the month;
- Reserves refunded due to Contract cancellations;
- Reserves earned during the month and Unearned Reserves at the end of the month;

- Loss Reserves;
- Investment Income credited to the Profit Share Fund from inception of this Agreement;
- The balance of the Profit Share Fund at the end of the month.

5. **Profit Share Payments**

The Company shall not be required to make Profit Share Payments until this Agreement has been in effect and Dealer has been producing Contracts for twelve (12) consecutive months. Following such period, within ninety (90) days after December 31 of each year, the Company will pay to Participant the amount, if any, due as determined by the Loss Ratio on the Business in accordance with the following schedule:

<u>Loss Ratio</u>	<u>Percentage</u>
Less than 74.5%	100%
74.5% - 94.5%	75%
Greater than 94.5%	0%

6. **Termination**

- A. This Agreement may be terminated by either party upon not less than thirty (30) days' advance written notice to the other party. This Agreement will automatically terminate in the event the Participant fails to remit any contracts for a period of 3 consecutive months. Except as provided in paragraph B below, in the event this Agreement is terminated, (i) no new Contracts issued after the date of termination will be credited to the Profit Share Fund, (ii) this Agreement shall continue to apply to all Contracts in force on the date of termination, the Profit Share Fund shall continue to be calculated and maintained by the Company as provided in this Agreement. Profit Share Payments, if any, will cease to be made by the Company to Participant until all Contracts have expired their terms and have been fully earned. Any remaining Profit Share Fund, including investment income, will be distributed within 90 days of such expiration.
- B. The Company may terminate this Agreement for cause by written notice to Participant, effective on the date of such notice. In the event this Agreement is terminated by the Company for cause, the Company shall not have any obligation under this Agreement to continue maintaining the Profit Share Fund or performing any calculations relating thereto or to make any Profit Share Payments after the date of termination. For purposes hereof, "cause" shall mean:
 - The failure of Participant and/or Dealer to remedy a material breach by Participant and/or Dealer or any of its employees, agents, or officers of the terms and conditions of the Participant/Dealer's producer agreement(s) with the Company, including but not limited to the payment of all Dealer Costs or under any other agreement with the Company.
 - The filing of a voluntary or involuntary bankruptcy petition by or against Dealer, the insolvency of Dealer, or the general assignment by Dealer of its assets for the benefit of creditors.

7. Right of Offset

The Company shall have, and may exercise at any time and from time to time, the right to offset any Profit Share Payments that may become due to Participant under this Agreement against any balance or balances due from Participant and/or Dealer (or any affiliate of Participant/Dealer) to the Company (or any affiliate of the Company) arising from the relationship between the parties or under any agreement to which they are a party, including but not limited to any producer agreement or addendum thereto, loan agreement, or guaranty agreement, and regardless of the capacity the Participant and/or Dealer or the Company, or their respective affiliates, may have under such other agreements.

8. Notices

All notices required to be given under this Agreement will be in writing and will be deemed to have been duly given if and when: (a) delivered personally, (b) mailed by first class certified mail, return receipt requested, postage prepaid, or (c) sent by a nationally recognized express courier service, postage or delivery charge prepaid, addressed as follows:

Participant:

Company:

iA American Warranty, L.P.
8201 N FM 620, Suite 100
Austin, TX 78726
Attn: Legal Department

The parties agree to notify the other party of any changes to the designation or addresses above.

9. No Interest in Profit Share Fund

Except as expressly set forth herein, Participant and/or Dealer shall not have any legal, beneficial, or other property interest or title in the Profit Share Fund. Participant and/or Dealer may not assign, pledge, transfer, or encumber any rights to receive the Profit Share Payments without the Company's written consent, except that Participant may designate the payee for any distributions made under this Agreement.

10. Relationship of the Parties

The parties are independent contractors. Nothing in this Agreement shall be construed to create a joint venture, partnership, franchise, or an agency relationship between the parties.

11. Third Party Beneficiaries

This Agreement shall not be deemed to give any right or remedy to any third party whatsoever unless said right or remedy is specifically granted to such third party by the terms hereof.

12. Force Majeure

Notwithstanding anything to the contrary herein, neither party hereto shall be liable to the other party for any delay or failure to perform any of its obligations hereunder, which delay or failure is caused by or results from governmental regulations or directions, outbreak of a state of emergency, act of God, war, war-like hostilities, civil commotions, riots, epidemics, storms, fires, strikes, lock-outs or any other cause beyond the reasonable control of such party.

13. Entire and Superseding Agreement

This Agreement shall (i) form a separate and distinct and the entire contract between the parties with respect to the subject matter hereof and supersedes any prior and contemporaneous agreements or communications between the parties relating to its subject and (ii) otherwise amend, append and fully integrate the terms and conditions of any Producer Agreement (as defined herein). Except as expressly provided in this Agreement, the Producer Agreement and all attachments thereto shall remain unmodified and in full force and effect.

14. Amendment and Waiver

This Agreement may only be amended in writing and executed by each of the parties hereto. Any party may waive any requirement to be performed by the other party, provided that such waiver shall be in writing and executed by the party granting the waiver. The parties agree that a waiver by one party on one occasion shall not be deemed a waiver on any other occasion.

15. Governing Law

This Agreement shall be construed, enforced and governed in accordance with the laws of the State of Texas, without regard to its internal laws concerning the conflicts of law or choice of law. In the event any party hereto institutes any legal action in connection with any matter contained herein, that legal action shall be instituted in the District Court of Travis County, Texas, if in state court, and if federal court, then in the federal district court located in Austin, Texas (collectively, the "Specified Courts"). The parties hereby irrevocably waive, to the fullest extent permitted by law, any objection which either of them may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement brought in any Specified Court, and hereby further irrevocably waive any claims that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

16. No assignability

Participant and/or Dealer shall not assign, transfer or sell its rights under this Agreement or delegate its duties hereunder without the prior written consent of Company, and any attempted assignment, transfer or sale shall be void and of no effect.

17. Binding Effect

This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective heirs, executors, personal representatives, successors and assigns.

18. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

19. Section Headings: Construction

Section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All personal pronouns used in this Agreement shall include the other genders whether used in the masculine or feminine or neuter gender, and the singular shall include the plural whenever and as often as may be appropriate.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives on the date first set forth above.

PARTICIPANT:

SIGNATURE: _____

PRINTED NAME/TITLE: _____

DATE: _____

IA AMERICAN WARRANTY, L.P.
COMPANY: IA AMERICAN INVESTCO, INC.

SIGNATURE: _____

PRINTED NAME/TITLE: _____

DATE: _____

