

CONFIDENTIAL PARTIAL POLICY BUY-OUT AGREEMENT AND RELEASE

This Confidential Partial Policy Buy-Out and Release (hereinafter "Agreement") is entered into between Privilege Underwriters Reciprocal Exchange (hereinafter "PURE"), Calvin C. Hoagland a/k/a Skip Hoagland, and Catherine Hoagland (hereinafter collectively the "Hoaglands").

WHEREAS, PURE issued a homeowners insurance policy to the Hoaglands, Policy No. HO007733903, with effective dates of February 10, 2015 to February 10, 2016 and a renewal of the policy (Policy No. HO007733904) with effective dates of February 10, 2016 to February 10, 2017 (collectively the "PURE Homeowners Policy") and a personal excess liability policy, Policy No. EX007738003, with effective dates of February 10, 2015 to February 10, 2016 (the "PURE Excess Policy") (the PURE Homeowners Policy and PURE Excess Policy are hereinafter collectively referred to as the "PURE Policies"); and

WHEREAS, Calvin Hoagland was named as a defendant in a lawsuit styled as Kim Likins v. C.C. "Skip" Hoagland, Civil Action No. 2015-CP-07-2937, venued in the Beaufort County, South Carolina Court of Common Pleas (hereinafter "the Underlying Lawsuit"); and

WHEREAS, PURE, under a full reservation of rights, previously retained Defense Counsel Barrett Brewer and Chris Nickels of the law firm of Clawson & Staubes ("Defense Counsel") to defend Calvin Hoagland in the Underlying Lawsuit; and

WHEREAS, Calvin Hoagland claims to be entitled to benefits under the PURE Policies in connection with the Underlying Lawsuit; and

WHEREAS, PURE denies any duties, liabilities or obligations to the Hoaglands or any other persons or entities in connection with or under the PURE Policies or otherwise with respect to the Underlying Lawsuit; and

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S.C. SUPREME COURT

WHEREAS, PURE filed a declaratory judgment action in the Beaufort County Court of Common Pleas, Civil Action No. 2017-CP-07-02310 (the “DJ Action”), seeking a declaration that the PURE Homeowners Policy did not provide coverage for the claims alleged in the Underlying Lawsuit or for the claims alleged in a lawsuit filed by Lisa Sulka against Calvin Hoagland, styled as: Lisa Sulka v. C.C. “Skip” Hoagland et al, Civil Action No. 2017-CP-07-01547 (the “Sulka Action”); and

WHEREAS, PURE and the Hoaglands (hereinafter “the Parties”), are desirous of avoiding the expense, uncertainties, and risks of further litigation between and among themselves, and have reached an agreement to fully, finally and forever compromise, release, and settle all past, present and future claims between and among them involving all claims that were raised or could have been raised by Kim Likins against the Hoaglands in the Underlying Lawsuit, whether known or unknown, whether patent, latent or hereafter discovered, including, but not limited to, any past or future violations of any restraining orders issued in the Underlying Lawsuit.

NOW, THEREFORE, in consideration of the following actions, forbearances and mutual promises of the Parties, the sufficiency and adequacy of which is hereby acknowledged by the Parties, the Parties agree as follows:

1. The recitals set forth above are true and correct and are, by this reference, made part of this Agreement.
2. The Hoaglands acknowledge that the PURE Policies do not provide coverage for the claims asserted against Calvin Hoagland in the Underlying Lawsuit and further agree, for and in consideration of the sum of Two Hundred Thousand and 00/100 Dollars (\$200,000.00) (“Payment”) to release and forever discharge under the terms and conditions contained herein, PURE, its owners, parents, subsidiaries, divisions, officers, directors, agents, servants,

employees, shareholders, affiliates, predecessors, successors, assigns, trustees, heirs, representatives, and attorneys, and any and all other persons, firms or corporations (hereinafter collectively the "Discharged Parties"), from any and all actions, causes of action, demands and/or claims of any nature whatsoever, past, present or future, known and unknown, anticipated and unanticipated, asserted and unasserted, which the Hoaglandshad, have or may have, now or at any time in the future, against PURE based on, arising out of or in any way relating to:

a. Coverage for the Underlying Lawsuit under the PURE Policies or any other policy of insurance issued by PURE or any affiliated or related company under which Calvin Hoagland and/or Catherine Hoagland is a named insured, an additional insured, an additional named insured or otherwise contends he or she is entitled to benefits;

b. Any alleged failure by PURE or any other Discharged Party to procure proper insurance and/or breach of fiduciary duty in procuring the PURE Policies;

c. Any actual or alleged act or omission in connection with PURE's investigation, adjustment, claims handling, litigation, or settlement of this matter, including, but not limited to, the Underlying Lawsuit;

d. Any alleged failure by PURE or any other Discharged Party to provide for the fees and expenses of Defense Counsel or otherwise provide a defense for the Hoaglands in the Underlying Lawsuit;

d. The facts or matters alleged in and/or other allegations asserted in or giving rise to the Underlying Lawsuit; or

e. Any claims for breach of contract, bad faith, improper claims practices, improper trade practices, negligence or breach of fiduciary duty based on any of the foregoing.

3. Within ten (10) days after the date on which this Agreement has been duly and properly executed by authorized representatives of each of the Parties ("Execution Date"), PURE shall deliver the Payment to Catherine Hoagland via an electronic funds transfer. The Parties expressly agree the Payment will be made solely to Catherine Hoagland and that the Payment constitutes payment in full to the Hoaglands for all policy proceeds, damages, losses, and/or injuries to persons or property or both, whether known or unknown, developed or undeveloped, which have allegedly resulted or may allegedly result from the matters or allegations giving rise to the Underlying Lawsuit, including, but not limited to, claims for such policy proceeds, defense costs, indemnity, damages, losses and/or injuries which could have been asserted against the Discharged Parties in any lawsuit or legal proceeding. For the purposes of the Underlying Lawsuit, the Parties agree that any change or addition of parties to the Underlying Lawsuit or any amendment to the Underlying Lawsuit or the claims contained therein will not alter the obligations and agreements of the Parties set forth herein.

4. The Parties agree that PURE will amend its complaint in the DJ Action to remove those portions of the DJ Action which related to the Underlying Complaint and Kim Likins. The Parties also agree that nothing in this agreement shall be used by either party in relation to the Sulka Action or those portions of the DJ Action which relate to the Sulka Action or Lisa Sulka.

5. Calvin Hoagland agrees that he alone will bear responsibility to pay any amount due from one or more of the Hoaglands under any settlement of the Underlying Lawsuit and will be responsible for any final judgment, whether prior to or after appeal, that may be entered against one or more of the Hoaglands in the Underlying Lawsuit. The decision to settle or not settle the Underlying Lawsuit shall be in the sole discretion of the Hoaglands. PURE shall have no right to demand a settlement of the Underlying Lawsuit. The Hoaglands agree to hold PURE

harmless from any obligation related to the Underlying Lawsuit, including, but not limited to, the payment of any amount due from one or more of the Hoaglands under any settlement of the Underlying Lawsuit or under any judgment entered against one or more of the Hoaglands in the Underlying Lawsuit.

6. The Hoaglands shall indemnify and hold harmless the Discharged Parties up to the amount of Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000.00) against any costs or expenses related to defending the Discharged Parties against claims or allegations by any interested parties challenging the effectiveness and/or validity of the agreements contained herein, including, but not limited to, the agreement that PURE has no duty under the PURE Policies to defend or indemnify the Hoaglands with regard to the Underlying Lawsuit. The Hoaglands shall also indemnify and hold harmless the Discharged Parties up to the amount of Seven Hundred Fifty Thousand and No/100 (\$750,000.00) against any judgments any interested parties may obtain against the Discharged Parties in any supplemental proceeding or action challenging the effectiveness and/or validity of the agreements contained herein, and/or any other form of action by which any interested party seeks indemnification from the Discharged Parties for amounts owed by the Hoaglands by way of judgment or settlement in the Underlying Lawsuit.

7. For purposes of clarity, the Parties state that they have agreed as follows: (1) Calvin Hoagland is the sole defendant in the Underlying Lawsuit brought by Kim Likins, and Calvin Hoagland alone (not PURE) will be responsible for any verdict obtained by Kim Likins; (2) in the event that any sort of action is brought by Kim Likins against PURE, the Hoaglands are obligated to indemnify and hold harmless PURE up to the amount of Seven Hundred Fifty Thousand and No/100 (\$750,000.00).

8. The Hoaglands represent and warrant that they have not sold, assigned, conveyed or otherwise transferred any claims released in this Agreement and will not hereafter attempt to sell, assign, convey or otherwise transfer any claims released in this Agreement, including, without limitation, claims based on any alleged duties, liabilities or obligations of PURE under the PURE Policies in connection with the Underlying Lawsuit. Likewise, PURE represents and warrants that it has not sold, assigned, conveyed or otherwise transferred its obligations to defend this Underlying Lawsuit, an obligation that PURE denies owing, and will not hereafter attempt to sell, assign, convey or otherwise transfer any obligation under this Agreement. The Hoaglands shall indemnify and hold PURE harmless for any loss, liability or expense incurred by PURE arising out of or resulting from any breach by the Hoaglands of any of the foregoing representations and warranties. PURE shall indemnify and hold the Hoaglands harmless for any loss, liability or expense incurred by the Hoaglands arising out of or resulting from any breach by PURE of any of the foregoing representations and warranties.

9. The parties agree that, except as expressly permitted below, this Agreement, all matters and communications relating to this Agreement or the terms and negotiation of this Agreement, and all communications between the Parties required by or concerning this Agreement (collectively, "Confidential Information") are and shall remain confidential, and that neither the Parties nor their respective agents, representatives, attorneys, insurers, or consultants shall disclose or discuss Confidential Information with any non-Party, including news organizations, press, media, or trial reporting services, without the prior written consent of the other Party. Disclosure or discussion of Confidential Information shall be further limited to only those key officers, directors, attorneys, auditors, other employees of the Parties with financial responsibilities for the Parties or who otherwise have a need to know Confidential Information in connection with their employment,

including, but not limited to, reinsurers, retrocessionaires, and any federal or state authorities to which the Hoaglands or PURE may have an obligation to report or disclose Confidential Information, as determined in good faith by counsel for each Party. Any such person to whom Confidential Information is disclosed shall be told of the confidential status of the Confidential Information and be required to keep the information disclosed confidential. Notwithstanding the foregoing, the terms of this Agreement may be disclosed if required pursuant to court order or subpoena, or where otherwise required by law; provided, however, that if any third party requests or demands disclosure of Confidential Information by subpoena or other formal discovery process and either party, having received the request reasonably believes such disclosure is required by operation of law, the Hoaglands or PURE shall give the other Party written notice at least thirty (30) days prior to disclosing Confidential Information, unless the Hoaglands or PURE are required by law or court order to disclose such information at an earlier date, in which case the Hoaglands or PURE shall give the other Party as much notice as is possible under the circumstances. The notice shall set forth all information which the Hoaglands or PURE intend to disclose, the identity of each person or entity to whom the information is to be disclosed, the statute or other legal authority purportedly requiring the disclosure and the circumstances pursuant to which the disclosure is proposed to be made. The parties each agree to assert objections based on confidentiality, Rule 408 of the South Carolina Rules of Evidence and similar state law provisions regarding settlements and, in the event disclosure is required by operation of law, the Hoaglands and PURE shall request that any court requiring disclosure order that any such disclosure be made *in camera* and be sealed from the public record. Each Party shall have the right, but not the duty, to seek to enforce, in the name of the other Party, such non-disclosure rights against a third party.

10. This Agreement and any evidence of the terms or negotiation of this Agreement shall be inadmissible in any litigation and no Party shall file this Agreement in any court or seek to introduce this Agreement or the existence, terms or negotiation of this Agreement in any litigation, except a Party may offer such evidence in an action solely to enforce the terms of this Agreement or in response to any allegation of breach of this Agreement. This Agreement has been entered into in reliance upon the provisions of Rule 408 of the South Carolina Rules of Evidence and other similar federal and state law provisions that provide for the inadmissibility of evidence regarding settlement negotiations or agreements. However, the Parties expressly acknowledge that PURE may use this Agreement as evidence that it does not owe any coverage in relation to the Underlying Action in any future lawsuit or supplemental proceeding relating to the Underlying Action or any judgments resulting from the Underlying Action.

11. The wording of this Agreement was received, negotiated and accepted by counsel for each of the Parties prior to their respective execution of it. The Parties each expressly represent and warrant that they understand the effect of the things herein agreed to and that no statement or representations made by the other Party or the other Party's agents, representatives and attorneys influenced the Party to enter into this Agreement. In the event of any dispute arising in connection with this Agreement, no Party shall be entitled to have any wording of this Agreement construed against the other Party based on the identity of that Party as an insurance company or as the drafter of the wording at issue.

12. The Parties each agree that this Agreement is the product of negotiation and agreement among the Parties for the negotiated compromise of disputed claims and does not constitute an admission of liability or of any fact or circumstance out of which the claims in the Underlying Lawsuit or Sulka Action arise. It is agreed that the Parties enter into this

Agreement solely for the purpose of avoiding further litigation between the Parties, and this Agreement is in full and final settlement of all claims released herein.

13. This Agreement shall be construed pursuant to South Carolina law.

14. The parties agree that the venue and jurisdiction of any litigation concerning this Agreement, including but not limited to any enforcement or interpretation thereof, shall be set and established either in the Court of Common Pleas for Beaufort County, South Carolina or the United States District Court, District of South Carolina, Beaufort Division, as appropriate.

15. All agreements and understandings between the Parties are embodied and expressed herein and the terms of this Agreement are contractual and not a mere recital. The Parties have read this Agreement and understand it to be a full, final and binding agreement.

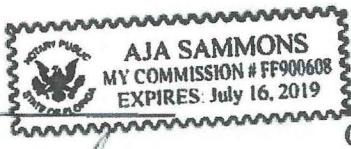
16. This Agreement contains the entire agreement among the Parties with regard to the matters set forth herein. Except as set forth in this Agreement, no representations, warranties, or promises have been made or relied upon by the Parties. This Agreement shall prevail over prior communications between the Parties or their representatives regarding the matters contained herein.

17. All of the parties execute this Agreement, represent and warrant to the other party that the individual's executing and signing this document they have the full authority to execute and sign the same for the parties to this Agreement.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this day of
, 2018.

WITNESSES:

[Signature]



[Signature] (SEAL)
Calvin C. Hoagland

[Signature]
David Retamaza

Catherine Hoagland (SEAL)

WITNESS
[Signature]
[Signature]

Privilege Underwriters Reciprocal Exchange
By: *[Signature]*
KENNETH J. LAMBERT
Its: S.E REGIONAL MANAGER

ELECTRONICALLY FILED - 2018 Aug 01 3:15 PM - BEAUFORT - COMMON PLEAS - CASE#2018CP0701562
ELECTRONICALLY FILED - 2022 Sep 15 4:53 PM - BEAUFORT - COMMON PLEAS - CASE#2017CP0702310

WITNESSES:

Calvin C. Hoagland (SEAL)

Barbara C. Mell

Catherine Hoagland
Catherine Hoagland



My Commission Expires
June 15, 2027

WITNESS
[Signature]

Privilege Underwriters Reciprocal Exchange

By: [Signature]
KENNETH J. LAMBERT

[Signature]

Its: S.E. REGIONAL MANAGER