

Fort Wayne Medical Surety Company, Risk Retention Group
Principles of Governance
Adopted by the Board of Directors
July 30, 2015

1. Number of Directors

- The Bylaws of the Company provide that for no less than five (5) individuals, one of whom must, by statute, be a resident of Arizona, and no more than fifteen (15) individuals, to serve as Directors. The Board of Directors believes that the Board should represent in its composition the physician specialties of the physician owners and insureds. Group practice customers/owners of the Company will be afforded a seat on the Board for groups of 5 or more physicians.

2. General Expectations

In serving as a Director, each Director must exercise duties of care and loyalty to the Company.

- Each Director is expected to be knowledgeable about Company business and financial operations through Board of Directors and Committee meetings and personal inquiry and observation, and to contribute to the Directors' oversight of the Company.
- Each Director is expected to devote sufficient time and attention to carrying out his/her duties and responsibilities as a Director of the Company and to ensure that other commitments or responsibilities do not materially interfere with his/her responsibilities to the Director.
- Directors are elected by the shareholders, in accordance with the procedures set forth in Article Six of the Articles of Incorporation. In proposing candidates, the Board of Directors also considers the following criteria:
 - a) Directors should possess personal and professional integrity, sound judgment, relevant experience, a proven record of professional accomplishment, and a commitment to devote sufficient time and attention to Company matters.
 - b) At least a majority of the Directors must be independent from Company management. The Directors may delegate responsibility for evaluating independence to the Audit Committee.

3. Powers and Responsibilities of Directors

- All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Board of Directors.

- The Board of Directors shall have exclusive, non-delegable responsibility for (1) amending the Articles of Incorporation, adopting a plan of merger or a plan of consolidation with another corporation or corporations; (2) recommending to the Shareholders the sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property and assets of the Corporation; (3) recommending to the Shareholders a voluntary dissolution of the Corporation or a revocation thereof; (4) recommending to the Shareholders the conversion of the Corporation from a stock Corporation to a mutual company; (5) electing or removing officers of the Corporation or members of any committee or fixing the compensation of any member of any committee; and (6) amending, altering or repealing the Bylaws or any resolution of the Board of Directors.
- The Board of Directors shall adopt the following best practices as part of their operations:
 - a) assure that all owner/insureds of the risk retention group receive evidence of ownership interest;
 - b) oversee the evaluation of the risk retention group's management including but not limited to the performance of the captive manager, managing general underwriter, determination of rates, collection of premium, adjusting or settling claims or the preparation of financial statements;
 - c) review and approve the amount to be paid for all material service providers; and
 - d) review and approve, at least annually:
 - i. the risk retention group's goals and objectives relevant to the compensation of officers and service providers;
 - ii. the officers' and service providers' performance in light of those goals and objectives; and,
 - iii. the continued engagement of the officers and material service providers.

Any contract or renewal shall require the approval of the majority of the Company's Directors.

4. Avoiding Conflicts of Interest

- A conflict of interest exists when a person's own interests interfere in any way with the interests of the Company. Directors are expected to avoid conflicts of interest. If a conflict of interest is presented or there is a reasonable possibility that even the appearance of a conflict of interest may be presented by a particular circumstance, that Director is expected to promptly disclose the relevant facts to the Board of Directors. While Directors may make use of the annual conflict of

interest statement process into order to disclose a potential conflict of interest, completion of a conflict of interest statement during a given calendar year does not excuse the obligation to disclose any conflicts arising at a later point during that year.

- The Company shall not hire as an employee any person who is, or whose immediate family member is, affiliated with or employed in a professional capacity by a present or former external auditor of the Company, until a minimum of one year elapses following the end of the affiliation, employment, or auditing relationship.

5. Number of Board of Directors Meetings

- The Board of Directors will be expected to hold a regular annual meeting each year.
- Regularly scheduled Board meetings in addition to the Annual meeting will be held in the odd numbered months of the year.
- If circumstances require, the Board of Directors or its Committees will convene at other times to consider special matters.

6. Agendas for Board of Directors Meetings.

- In advance of each regularly scheduled Board of Directors meeting, a draft agenda will be distributed for review by the Chairman of the Board and President of the Company. The agenda must be distributed sufficiently in advance of the meeting to enable appropriate review and comment. The Chairman of the Board and President of the Company may request and make reasonable revisions to the draft.

7. Matters Considered at Board of Directors Meetings

- Each Director is free to raise issues and topics at a meeting that are not specifically on the agenda for that meeting and will be included in "Other Business."

8. Board of Directors Meeting Materials Distributed in Advance

- Each Director is expected to be fully informed of all major proposals to be considered at an upcoming meeting to enable him or her to make informed, meaningful and deliberate contributions to the decision-making process for each proposal.
- Depending upon the proposal, substantial or comparatively little background information may be necessary to enable each Director to make a reasonable business judgment on the proposal. Generally, written information related to each

proposal will be sent to each Director in advance of the meeting at which the proposal is expected to be considered. The provider of the material will be expected to tailor the information to provide material information without undue volume or obfuscation. In situations where the proposal is too sensitive to be written or where timing does not allow for adequate written materials to be distributed in advance of a meeting, the proposal may be discussed at the meeting without the advance circulation of written materials.

9. Regular Attendance of Directors

- Each Director is expected to make every reasonable effort to attend each meeting of the Board of Directors and any committee of which that Director is a member.
- Directors must attend at least 50% of the meetings in any given year. Failure to meet this standard will result in the Director's removal from the Board. Directors must also attend two (2) out of every three (3) Annual meetings or are subject to removal from the Board.

10. Regular Attendance of Others at Board of Directors Meetings

- The Company's Board Chairman President, Treasurer, and Secretary are expected to attend each Board of Directors meeting.
- Other officers of the Company may be requested by the Board of Directors to attend meetings by the Managers and are expected to attend such meeting.
- The Board of Directors will have the authority to invite appropriate representatives of the Company's service providers to its meetings.

11. Director Compensation

- By resolution of the Board of Directors, each Director may be paid his/her expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a stated salary as Director or a fixed sum for attendance at each meeting of the Board of Directors or both. No such payment shall preclude any director from serving the Company in any capacity and receiving compensation therefor. The annual amount of compensation paid to each Director for acting in his/her capacity as Director shall be made available to shareholders upon request. The Company does not anticipate that it will compensate its directors.

12. Committees

- In accordance with the Bylaws, the Board of Directors has flexibility to form new Committees and to restructure or disband existing Committees.

- Committees shall have a charter approved by that Committee and by the Board of Directors. The charter for each Committee will define the requirements for membership and ensuring that appropriate independence is maintained.

13. Director Access to Senior Management and Key Service Providers

- Directors must have reasonable access to Company management.
- Directors must have reasonable access, as necessary and appropriate, to the Company's legal counsel, independent auditor, and other key service providers.
- The Board of Directors may hire staff to the extent deemed necessary to help the Board of Directors deal with matters on which they deem outside assistance to be necessary.
- All Directors are jointly responsible for fostering constructive interaction between Company management and the Board of Directors.
- All members of a committee are jointly responsible for fostering constructive interaction between Company management and that committee.

14. Assessing Directors' Performance

- The Board of Directors will review the performance of the individual Directors, the Board of Directors as a whole, and any Committee(s) of the Board on an annual basis and will make such recommendations as may be desirable to improve the performance of each of them. These self-assessments will include consideration of the Board of Directors' committee structure.
- On an annual basis, the independent Directors will solicit comments from the shareholders regarding the performance of the Directors, the Board of Directors as a whole, and any Committee(s) of the Board, and will make such adjustments as may be necessary or desirable to improve the performance of each of them based on the comments received from the shareholders.

15. Review of Strategic Planning

- The Board of Directors will periodically review the continued organizational strength of the Company and Company's management to ensure its continued short-term and long-term viability.
- As deemed necessary or desirable, the Board of Directors will review the Company's annual and longer-term strategic business plans and management development and succession plans.

16. Director Education

- New Directors will review background materials and participate in an orientation program that includes discussions with incumbent Directors and senior management. Topics covered will include operations, compliance practices, financial operations, and organizational structure.
- Continuing education for Directors will be considered as an agenda item for each regularly scheduled meeting to cover timely topics based on industry and legal developments and Company operations.

17. Insurance Coverage and Indemnification

- The Company will maintain directors-and-officers/errors and omissions insurance coverage and/or indemnification that is adequate to ensure the independence and effectiveness of the Directors. The Board of Directors will review this coverage annually.

18. Succession of Officers

- Any officer may resign at any time by delivering notice to the Board of Directors. Any officer may be removed by the Board of Directors at any time, with or without cause.
- In the absence of the Chairman of the Board of the Company, or in the event of his/her death, disability, or refusal to act, the President shall perform the duties of the Chairman of the Board and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman of the Board. If there is no President, then the Treasurer, if any, shall perform such duties of the Chairman.
- In the absence of the Secretary of the Company, or in the event of his/her death, disability, or refusal to act, the Treasurer shall perform the duties of the Secretary and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.
- In the absence of the Treasurer of the Company, or in the event of his/her death, disability, or refusal to act, the Chairman of the Board or Secretary shall perform the duties of the Treasurer and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer.

19. Precedence

- To the extent any provision of these Principles of Governance, as they may be revised from time to time, is inconsistent with the Company's Articles of Incorporation or Bylaws, as amended, the terms of the Articles of Incorporation or Bylaws shall control.