1. The total funds to be paid to all members by ANI under this Dividend Plan in any year is called the Company-wide Dividend. Company-wide Dividend will be determined as a percentage of total gross written premiums for the calendar year ended three years prior to the most recent calendar year. For example, the Company-wide Dividend to be paid during the 2017-2018 policy year would be calculated as a percentage of the total gross written premiums for calendar year 2013. Company-wide Dividend amounts are declared by the ANI Board of Directors at its first regular board meeting of the calendar year and are at the complete discretion of the Board of Directors, and subject to approval by regulatory authorities.

2. The amount of any Company-wide Dividend will be announced in April and payable to members within 30 days of the member’s subsequent annual policy renewal inception date from June 1 through the following May 31. Member Dividends are payable only as a credit against renewal premiums. Even if a member would have “earned” a dividend, there is no dividend paid if a member is not a member at the time payment would be made.

3. The portion of the Company-wide Dividend to be paid to an individual member in any year is called a Member Dividend. Member Dividend amounts will be determined by applying a loyalty credit (as defined below) and a loss ratio credit (as defined below) to each member’s most recent annual premium (as defined below) to determine the member’s Participation Credit. All Participation Credits are subject to a pro-rata factor (as defined below) to determine each Member Dividend.

4. Members with loss ratios (as defined below) exceeding 60 percent for the period are not eligible for Member Dividends for the period, regardless of any loyalty credits that may have accrued.

5. Members are eligible to participate in the Dividend Plan beginning the January 1 following three full policy years of continuous ANI membership.

6. The ANI Board of Directors reserves the right to change this Dividend Plan at any time, excepting only when the Company-wide Dividend has been declared and the dividend is only waiting to be paid.

Loyalty Credit

A member will receive one credit for each full policy year of continuous coverage prior to and including the Dividend period, subject to a maximum of 10 points. For example, for the Member Dividend to be paid during the 2017-2018 policy year, a member whose first continuous policy
incepated in 2001 would receive the maximum of 10 loyalty credits; a member whose first
continuous policy incepted in 2008 would receive 5 loyalty credits; and a member whose first
continuous policy incepting in 2013 would not be eligible to receive a Member Dividend in the
2017-2018 year.

Loss Ratio Credit

No loss ratio credit applies unless the member has completed six full policy years (allowing three
years for loss ratio calculations and three years for loss development). Loss ratio credit is based
on calculations for the three policy years ending three years prior to the end of the calendar year
for which the Member Dividend is being paid. For example, for a Member Dividend to be paid
in 2017, policy years to be considered for the loss ratio credit include all of the following years:

The loss ratio is calculated by determining the ratio of gross losses paid and outstanding case and
loss adjustment expense reserves per member for liability claims, excluding the umbrella portion
of any claim (i.e., prior to any reinsurance recovery, but after deduction of self-insured
retentions) to total annual premiums paid for all eligible policy years. The following credits
apply to loss ratio ranges:

<table>
<thead>
<tr>
<th>Loss Ratio Range</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10%</td>
<td>10</td>
</tr>
<tr>
<td>10-20%</td>
<td>8</td>
</tr>
<tr>
<td>20-30%</td>
<td>6</td>
</tr>
<tr>
<td>30-40%</td>
<td>4</td>
</tr>
<tr>
<td>40-50%</td>
<td>2</td>
</tr>
<tr>
<td>Above 50%</td>
<td>0</td>
</tr>
</tbody>
</table>

Lapse

A lapse is any period of time of six (6) months or more in which a member does not have a
general liability policy in force with ANI. A lapse causes all accrued credits to be reset to zero
and that member to be treated for purposes of this Dividend Plan as a new member with no prior
history with ANI.

Mergers and Split Organizations

In the case of organizations that merge or split with other organizations, all best effort will be
made to apportion credits are equitably as possible. However, ANI management retains the final
decision on how this Dividend Plan will be applied to these entities.

Annual Premium

A member’s annual premium for purposes of the calculation of their Member Dividend means
the total of all liability gross written premium, excluding umbrella premium, for the policy year
which expired prior to the calendar year ended three years prior to the most recent calendar year.

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For example, the member’s gross liability premium used to calculate their share of their Member Dividend for the 2017-2018 policy year would be the liability policy premium, excluding umbrella premium, that member paid for their annual policy expiring in 2013.

**Pro-rata Factor**

The Pro-rata Factor for determining the Final Member Dividend is calculated by dividing the Company-wide Dividend amount declared by the ANI Board of Directors by the total of all Participation Credits possible for that year. Each member’s Participation Credit is the sum of each member’s Loyalty Credit and Loss Ratio Credit, multiplied by each member’s Gross Written Premium, and divided by 100. See example below:

**EXAMPLE for Dividend of $3 million declared in 2017**

<table>
<thead>
<tr>
<th>Policyholder Since</th>
<th>Loyalty Credit</th>
<th>Loss Ratio Credit</th>
<th>Total Credits</th>
<th>2012/2013 GWP</th>
<th>Total Participation Credits</th>
<th>Pro-rata Factor</th>
<th>Final Member Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>$10,000.00</td>
<td>300</td>
<td>0.535714</td>
<td>$160.71</td>
</tr>
<tr>
<td>2005</td>
<td>8</td>
<td>8</td>
<td>16</td>
<td>$6,000.00</td>
<td>960</td>
<td>0.535714</td>
<td>$514.29</td>
</tr>
<tr>
<td>2003</td>
<td>10</td>
<td>4</td>
<td>14</td>
<td>$150,000.00</td>
<td>21,000</td>
<td>0.535714</td>
<td>$11,249.99</td>
</tr>
<tr>
<td>2011</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>$6,000.00</td>
<td>120</td>
<td>0.535714</td>
<td>$64.29</td>
</tr>
<tr>
<td>2016</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>$0</td>
<td>0</td>
<td>0.535714</td>
<td>0</td>
</tr>
<tr>
<td>Rest of members</td>
<td></td>
<td></td>
<td></td>
<td>$29,828,000.00</td>
<td>5,577,620</td>
<td>0.535714</td>
<td>$2,988,010.72</td>
</tr>
<tr>
<td>Total all members</td>
<td></td>
<td></td>
<td></td>
<td>$30,000,000.00</td>
<td>5,600,000</td>
<td>0.535714</td>
<td>$3,000,000.00</td>
</tr>
</tbody>
</table>

Declared Dividend: $3,000,000

Pro-rata factor: 0.535714(3,000,000/5,600,000)

**Questions**

General Questions about the Dividend Plan may be referred to the ANI President, CEO or Vice President of Finance. Specific questions about a Member Dividend should be referred to the Vice President of Finance.