

**Physician and Surgeon
Professional Liability Application for
Claims Made Coverage**



Longevity Physicians Insurance Company

I. – PRODUCER INFORMATION		
Producer Name	Address	Telephone: Email Address:
II. – GENERAL APPLICANT INFORMATION		
Name of Applicant:	Social Security Number	Date of Birth
Residence Address	City	State Zip
	Office Phone:	Residence Phone:
Preferred Mailing Address: <input type="checkbox"/> Residence <input type="checkbox"/> Primary Office	Email Address:	
III. – EDUCATION - Copy of C.V. is required		
Medical School of Graduation (city, state, country)	Degree	Graduation Date
Name & Location of Internship	Name & Location of Residency	
If foreign medical school graduate, are you certified by the educational council for foreign medical graduates? <input type="checkbox"/> Yes <input type="checkbox"/> No	Month/Year residency or fellowship completed _____/_____	
Are you certified by an approved specialty board? <input type="checkbox"/> Yes <input type="checkbox"/> No	If so, list specialty and attach a copy of the certificate.	
Have you participated in any continuing medical education within the last three years? <input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, how many category one credit hours? _____ Please attach a description or a copy of a certificate of completion.	
IV. – LIMITS OF LIABILITY - Indicate Limits Desired		
Each Claim: \$	Annual Aggregate: \$	
V. – COVERAGE INFORMATION		
Requested Coverage Effective Date:	Effective Date: _____	Expiration Date: _____
Claims Made Coverage Desired (please choose one of the below options)		
<input type="checkbox"/> Claims Made with Prior Acts	Retroactive Date Desired: _____ The retroactive date is the date first continuously insured under a Claims Made policy.	A copy of your current <i>Declarations Page</i> illustrating your <i>Retroactive Date</i> is required to exercise this option.
<input type="checkbox"/> Claims Made without Prior Acts	Status of Prior Acts exposure: <input type="checkbox"/> Current coverage provided on an Occurrence basis. <i>Oceanus does not offer Occurrence coverage.</i> <input type="checkbox"/> An extended reporting endorsement (tail coverage) has been purchased. Please attach a copy of this document. <input type="checkbox"/> An extended reporting endorsement (tail coverage) has not and will not be purchased. This option requires the completion of the below warranty.	Please contact your agent should you have any questions pertaining to the differences between Claims Made and Occurrence coverage, Prior Acts exposures or the additional expense associated with an “extended reporting endorsement” or “tail coverage”.

I will not purchase an extended reporting endorsement (tail coverage) from my current carrier where I am insured under a claims made policy. I realize that my failure to purchase such coverage from my current carrier will result in an uninsured exposure for any claims which may arise in the future as a result of professional services rendered while insured by my current carrier's policy. I understand that the policy, which I purchase from Oceanus will not provide prior acts coverage.

Initial here:

VI. – CURRENT PRACTICE STRUCTURE

<input type="checkbox"/> Individual <input type="checkbox"/> Resident/Fellow <input type="checkbox"/> Partnership/LLC <input type="checkbox"/> Professional Corporation	<input type="checkbox"/> Solo Corporation <input type="checkbox"/> Solo Corporation with employed or contracted physicians	Is corporate coverage desired? <input type="checkbox"/> Yes <input type="checkbox"/> No
		Corporate limits structure desired? <input type="checkbox"/> Shared <input type="checkbox"/> Separate
		Name of Solo Corporation/Corporation or Partnership:
<i>Completion of the Oceanus Corporation & Partnership Application is required for all Professional Corporations and Partnerships.</i>		Name of partner(s) or other members:

Please list any Physicians, Surgeons, or Certified Nurse Midwives you employ.

Name	Specialty	Surgery Performed		
		None	Minor	Major
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please list any of the following healthcare extenders which you employ.
 Physician Assistant, Nurse Practitioner, Advance Practice Registered Nurse or Certified Registered Nurse Anesthetist.

Name	Job Title/Specialty	Coverage Desired*	Limit Structure Desired	
			Shared	Separate
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If coverage is desired for the above employees the completion of an Oceanus Employed Healthcare Extender Application is required.*

Does any one physician supervise more than two Certified Nurse Midwives, Physician Assistant, Nurse Practitioner, Advance Practice Registered Nurse or Certified Registered Nurse Anesthetist? If yes, please submit a letter outlining practice guidelines	<input type="checkbox"/> Yes <input type="checkbox"/> No
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VII. – PRACTICE LOCATION(S)

Office Locations (List Primary Location First)

Address	City & State	Zip Code	County	% of Practice

Healthcare Facilities where you have medical staff or courtesy privileges (List Primary Location First)

Hospital	City & State	County	% of Practice	JCAHO Accredited? <input type="checkbox"/> Yes <input type="checkbox"/> No

Hospital	City & State	County	% of Practice	JCAHO Accredited? <input type="checkbox"/> Yes <input type="checkbox"/> No
Hospital	City & State	County	% of Practice	JCAHO Accredited? <input type="checkbox"/> Yes <input type="checkbox"/> No

VII. – PRACTICE LOCATION(S) (continued)

Previous Locations Of Practice (List most recent location first)

Address	City & State	County	From Month/Year	To Month/Year
Address	City & State	County	From Month/Year	To Month/Year

VIII. – MEDICAL LICENSING

Please list states in which you hold a license to practice medicine

State	License Number	% of Activities	Active	Inactive	Restricted	Revoked/Suspended
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- Have you ever been denied a medical license? Yes No
- Has your medical license ever been restricted, suspended, voluntarily surrendered or revoked in any state? Yes No
- Has your DEA certificate ever been restricted, suspended, voluntarily surrendered or revoked in any state? Yes No
- Has a hospital ever brought complaints or actions against you such as restriction, suspension, revocation of privileges, or probation? Yes No
- Have you ever been involved in or are you aware of any future involvement in an investigation by a regulatory or peer review board? Yes No
- Have you ever had a complaint or claim brought against you for sexual misconduct? Yes No
- Do you now or have you ever had any chronic physical limitation or any mental or emotional illness or disorder which impaired or could adversely affect your practice of medicine to any degree? Yes No
- Have you ever been indicted and/or convicted of a crime other than a minor traffic violation? Yes No
- Have you ever been suspended, restricted or put on probation by any governmental health program (e.g., Medicare or Medicaid)? Yes No
- Do you know or have you ever had a drug or alcohol addiction or dependency or sought treatment for such? Yes No

If you answered yes to any of the above questions, you must provide a detailed written narrative.

IX. – PRACTICE ACTIVITIES

Please state your medical specialty:		Percentage of your practice:
If applicable please state your sub-specialty:		Percentage of your practice:

Select one of the following as applicable:

<input type="checkbox"/> No Surgery	Includes incision of boils and superficial abscess, or suturing of skin or superficial fascia. Does not include obstetrical procedures, prenatal care or the assisting in surgery.
<input type="checkbox"/> Minor Surgery	Includes any superficial surgical procedure involving little hazard to the life of the patient and does not involve anesthesia or respiratory assistance.

<input type="checkbox"/> Major Surgery	Includes operations in or upon any body cavity including but not limited to the cranium, thorax, abdomen or pelvis or any other operation which because of the condition of the patient or the length of the circumstances of the operation presents a distinct hazard of life.
<input type="checkbox"/> Assisting in Major Surgery	Includes the additional surgical assistance on the patients of others. If assisting, indicate the percentage of total practice spent assisting: _____% (Do not include if you occasionally assist on an emergency basis.)

IX. – PRACTICE ACTIVITIES (continued)

Please complete each section as applicable:

General Procedures		Surgeons, please provide breakdown of surgical activities	
<input type="checkbox"/> Alternative/Holistic	<input type="checkbox"/> IV Therapy	_____ %	Abdominal
<input type="checkbox"/> Allergy	<input type="checkbox"/> Neutral Therapy	_____ %	Bariatric
<input type="checkbox"/> Anti-Aging	<input type="checkbox"/> Nutritional Therapy	_____ %	Assisting in Bariatric
<input type="checkbox"/> Arthritis Treatment	<input type="checkbox"/> Laser Therapy	_____ %	Cardiac
<input type="checkbox"/> Auriculotherapy	<input type="checkbox"/> Pain Management	_____ %	Colon/Rectal
<input type="checkbox"/> Bio-Identical Hormonal Therapy	<input type="checkbox"/> Prolotherapy	_____ %	General
<input type="checkbox"/> Biopsies	<input type="checkbox"/> Rheumatology	_____ %	Gynecology
<input type="checkbox"/> Bio-Oxidative Therapies	<input type="checkbox"/> Thermography	_____ %	Hand
<input type="checkbox"/> Cardiac Catheterization	<input type="checkbox"/> Ultraviolet Light Blood Irradiation	_____ %	Head/Neck
<input type="checkbox"/> Chelation Therapy	<input type="checkbox"/> Weight Management	_____ %	Laparoscopic Surgery
<input type="checkbox"/> Candidiasis	<input type="checkbox"/> Non-FDA Approved Drugs, Pharmaceuticals, or Medical Devices	_____ %	Laser Surgery
<input type="checkbox"/> Colon Hydrotherapy	<input type="checkbox"/> Acupressure	_____ %	OB/GYN
<input type="checkbox"/> Hypothyroidism	<input type="checkbox"/> Bariatrics	_____ %	Ophthalmology
		_____ %	Organ Transplants
		_____ %	Orthopedic (incl. spinal surgery)
		_____ %	Orthopedic (no spinal surgery)
		_____ %	Otorhinolaryngology
		_____ %	Otorhinolaryngology w/Plastic
		_____ %	Plastic
		_____ %	Sex Change Surgery
		_____ %	Thoracic
		_____ %	Traumatic
		_____ %	Urological
		_____ %	Vascular
Dermatology, Plastic & Cosmetic			
<input type="checkbox"/> Abdominoplasty	<input type="checkbox"/> Dermabrasion		
<input type="checkbox"/> Blepharoplasty	<input type="checkbox"/> Hair Transplant		
<input type="checkbox"/> Botox Injection	<input type="checkbox"/> Liposuction		
<input type="checkbox"/> Breast Augmentation	<input type="checkbox"/> Phalloplasty		
<input type="checkbox"/> Breast Reduction	<input type="checkbox"/> Rhinoplasty		
<input type="checkbox"/> Chemical Peels	<input type="checkbox"/> Silicone Injections		
<input type="checkbox"/> Collagen Injections	<input type="checkbox"/> Varicose Vein Treatment		
Anesthesia & Pain Management		Radiology	
<input type="checkbox"/> Spinal	<input type="checkbox"/> Acupuncture	<input type="checkbox"/> Diagnostic Only	Includes the interpretation of images to aid in the diagnosis or prognosis of disease.
<input type="checkbox"/> Caudal	<input type="checkbox"/> Facet Blocks	<input type="checkbox"/> Interventional Radiology	Includes minimally invasive procedures performed using image guidance such as an <i>angiogram</i> and also includes procedures done for treatment purposes such as an <i>angioplasty</i> .
<input type="checkbox"/> General	<input type="checkbox"/> Nerve Blocks		
<input type="checkbox"/> Local	<input type="checkbox"/> Nerve Block (spinal)	<input type="checkbox"/> Mammography	Examination of the human breast.
<input type="checkbox"/> Conscious Sedation	<input type="checkbox"/> Medication Only		
<input type="checkbox"/> Implantation/Removal of Drug Infused Pumps			
<input type="checkbox"/> Other: _____			

IX. – PRACTICE ACTIVITIES (continued)

Please complete the following:

Average weekly patient load: _____ Number of direct patient care hours per week: _____

Average weekly walk-in patients: _____ Number of surgical procedures per week: _____

Do you practice less than 21 hours in direct patient care services? Yes No
If yes, how many consecutive years have you been practicing under 21 hours: _____

Do you perform surgery in your office? Yes No
If yes, please attach a list of these procedures.

Do you treat or review the treatment of prison inmates? Yes No
If yes, please provide percentage of practice: _____%

Do you treat or review the treatment of professional athletes? Yes No
If yes, please provide percentage of practice: _____%

Do you treat patients in any nursing home, skilled nursing facility or assisted living center? Yes No
If yes, please provide percentage of practice: _____%

Do you participate in any medical research, clinical trials or off-label use of drugs or devices? Yes No
If yes, please attach a description of these activities and provide copies of any protocols and informed consent documents.

Do you or have you ever participated in any weight control treatment including but not limited to the prescribing of anorectic drugs? Yes No
If yes, please attach a description of all current and prior weight control activities.

Do you perform consultations, render medical services, medical opinions, or give medical advice outside the state of your primary office locations, including but not limited to telemedicine, internet medicine or the interpretation of films, slides or specimens? Yes No
If yes, please attach a description of activities, percentage of activity and state licensure.

Do you have or have you ever had any Medical Director responsibilities? Yes No
If yes, does the facility provide you with coverage for your administrative responsibilities? Yes No

Please be advised that Oceanus does not provide coverage for any liability assumed solely as your role as medical director of any facility.

Are you employed full time or part time by the federal, state, or local government, or are you on active military duty? Yes No
If yes, please attach an explanation of your employment.

Do you serve in a hospital emergency room for which you require coverage? Yes No
If yes, please provide the number of hours per month: _____

Do you perform any activities not routinely performed by other physicians practicing in your specialty or sub-specialty? Yes No
If yes, please explain: _____

Have there been any changes in your specialty or practice activities including but not limited to a material change in number of hours per week, changes or additions of an entity name, the addition or deletion of procedures within the last 5 years. Yes No
If yes, please attach a description of these changes.

Will you be performing activities which will be covered by another professional liability policy? Yes No
If yes, please complete the following:

Practice Name: _____

Practice Activities: _____ Name of Carrier: _____

X. – COVERAGE HISTORY

Please provide Practice/Claims & Insurance history for a minimum of the last 10 years starting with most recent.

I do not currently carry professional liability coverage.

Dates of Coverage	Insurer	Coverage Type	Tail Coverage Purchased	# of Pending Claims	# of Closed Claims	Total Claims	Premium
		<input type="checkbox"/> Occurrence <input type="checkbox"/> Claims Made	<input type="checkbox"/> Yes <input type="checkbox"/> No				
		<input type="checkbox"/> Occurrence <input type="checkbox"/> Claims Made	<input type="checkbox"/> Yes <input type="checkbox"/> No				
		<input type="checkbox"/> Occurrence <input type="checkbox"/> Claims Made	<input type="checkbox"/> Yes <input type="checkbox"/> No				
		<input type="checkbox"/> Occurrence <input type="checkbox"/> Claims Made	<input type="checkbox"/> Yes <input type="checkbox"/> No				

If your coverage is currently Claims Made please indicate the coverage trigger associated with your most recent policy.

- Incident
 Written Demand

Contact your agent should you have any questions pertaining to the differences between an Incident or Written Demand claims made trigger.

Have you ever experienced any gaps in your professional liability coverage?
If yes, please attach a narrative outlining any gaps in coverage.

Yes No

Please attach a copy of your most recent declarations page and policy.

Has an insurance company ever declined, failed to renew, conditionally renewed, restricted or cancelled your professional liability policy?
If yes, please list below company, date and reason for this action.

Yes No

Company	Date	Reason
Company	Date	Reason

XI. – CLAIMS INFORMATION

Please note that the use of **claim** or **suit** in this application is defined as any demand for damages, resolved or pending, regardless of the result, arising from your professional activity and brought against you or any professional corporation.

Are you now or have you ever been involved in a malpractice **claim** or **suit**, either directly or indirectly?
If yes, please indicate the total number of **claims** and **suits**: _____

Yes No

Have all **claims** and **suits** been reported to your current or prior professional liability insurer?
If no, please attach an explanation

Yes No

Please note that the use of **potential claim** in this application is defined as any circumstance which may have been brought to your attention by a patient or representative of a patient, in such a manner as to reasonably indicate the possibility of legal action against you or any professional corporation including but not limited to a patient requesting medical records, a letter from an attorney or an intent to pursue a claim or file a suit, or the apparent dissatisfaction of a patient or family member with the outcome of a procedure, treatment or diagnosis.

Do you have knowledge of any **potential claim** in which you may become involved, including without limitation, knowledge of any alleged injury arising out of the rendering or failure to render professional services which may give rise to a **claim** or **suit** even if you believe the **claim** or **suit** would be without merit?
If yes, please indicate the total number of **potential claims**: _____

Yes No

Have all **potential claims** been reported to your current or prior professional liability insurer?
If no, please attach an explanation

Yes No

The completion of an Oceanus Claim Narrative Addendum is required for each claim, suit or potential claim.

XI. – CLAIMS INFORMATION (continued)

Have you ever had an adverse outcome that has or may have resulted in the following:

- The death of a patient. Yes No
- The neurological, sensory, or systemic deficits of a patient including but not limited to brain damage, permanent paralysis, loss of sight or hearing. Yes No
- The permanent damage related to an injury during delivery of a child or administration of anesthesia. Yes No
- The limitation on a patient’s daily living activities including but not limited to the loss of a limb. Yes No
- The failure to diagnosis cancer. Yes No

XII. – PLEASE ATTACH A COPY OF THE FOLLWING TO THIS APPLICATION

- Copy of current Declaration Page
- Curriculum Vitae (C.V.) for each physician
- Loss Runs from all carriers for the prior 10 years.
- A narrative of all past claims using the Oceanus Claim narrative Addendum.
- Copies of each physician’s license to practice and board certification
- Completed Oceanus Corporation & Partnership application, if applicable
- Completed Oceanus Employed Healthcare Extender application, if applicable

XIII. – PLEASE READ AND SIGN

I hereby declare that the above statements and particulars are true and that I have not knowingly suppressed or misstated any material facts and I agree that this application shall be the basis of the contract with the Company.

I agree to notify the Company if there is any future material change in any answer to this application, including without limitation, any change in my professional specialty, affiliation, or working arrangement with any other physician, firm, or professional association.

I UNDERSTAND AND AGREE THAT THE COMPLETION OF THIS APPLICATION TOGETHER WITH ANY PREMIUM OR FINANCING DOES NOT BIND THE COMPANY TO ISSUE NOR ME TO PURCHASE, A CONTRACT OF INSURANCE, PROVIDED HOWEVER, IF I AM ISSUED INSURANCE BY THE COMPANY AND I PURCHASE SUCH CONTRACT OF INSURANCE, I UNDERSTAND AND AGREE THAT ANY MATERIAL MISREPRESENTATION OR OMISSION BY ME IN THIS APPLICATION MAY ACT TO VOID SUCH CONTRACT OF INSURANCE AND GIVE THE COMPANY A RIGHT TO RESCIND SUCH CONTRACT.

I understand that the Company may wish to contact persons, hospitals, schools, employers, and other entities listed in this application to verify and/or ascertain information regarding my credentials and background both prior to and if issued, after the issuance of a contract of insurance. Therefore, I hereby instruct any such person, hospital, school, employer, or other entity to release to the Company any information regarding me, which the Company, in good faith, believes to be applicable and pertinent to this application and if issued, the contract of insurance issued hereunder.

I understand that the offering by the RRG is always subject to the Underwriting Committee’s review and approval.

Date Signed:

Signature:

This Policy is issued by your risk retention group. Your risk retention group may not be subject to all insurance laws and regulations of your State. State insurance insolvency guaranty funds are not available for your risk retention group.

**OCEANUS INSURANCE COMPANY, A RISK RETENTION GROUP
SUBSCRIPTION AGREEMENT**

THIS SUBSCRIPTION AGREEMENT, is made as of the date below, by and between the subscriber whose name is set forth below (the "Purchaser"), and Oceanus Insurance Company, A Risk Retention Group, a corporation organized under the laws of the State of South Carolina ("Oceanus"). The parties, intending to be legally bound, hereby agree as follows:

1. PURCHASE OF COMMON STOCK. The Purchaser hereby purchases the number of shares of Common Stock (the "Stock") in Oceanus computed in accordance with the Oceanus Proposal for Membership and Insurance quoted to the Purchaser (the "Proposal") and the Shareholders Agreement between the parties. The Purchaser hereby simultaneously tenders one executed counterpart of the Shareholders Agreement. The Purchaser agrees within ten (10) days to tender the required subscription price, computed in accordance with the Proposal, by wire transfer or check to the order of "Oceanus Insurance Company, A Risk Retention Group". Failure to tender the subscription price shall render this subscription null and void.

2. MEMBERSHIP IN RISK RETENTION GROUP. By executing this Agreement, Purchaser is applying for membership in Oceanus Insurance Company, A Risk Retention Group, a South Carolina corporation ("Oceanus").

NOTICE

"The insurance policy is issued by your risk retention group. Your risk retention group may not be subject to all of the insurance laws and regulations of your State. State insurance insolvency guaranty funds are not available for your risk retention group."

3. PURCHASERS REPRESENTATIONS AND WARRANTIES. The Purchaser makes the following representations and warranties with the intent that the same may be relied upon in determining its suitability to become a shareholder of Oceanus, and with the understanding that the availability of exemptions from registration of the sale may depend upon the accuracy of such representations and warranties.

(a) Receipt of Satisfactory Information. Oceanus has made available to the Purchaser and its advisors the opportunity to evaluate an investment in Oceanus, and to obtain additional information and to evaluate the merits and risks of this investment and to ask questions of, and receive satisfactory answers from, representatives of Oceanus concerning the terms and conditions of this investment.

(b) Risk Factors. The undersigned understands the risks involved in an investment in Oceanus. The undersigned recognizes that an investment in Oceanus is speculative and involves substantial risk of loss by it.

(c) Knowledge and Experience of Undersigned. The undersigned represents that its knowledge and experience in financial and business matters in general are such that it is capable of evaluating the merits and risks of an investment in Oceanus.

(d) Purchase for Insurance. The Purchaser is purchasing the Stock as part of an insurance program, and for the sole purpose of obtaining insurance coverage which may be otherwise unavailable to Purchaser, and the Purchaser is not making this investment with the expectation of profiting from the operations of Oceanus.

(e) No Liquidity. The Purchaser recognizes that there will be no public market for the Stock and that the transferability of the Stock Interest is restricted

(f) No Guarantees. The Purchaser acknowledges and agrees that no person or firm is promising or guaranteeing that the Purchaser will receive a return of its investment in Oceanus or a profit from its investment in Oceanus.

(g) Documents. Purchaser has received and read the Shareholders Agreement and the Bylaws of Oceanus.

(h) Eligibility Requirements. Purchaser understands and agrees that he will be required to comply with the eligibility requirements of Oceanus as promulgated by the Board of Directors from time to time, and that his interest in Oceanus can be terminated at any time if the Board of Directors determines that he no longer satisfies the eligibility requirements.

(i) Dividends. Purchaser acknowledges that Oceanus may from time to time declare and pay shareholder dividends to Purchaser and to other shareholders of Oceanus, and Purchaser further acknowledges and agrees to the following:

(i) The amount, timing and payment of policyholder dividends is within the discretion of the Board of Directors of Oceanus.

(ii) Oceanus may elect to retain its profits rather than distribute them as shareholder dividends.

(iii) Any payment of shareholder dividends is not assured.

(iv) No shareholder dividends will be paid by Oceanus unless the Board of Directors determines that such payment is prudent and in the best interests of Oceanus and unless Oceanus shall be permitted to make such payment pursuant to South Carolina law.

(v) Shareholder dividends shall be declared and payable only from the profits of Oceanus as a whole, and shareholder dividends may not be paid to Purchaser even if Purchaser's individual results are profitable.

THIS AGREEMENT IS SUBJECT TO MANDATORY ARBITRATION UNDER THE SOUTH CAROLINA UNIFORM ARBITRATION ACT, TITLE 15, CHAPTER 48 OF THE SOUTH CAROLINA CODE OF LAWS.

(j) Repurchase. Purchaser acknowledges and agrees that any repurchase of the Stock shall be governed by the Shareholders Agreement.

(k) Authority. The person(s) executing this Agreement on behalf of the Purchaser have the authority to execute this Agreement, without the necessity of additional signatories.

(l) Continuing Nature. The representations, warranties and agreements of the Purchaser set forth herein are continuing in nature and shall survive the acceptance of this Subscription Agreement and the execution of the Shareholders Agreement.

4. GOVERNING LAW. This Agreement shall be governed by the laws of South Carolina.

5. ALTERNATIVE DISPUTE RESOLUTION. All disputes, controversies, or claims arising out of, relating to, or in connection with this Agreement, or breach, termination or validity thereof, shall be finally settled by arbitration. The arbitration shall be governed by the South Carolina Uniform Arbitration Act, Section 15-48-10 et seq. of the South Carolina Code of Laws. There shall be three arbitrators with one chosen by the party making the demand for arbitration, one chosen by the party against whom demand is made and the third being chosen by those two chosen by the parties. The arbitration hearings shall take place in Charleston, South Carolina. The arbitrators shall notify the parties to be served personally, by certified mail, or by overnight mail not less than five days before the hearing. The hearing shall be conducted by all the arbitrators but a majority may determine any question and render a final award. The arbitrators shall determine questions of both law and fact. The award shall be in writing and signed by the arbitrators joining in the award. The arbitrators shall deliver a copy to each party personally, by certified mail, or by overnight mail. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Each party shall bear its own expenses and jointly and equally share with the other the expenses of proceeding.

6. MISCELLANEOUS.

(a) Notices. All notices, requests, demands or other communications provided for herein shall be in writing, shall be delivered by hand or by first-class mail postage prepaid and shall be addressed:

(i) If given by Purchaser, to Oceanus at its business address, or

(ii) If given by Oceanus to the Purchaser's address as shown on the books and records of Oceanus.

(b) Entire Agreement. This Agreement and the Shareholders Agreement constitute the entire agreement between the parties and supersede and cancel any other agreement, representation or communication, whether oral or written, between the parties relating to the transactions contemplated herein or the subject matter hereof. In the event of a conflict in the language of this Agreement and the Shareholders Agreement, the Shareholders Agreement controls.

(c) Amendment. This Agreement may not be modified, amended or changed in any manner except in writing signed by all the parties hereto.

(d) Waiver. The failure of either party to require performance by the other party of any provision of this Agreement shall not be deemed a waiver of such provision and shall in no way affect the right to require such performance at any time thereafter.

(e) Successors. This Agreement and all of its provisions shall be binding upon and inure to the benefit of the Parties and their respective assigns and successors.

(f) Severability. In the event that any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, then to the maximum extent permitted by law, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement. Each of the parties shall, at the request of the other Party, deliver to the requesting Party all further documents or other assurances as may reasonably be necessary or desirable in connection with this Agreement.

(g) Counterparts. This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

PURCHASER SIGNATURE:

By: _____

OCEANUS INSURANCE COMPANY,
A RISK RETENTION GROUP

By:  _____

President
Title

**SHAREHOLDER AGREEMENT
OCEANUS INSURANCE COMPANY, A RISK RETENTION GROUP**

THIS AGREEMENT is made by and between OCEANUS INSURANCE COMPANY, A RISK RETENTION GROUP, a South Carolina corporation (“Oceanus” or the “Company”), and the Shareholder shown on the signature page of this Agreement (the “Shareholder”).

BACKGROUND

A. The Company is a stock corporation and was formed as a risk retention group under the federal Liability Risk Retention Act of 1986, as amended, and the laws of the State of South Carolina pertaining to captive insurance companies for the purpose of providing liability insurance to the shareholders and affiliated physician groups, physicians, and skilled healthcare providers thereof. The Company is regulated by the South Carolina Department of Insurance (the “Department”).

B. The Shareholder is a healthcare provider or related entity that as of the effective date of this Agreement meets the eligibility requirements to be a shareholder of the Company.

C. The Shareholder is required to purchase common stock of the Company, par value Two Dollars (\$2.00), in such numbers and upon such terms and conditions as are set forth in a Subscription Agreement executed between the Shareholder and the Company. The total price being paid by the Shareholder to purchase common stock in the Company shall be called the “Capital Contribution”.

D. This Shareholder Agreement is one of a number of shareholders agreements between the Company and its various shareholders.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the sufficiency of which is hereby acknowledged, the Company and each Shareholder hereby agree as follows:

1. Eligibility. The Board of Directors has established eligibility requirements that each person or entity insured by the Company is required to meet in order to become a shareholder. The Shareholder and the Company agree and acknowledge that they have reviewed the eligibility requirements applicable on the effective date of this Agreement, and that the Shareholder meets such requirements.

2. Transfers and Holding of Shares.

(a) This Agreement at all times shall apply to any and all shares of stock in the Company, whether now held or hereafter acquired by the Shareholder (hereinafter, collectively, the “Shares”).

(b) The Shareholder shall not assign, sell, exchange, give, bequeath, encumber, pledge, alienate, hypothecate, or otherwise in any manner whatsoever, either voluntarily or involuntarily, transfer any of the Shareholder’s Shares (any such disposition being hereinafter referred to as a “Transfer”), except (i) in accordance with this Agreement, or (ii) by operation of law in the event of a merger or business combination in which the Shareholder is a party, *provided, however*, that following the merger or business combination the shares are held by an individual or entity whose ownership of the shares satisfies the requirements of the Liability Risk Retention Act of 1986, as amended. The Company shall not honor or give effect on the books of the Company to any Transfer of, or any attempt to Transfer any Shares until it is satisfied that the requirements of this Agreement have been met.

(c) If the Company so determines, it may cause to be placed on the certificates for Shares the following notation, and the Shareholder shall cooperate with the Company in the placement of such notation on his certificate(s):

The holder’s power to transfer this stock is limited by an Agreement between the Company and the Shareholder, a copy of which (together with any amendments to the Agreement) is on file at the principal office of the Company.

3. Certain Obligations of The Shareholder.

In addition to the other obligations set forth in this Agreement, the Shareholder agrees to perform and comply with all of the following:

(a) Pay promptly when due the amounts agreed to be paid for the purchase of Shareholder’s Shares.

(b) Maintain insurance coverage with the Company and pay all premiums in respect of such insurance coverage in full and when due, in accordance with the terms and conditions quoted to the Shareholder for such insurance coverage.

(c) Comply with the terms of this Agreement, the Company’s Articles of Incorporation and Bylaws, provisions of any contract of insurance between the Shareholder and the Company, applicable underwriting standards, and any applicable risk management/loss prevention program developed by the Company.

NOTICE

“The insurance policy is issued by your risk retention group. Your risk retention group may not be subject to all of the insurance laws and regulations of your State. State insurance insolvency guaranty funds are not available for your risk retention group.”

THIS AGREEMENT IS SUBJECT TO MANDATORY ARBITRATION UNDER THE SOUTH CAROLINA UNIFORM ARBITRATION ACT, TITLE 15, CHAPTER 48 OF THE SOUTH CAROLINA CODE OF LAWS.

4. Dividends.

The Shareholder acknowledges that Oceanus may from time to time declare and pay shareholder dividends to the shareholders. The Shareholder further acknowledges and agrees to the following:

(a) The amount, timing and payment of dividends is within the sole discretion of the Board of Directors of Oceanus. No dividends will be paid by Oceanus unless the Board of Directors determines that such payment is prudent and in the best interests of Oceanus *and* unless Oceanus shall be permitted to make such payment pursuant to South Carolina law.

(b) Oceanus may elect to retain its profits rather than distribute them as dividends.

(c) Any payment of dividends is not assured.

(d) Shareholder dividends shall be declared and payable only from the profits of Oceanus as a whole, and shareholder dividends may not be paid to the Shareholder even if the Shareholder's individual results are profitable.

5. Termination of Shareholder Status.

Each of the following events (hereinafter, a "Termination Event") shall require the Shareholder (or his estate or legal or personal representative, as the case may be) to sell all his Shares to the Company, shall cause such Shareholder's rights as a shareholder in the Company to immediately and automatically terminate, and shall likewise require the Company to redeem and repurchase all of the Shares owned by the Shareholder, all in accordance with Section 6 below:

(a) The Shareholder no longer satisfies the eligibility requirements applicable to the Shareholder on the effective date of this Agreement;

(b) the Shareholder's insurance policy from the Company is cancelled or non-renewed for any reason whatsoever, or the Shareholder otherwise ceases to have a current policy of insurance in force from the Company for any reason whatsoever, *provided* that the maintenance of only "tail" coverage from the Company shall not be considered to be a current policy of insurance;

(c) The death of the Shareholder;

(d) All or any part of the Shareholder's Shares are attached or seized in an execution proceeding and such attachment or execution is not discharged or otherwise dissolved within thirty (30) days;

(e) All or any part of the Shareholder's Shares are attached or seized or subject to any order or decree of any court authorizing or directing any Transfer of all or any part of the Shareholder's Shares in any proceeding for divorce, alimony, separate maintenance or distribution of marital property; or

(f) Any attempt by the Shareholder to Transfer his Shares other than to the Company.

6. Terms of Redemption.

(a) Upon the occurrence of a Termination Event, the Shareholder or his estate or legal or personal representative, and any other holder of all or any part of the Shares, as the case may be (hereinafter, individually and collectively, the "Transferor") shall immediately tender all his Shares to the Company for redemption at the price specified in Section 6(b) below.

(b) The price to be paid to a Transferor for the redemption of Shares upon a Termination Event shall be determined under the applicable Subsection (i) through (iii) below (as applicable, the "Price").

(i) If the Termination Event occurs two years or less from the initial inception date of the insurance coverage in respect to the Shareholder (the "Inception Date"), the Price shall be five percent (5%) of the lesser of (A) the Capital Contribution paid by the Shareholder, or (B) the net book value attributable to the Shares as provided in Subsection 6(c) below;

(ii) If the Termination Event occurs three years or less from the Inception Date but more than two years from the Inception Date, the Price shall be fifty percent (50%) of the lesser of (A) the Capital Contribution paid by the Shareholder, or (B) the net book value attributable to the Shares as provided in Subsection 6(c) below;

(iii) If the Termination Event occurs more than three years from the Inception Date, the Price shall be one hundred percent (100%) of the lesser of (A) the Capital Contribution paid by the Shareholder, or (B) the net book value attributable to the Shares as provided in section 6(c) below.

(c) The net book value attributable to Shares shall be as reflected on the Company's regularly-prepared fiscal year-end financial statements as of the end of the fiscal year immediately preceding the occurrence of the first Termination Event with respect to the Shareholder; and such financial statement and book value shall be conclusive and binding, notwithstanding the passage of time between the date thereof and the date of the Termination Event.

(d) All amounts due the Company for any reason from the Shareholder may be offset against any distribution to such Shareholder.

(e) Settlement for the redemption of the Shares shall be held within ten (10) business days of the latest of (i) the occurrence of the Termination Event, (ii) the date on which the President of the Company actually learns of the Termination Event (the "Notification

Date”), or (iii) the preparation of the Company’s regularly-prepared fiscal year-end financial statements from which the Price is to be determined.

(f) At settlement, the transferring Shareholder and the Company shall execute and deliver such documents and instruments as may be necessary or appropriate to effect the sale and delivery of the Shares to the Company pursuant to the terms of this Agreement. The Company shall be entitled to pay the Price by delivering the Company’s unsecured promissory note payable in equal annual installments of principal over the five successive anniversaries of the settlement date, together with interest on the unpaid principal balance at the lowest allowable applicable federal rate under Section 1274(d) of the Internal Revenue Code of 1986, as amended, or the corresponding provision of succeeding federal tax law. The Company shall have the right at any and all times to anticipate payment of any part or the whole of any unpaid balance of the note without penalty.

(g) Notwithstanding anything herein to the contrary, the Company shall not be obligated to pay the Price or any installment thereof under the aforesaid promissory note if the Board, in its sole discretion, believes such payment would materially adversely affect the Corporation’s financial condition. Further, payment of the Price or any installment thereof shall also be subject to obtaining any required prior written approval by the Department.

7. Waiver of Claims Against Shareholders; Rights of Third Parties.

(a) The Shareholder hereby agrees to waive any claim it may have against any other shareholder based on the insolvency of the Company or any subsidiary thereof; *provided, however*, that such waiver shall apply to claims against the Company payable out of the assets of the Company.

(b) No person, except the Company or any shareholder, shall be deemed to have any right conferred upon it by any provision of this Agreement. No term of this Agreement shall be enforceable against the Company or any shareholder except by the Company, its assignee, or one or more shareholders.

8. Shareholder’s Representations and Warranties.

The Shareholder represents to the Company that:

(a) Oceanus has made available to the Shareholder and its advisors the opportunity to evaluate an investment in Oceanus, and to obtain additional information and to evaluate the merits and risks of this investment and to ask questions of, and receive satisfactory answers from, representatives of Oceanus concerning the terms and conditions of this investment.

(b) The Shareholder understands the risks involved in an investment in Oceanus. The Shareholder recognizes that an investment in Oceanus is speculative and involves substantial risk of loss.

(c) The Shareholder represents that its knowledge and experience in financial and business matters in general are such that it is capable of evaluating the merits and risks of an investment in Oceanus.

(d) The Shareholder is purchasing the Shares solely for its own account and not with a view to distribution, sale or subdivision, or for the account of any other individual, corporation, firm or person.

(e) The Shareholder is purchasing the Shares as part of an insurance program, and for the sole purpose of obtaining insurance coverage which may be otherwise unavailable to Shareholder, and the Shareholder is not making this investment with the expectation of profiting from the operations of Oceanus.

(f) The Shareholder recognizes that there will be no public market for the Shares and that the transferability of the Shares is restricted.

(g) The Shareholder acknowledges and agrees that no person or firm is promising or guaranteeing that the Shareholder will receive a return of its investment in Oceanus or a profit from its investment in Oceanus.

(h) The person(s) executing this Agreement on behalf of the Shareholder have the authority to execute this Agreement, without the necessity of additional signatories.

9. Assignment.

By Shareholder. The Shareholder may not assign any right, claim, or interest it may have under this Agreement or under any policy issued by the Company or a subsidiary thereof, except (i) as specifically may be agreed to in writing by the Company, or (ii) subject to the limitations set forth in Section 2.b.(ii) above, by operation of law in the event of a merger or business combination to which the Shareholder is a party. No creditor, assignee or third-party beneficiary of the Shareholder shall have any right, claim, or title to any part, share, interest, funds, or assets of the Company except as specifically may be agreed to in writing by the Board of Directors of the Company. Any successor to the assets, liabilities or operations of the Shareholder shall be liable to the Company or its assignee for any amounts due the Company or the Company from such Shareholder.

By Company. This Agreement may be transferred and assigned by operation of law to any successor entity to the Company in connection with any merger or other business combination to which the Company is a party.

10. Dispute Resolution.

Any dispute arising out of or by virtue of this Agreement shall be submitted to binding arbitration conducted in accordance with the rules of the American Arbitration Association. Such arbitration shall take place in Charleston, South Carolina, and South Carolina law will govern all issues. Each party (if there are two parties to this dispute) shall select one fair and impartial arbitrator and the two arbitrators so chosen shall choose a neutral third arbitrator. If there are more than two parties to the disputes, the number of arbitrators and how they shall be selected shall be determined in accordance with the rules of the American Arbitration Association. The arbitration hearing will commence upon thirty (30) days notice and

conclude expeditiously. The determination of the arbitrators shall be conclusive and binding upon the parties, and any determination by the arbitrators of an award may be filed with the clerk of a court of competent jurisdiction as a final adjudication of the claim involved, or application may be made to such court for judicial acceptance of the award and an order of enforcement, as the case may be. The arbitrators shall designate the party to bear the expenses of the arbitrators or the respective amounts of such expense to be borne by each party.

For such purpose, the Shareholder agrees to accept, without objection to form or manner, service of process by registered mail directed to the Shareholder at the address of the Shareholder reflected on the records of the Company. For such purpose, Oceanus agrees to accept, without objection to form or manner, service of process by registered mail directed to Oceanus at its registered office in South Carolina. The foregoing consents to service of process are not intended nor shall they be construed to extend to any claim, controversy, cause of action, or other matter other than as stated in this Dispute Resolution.

11. Severability.

Should any portion, term, condition, or provision of this Agreement be determined by a court of competent jurisdiction to be invalid under any applicable law or otherwise rendered unenforceable, the validity of the remaining conditions and provisions shall not be affected thereby.

12. Interpretation.

This Agreement shall be interpreted in accordance with the internal, substantive law of the State of South Carolina, without regard to principles of conflicts of laws. The term "person" shall mean any individual, entity, unincorporated association, or other juridical person. Any reference to a gender - masculine, feminine, or neuter - shall refer to all genders.

13. Term.

This Agreement shall continue in effect until it is rescinded by the mutual consent of the parties hereto or otherwise terminated as provided by this Agreement or applicable law.

14. Amendment.

This Agreement may be amended upon the mutual written consent of the parties.

15. Complete Agreement; etc.

This Agreement, including all counterparts hereof, the Subscription Agreement, the Articles of Incorporation, Bylaws, policy terms, and any applicable rules and regulations which may be adopted from time to time by the Board of Directors constitute the full and complete terms of this Shareholders Agreement. There are no oral understandings or agreements not set forth in writing herein or in the aforementioned other writings. In the event of a conflict in the language of this Agreement and the Subscription Agreement, this Shareholders Agreement controls. Further, Shareholder acknowledges the receipt of the Bylaws of Oceanus. This Agreement may be executed in any number of counterparts, all of which taken together shall be deemed one original.

16. Notice.


All offers, acceptances and notices shall be in writing and sent certified mail, return receipt requested, to the principal office of the Company, when addressed to the Company, or to the address of the Shareholder appearing on the Company's books, when addressed to the Shareholder.

This Agreement shall be effective as of: _____.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date shown below.

OCEANUS INSURANCE COMPANY,
A RISK RETENTION GROUP

Date: _____

By: 

President
Title

SHAREHOLDER

Date: _____

By: _____