

**NEVADA DOCS MEDICAL  
RISK RETENTION GROUP, INC.**

**SUBSCRIPTION AND SHAREHOLDER AGREEMENT**

THIS SUBSCRIPTION AND SHAREHOLDER AGREEMENT (the "Agreement") is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2010, by and between Nevada Docs Medical Retention Group, Inc. a Nevada limited liability company (hereinafter "NDM RRG" or the "Company") and entities subscribing for and or owning all of the outstanding Common Shares (the "Shares") of the Company, hereto (hereinafter individually referred to as a "Shareholder" and collectively referred to as the "Shareholders").

A. The Company is a company with limited liability, duly organized and existing under the laws of Nevada and the Federal Product Liability Risk Retention Act of 1981, as amended by the Risk Retention Amendments of 1986. The Company intends to obtain a captive insurance license from the State of Nevada.

B. The Company plans to engage in the business of insuring or reinsuring various types of Medical Professional Liability and related risks of its Shareholders.

C. The Federal Product Liability Risk Retention Act of 1981, as amended by the Risk Retention Amendments of 1986 and applicable state law require that each insured policyholder of the Company be a shareholder of the Company and each Shareholder of the Company be an insured policyholder of the Company; and therefore, each prospective insured policyholder of the Company will be required to purchase Shares of the Company's stock upon the Company's acceptance of the applicant as an insured policyholder; and

D. An application has been made to obtain insurance from the Company and upon acceptance the insured policyholder will be required to purchase Shares;

E. The Company and the Shareholders believe that the growth and success of the Company requires an agreement imposing restrictions, obligations and undertakings with regard to the acquisition and transfer of Shares to guard against Shares being owned by persons who are unwilling or unable to contribute to the success of the Company.

In consideration of the foregoing and in consideration of the mutual covenants and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree and covenant as follows:

## **1. SUBSCRIPTION FOR SHARES**

Upon acceptance by the Company of an application for insurance, each insured policyholder hereby agrees to purchase Shares from the Company, and the Company hereby agrees to sell Shares to the insured policyholder, pursuant to the terms and conditions set forth herein and in the Company's Articles of Incorporation. The insured policyholder agrees to purchase Shares at a price determined by Section 3.01 of this Agreement concurrently with the initial premium payment for the Insured policyholder's policy. Failure to pay for shares subscribed for in the Company in accordance with Section 3.01 of this agreement, shall allow the Company to cancel the insured policyholder's policy.

## **2. ELIGIBLE SHAREHOLDERS**

2.01 Insureds may include any health care providers or other persons or entities with an insurable interest in such entities that are engaged in any activities similar or related with respect to liabilities arising out of their involvement in providing non-surgical health services who are licensed by a relevant Medical or Osteopathic Medical Board. Insureds shall include only those persons or entities who have an ownership interest in the Corporation and who are provided insurance by the Corporation and are admitted members of Nevada Docs Support Association, Inc., ("the Association").

2.02 To become an insured with the Corporation, the potential insured must meet and satisfy all of the following conditions: (a) each insured must be a shareholder of the Corporation; (b) each insured must be engaged in an activity similar or related to the provision of non-surgical health services; (c) they must be exposed to liabilities similar to those of other insureds of the Corporation by virtue of being in a related, similar or common service, or operations; (d) they must qualify under the underwriting criteria of the corporation for the issuance of a policy of insurance by the Corporation; (e) they must be approved by the Board of Directors of the Corporation (the "Board"); or the Boards designate and (f) they must meet such other conditions as prescribed by the Board.

2.03 No insurance coverage shall be provided pursuant to insureds that is not permissible under the Product Liability Risk Retention Act of 1981, (the "Act"), as amended, 15 U.S.C. Section 3901 et seq. As required by the Act all the shareholders of the Corporation must be provided insurance by the Corporation and all insureds of the Corporation must be owners.

2.04 In the event that any Shareholder does not purchase liability insurance from the Company or one of the Company's designated policy issuing insurance carriers with whom the Company has entered into a reinsurance agreement to assume commercial insurance risks of the Shareholder within 90 days from the date of its purchase of shares, or at any time loses its designation as an eligible Shareholder, the shares of such Shareholder may be subject to repurchase as set forth in Section 6 hereof.

### **3. PURCHASE OF SHARES**

3.01 The initial sales price of Common Stock will be \$1.00 per share for those members who place funds on deposit in an escrow account in advance of State of Nevada approval of this Application. Upon the NDM RRG Application being approved by the State of Nevada, those members will then be entitled to purchase Common Stock for the pre-stated price of \$1.00 per share in an amount equal to funds deposited into said escrow account. Upon approval of the NDM RRG application the sales price of Common Stock will be increased to \$2.50 per share, and remain at \$2.50 per share until 30 days after the issuance of the first NDM RRG policy. Thereafter and through December 31, 2008, NDM RRG Common Stock will have a sales price of the greater of \$5.00 per share or net book value. After December 31, 2008, NDM RRG Common Stock will have a sales price of the greater of \$7.00 per share or net book value.

After July 5, 2007, new shareholders will be permitted to make the required capital contribution in three installments, with 16.5% of the total required capital contribution to be paid by new insured prior to the issuance of shareholder's first insurance policy by Company; 33.5% of the total required capital contribution payable by insured prior to the issuance of the first renewal of insured's insurance policy by Company; and the remaining 50% of the total required capital contribution payable by insured prior to the issuance of the second renewal of insured's policy by Company. Insureds seeking to finance their capital contribution in this fashion shall be obligated to execute a promissory note to Company securing the final two installment payments with said promissory note requiring the insured shareholder to pay interest to the Company at a rate of 0.5% below prime for the unpaid balance; to be paid annually with the insured's next installment payment of capital contribution due. Subject to the approval of the Company's Board, the price per share may be modified by the Company prospectively between installment purchases made by new shareholders, although the total capital contribution initially required by Company from new shareholders shall remain the same. After December 1, 2009 a shareholder may elect to make a one time non redeemable capital contribution in the amount of \$500.00 (five hundred dollars). Shareholders electing this option may further elect, within two years after becoming an insured with Company, to make a full capital contribution to Company pursuant to the terms delineated in this Section 3.01, with the rights of redemption, if any, delineated in Section 6 of this agreement.

3.02 Insured shareholders will not be eligible to purchase additional Shares if such shareholder insured is past due any amounts due the Company.

3.03 Initial members may obtain shares in excess of their minimum required purchase price which shall be calculated as one-half the entering member's mature premium after any rating factors are determined through underwriting. Excess shares so purchased may be transferred to subsequent entering members at the then current offering price for new members, with the proceeds of said share transfer paid to the holder of said excess shares without delay. The Excess Subscribing Member must specify if their shares are to be

transferred to new members on a Last-In-First-Out or a First-In-First-Out basis upon their purchase. No representation regarding the period of time for said transfer to be effected is made.

#### **4. SHAREHOLDER REPRESENTATIONS**

The Shareholder represents and warrants:

(a) that the Shareholder or its advisor has carefully reviewed the Company's insurance program materials and other information which Shareholder considers necessary or appropriate to evaluate the Company's insurance program and operations as well as the merits and risks of a purchase of the Company's Shares, and has had the opportunity to ask questions of and receive answers from representatives of the Company regarding the Company, the insurance program and the Shares;

(b) that the Shareholder has substantial business experience and is capable of evaluating the Company's insurance program and operations as well as the merits and risks of an acquisition of the Shares;

(c) that the Shareholder has made application to obtain insurance from the Company;

(d) that the Shareholder has full power, capacity and authority to execute, deliver and perform this Agreement and that this Agreement has been duly authorized, executed and delivered by the Shareholder and evidences a valid and binding obligation of the Shareholder enforceable in accordance with its terms;

(e) that the Shareholder understands that the purchase price for the Shares is not based upon any projected earnings of the Company and the Company does not represent that the Shares have market value equal to the purchase price;

(f) that the Shareholder is acquiring the Shares for the Shareholder's own account and not with a view to the sale or transfer thereof, and that transfer of the Shares is restricted as provided herein;

(g) that the Shareholder understands that the Federal Liability Risk Retention Act provides for certain exemption from registration of the Company's Shares as securities for purposes of the registration provisions of the federal and state securities laws and such Shares have not been registered under the Securities Act of 1933 or any state securities law; and

(h) that the Shareholder understands that there is no guaranty of a return on the Shareholder's purchase of Shares and that, although the Company may be obligated to redeem the Shareholder's Shares under circumstances described herein, there is no guaranty that the Company will have the financial resources to pay for such shares

in the near future or at all, and that the Shareholder therefore must be prepared to hold the Shares for an indefinite period of time, or if said Shareholder is no longer insured by Company, to await payment for shares redeemed by Company for an indefinite period of time.

(i) that the Shareholder has read and understands the Confidential Information Circular (“Circular”) and the accompanying documents thereto and has been given any and all information that has been requested regarding NDM RRG. The undersigned has relied solely upon the Circular and independent investigations made by the undersigned or its representatives in making decisions to apply as a subscriber herein and the undersigned understands that no broker or other person has been authorized to give any information or to make any representations other than those contained in the Circular.

## **5. SHARE TRANSFER RESTRICTIONS**

5.01 No Shareholder shall sell, transfer, assign or make any other disposition of its shares, except pursuant to the provisions of Section 5.09 of the Company’s Bylaws which requires all shares of a withdrawing shareholder to be redeemed by Company, which is subject to pre-approval by the Company at the Board’s absolute discretion. Any purported transfer not in compliance with the terms and conditions of this Section 5.09 of the Company’s Bylaws shall be void and of no force and effect.

## **6. REPURCHASE OF SHARES OF NONQUALIFIED SHAREHOLDERS**

6.01 A Shareholder, becomes a nonqualified Shareholder upon the occurrence of any one of the following circumstances:

- (a) the insurance policy of the Shareholder is canceled or non-renewed; or
- (b) premium payments on policies relating to Shareholder insureds written or reinsured by the Company are more than 30 days past due (in which case the Company has a right to offset the delinquent amounts and any other amounts owed by the Shareholder to the Company against the book value due the Shareholder insured); or
- (c) the Shareholder, at any time, admits in writing its inability to pay its debts as they become due, files a voluntary petition in bankruptcy, becomes insolvent, files any petition or answer seeking for himself, herself or itself any reorganization, arrangement, composition, readjustment of debt, liquidation, dissolution or similar relief under any present or future statute, law or regulation of any jurisdiction, or is the subject of any such proceeding filed against such shareholder which remains undismissed for a period of 60 days.

6.02 Payment for the shares of a nonqualified Shareholder/Withdrawing Shareholder redeemed by Company shall, if any, be made by the Company to the nonqualified/Withdrawing Shareholder pursuant to the terms and conditions delineated in Section 5.10 of the Company's Bylaws and is subject to receiving the prior approval of the Nevada Department of Insurance to make payment for the shares redeemed by Company, under certain circumstances delineated in this Section 5.10 a withdrawing shareholder shall receive no compensation for redeemed shares. Shareholders making a capital contribution of \$500.00 (five hundred dollars) or less shall not be eligible for any compensation for redeemed shares.

## **7. REIMBURSEMENT OF EXPENSES**

7.01 It is agreed that expenses in connection with the organization and licensing of the Company in Nevada and any other related expenses shall be the responsibility of the Company.

## **8. MISCELLANEOUS PROVISIONS**

8.01 The certificates of stock of the Company issued to the shareholders shall bear a legend in substantially the following form:

**THE SHARES REPRESENTED BY THIS CERTIFICATE ARE ISSUED TO AN INSURED POLICYHOLDER OF THE COMPANY AND ARE SUBJECT TO THE TERMS AND CONDITIONS OF THE COMPANY'S BYLAWS AND A SUBSCRIPTION AND SHAREHOLDER AGREEMENT. COPIES OF THE BYLAWS AND THE SUBSCRIPTION AND SHAREHOLDER AGREEMENT WILL BE FURNISHED BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE.**

**PURSUANT TO THE FEDERAL PRODUCT LIABILITY RISK RETENTION ACT OF 1981, AS AMENDED BY THE RISK RETENTION AMENDMENTS OF 1986, THE SHARES REPRESENTED BY THIS CERTIFICATE ARE EXEMPTED FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND STATE SECURITIES LAWS. ACCORDINGLY THESE SHARES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAW. NO TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE MAY BE MADE (A) EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND UNDER APPLICABLE STATE SECURITIES LAW OR (B) UNTIL THE COMPANY HAS BEEN FURNISHED WITH AN OPINION OF COUNSEL**

**FOR THE HOLDER, WHICH OPINION SHALL BE IN FORM AND SUBSTANCE AND FROM COUNSEL SATISFACTORY TO THE COMPANY, TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM THE REGISTRATION PROVISIONS OF THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.**

8.02 This Agreement may be amended at any time with the written agreement of the Company and the holders of a majority of outstanding shares.

8.03 This Agreement shall terminate upon the written agreement of the Company and the holders of a majority of its then outstanding Shares.

8.04. Subject to the terms and conditions hereof, this Agreement shall bind and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the parties hereto.

8.05 The parties hereto agree that this Agreement shall be construed, enforced and governed by the laws of Nevada.

8.06 This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts together shall constitute one and the same instrument.

8.07 The Company may combine or offset any balances or funds owed by the Shareholder to the Company against any balances or funds owed to the Shareholder by the Company under this Agreement or any other agreement between the parties.

8.08 In the event of any action, suit or proceeding brought under or in connection with this Agreement, the prevailing party therein shall be entitled to recover, and the losing party or parties hereby agree to pay, the prevailing party's costs and expenses in connection therewith, including reasonable attorneys' fees.

8.09 Any notice or demand required or permitted to be given hereunder shall be in writing and shall be deemed effective when personally delivered to the party entitled to receive notice, if an individual, or when personally delivered to an officer or authorized agent of the party entitled to receive notice, if not an individual. The notice or demand shall be deemed to be effectively given seven days after the notice or demand is sent, by registered or certified airmail, and addressed in the following manner:

To the Shareholder: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

To the Company: Nevada Docs Medical  
Risk Retention Group, Inc.  
c/o Risk Services – Nevada, Inc.  
5430 West Sahara Avenue  
Las Vegas, NV 89146  
Phone (702) 215-4894

Any party may change the address to which such notices are to be given by providing all other parties notice in the manner set forth herein.

IN WITNESS WHEREOF, the parties hereto have executed this Shareholder Agreement the day and year first set forth above.

ATTEST:  
Nevada Docs Medical Risk Retention  
Group, Inc

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SHAREHOLDER:

By: \_\_\_\_\_

Insured Entity: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

EXECUTED AT LAS VEGAS, NEVADA.