STATE OF SOUTH CAROLINA
RICHLAND COUNTY

IN THE COURT OF COMMON PLEAS
FIFTH JUDICIAL CIRCUIT

Scott H. Richardson, Director of the South Carolina Department of Insurance,

Petitioner,

vs.

Guardian Healthcare, Inc.,

Respondent.

AMENDED PLAN OF REHABILITATION

C.A. No. 2010-CP-40-7093

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RICHLAND COUNTY
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C.C.P. & G.S.

Pursuant to S.C. Code Ann. § 38-27-330(d) (2002), Rehabilitator Scott H. Richardson, by and through the undersigned counsel, hereby submits his proposed amended plan of rehabilitation (the Plan) of Respondent, Guardian Healthcare, Inc. in Rehabilitation.

Respondent is a Medicare Advantage provider domiciled in South Carolina. Because it is an insurance company participating in a federal health insurance program, it is subject to dual regulation by both the federal government and the State of South Carolina. The Center for Medicare and Medicaid Services (CMS) within the United States Department of Health and Human Services administers federal rules and regulations governing rates, forms, marketing, provider networks, etc., essentially, all aspects of the Medicare Advantage program and participating insurance contractors, with the exception that the State is the primary regulator of solvency-related issues, including rehabilitation. Moreover, because any rehabilitation plan will almost certainly impact operations subject to federal oversight, coordination between the Rehabilitator and CMS has been and continues to be an essential part of the rehabilitation process. CMS has been served with a copy of and has reviewed the Plan; and CMS voices no

objection to it. Accordingly, the Rehabilitator now seeks the approval of this court of the Plan set forth below.

INTRODUCTION

On October 22, 2010, the Petitioner filed a Plan of Rehabilitation (the "Original Plan") with this Court in connection with Respondent. The Original Plan contained documents with a notation that such documents were still in draft. The necessary parties have completed their negotiation and finalized those documents. This Plan updates the Original Plan to reflect the results of those negotiations and to provide copies of the current drafts of the documents, as contemplated in section 4.2 of the Original Plan. The Respondent believes that the negotiations of the documents attached to the Plan have been completed.

ARTICLE I: PURPOSE OF THE PLAN

The primary purpose of the Plan is to provide a means for effectively dealing with past and present (through October 31, 2010) outstanding claims. It is also designed to put in place a mechanism to ensure that future claims (from November 1, 2010 forward) are properly administered and paid in a timely fashion in accordance with applicable state and federal law. The Rehabilitator proposes to accomplish these objectives through (1) the assumption and novation of certain assets and liabilities of Respondent by Sterling Life Insurance Company (Sterling), and (2) the transfer of retained assets and liabilities to a liquidating trust. Incorporated into the Plan are four agreements (the Plan Agreements) that, together, provide the framework for its implementation: (1) the Guardian Liquidating Trust Agreement between Respondent and the Trustee (Liquidating Trust Agreement), Exhibit A hereto; (2) an Assumption Agreement between Respondent and Sterling (Assumption Agreement), Exhibit B hereto; (3) the

Contribution, Assignment, Access and License Agreements between Respondent and Sterling; Exhibit C hereto; and (4) the CMS Novation Agreement Exhibit D hereto.

ARTICLE II: STRUCTURE AND OPERATION OF THE PLAN

2.1: *Plan Overview.* The Plan generally provides for (a) the transfer to and assumption by Sterling of certain assets and liabilities as of the Assumption Effective Date; (b) the transfer of the remaining assets and certain liabilities to the Liquidation Trust including the consideration for the assumption transaction; (c) the filing with and allowance of Claims by the Rehabilitator; (d) the marshaling and liquidation of the assets of the Guardian estate by the Rehabilitator as trustee of the Liquidation Trust and Liquidator of the Guardian estate; (e) the distribution of the net proceeds of the Guardian estate in payment of allowed claims; and (f) the early and orderly closure of the Rehabilitation Proceedings and dissolution of the Liquidation Trust.

2.2 *The Liquidation Trust.* The Rehabilitator shall establish the Liquidation Trust under the form of the Liquidation Trust Agreement attached as Exhibit A.

2.3 *Assumption and Novation Agreements (Assumption Agreements).* On the closing date, the Rehabilitator will execute the Assumption Agreement transferring certain assets and liabilities (as of November 1, 2010) to Sterling, Exhibit B. Concurrently, Sterling will execute the Novation Agreement, Exhibit D, with CMS. Sterling will assume, service and administer Respondent's book of business and be substituted for the Respondent as the insurer via this Novation Agreement.

2.4 *Transfer of Retained Assets and Liabilities.* On the closing date, the Rehabilitator shall cause the Liquidation Trust to assume all of the retained liabilities. The reinsurance and assumption of the retained contract obligations will be pursuant to the Liquidating Trust

Agreement to be executed by the Trustee and the Rehabilitator subject to the Court's approval. In consideration of its assumption of the retained liabilities, the Liquidation Trust will receive the retained assets. The sale and conveyance of the retained assets to the Liquidation Trust will be pursuant to an assignment agreement which will be submitted to the Court for approval.

2.5 *Discharge and Release of Liabilities.* From and after the closing date, Respondent will be released and discharged of and from all of the retained liabilities whatsoever, whether or not such liabilities or obligations are reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured including without limitation any liabilities arising in connection with any contract, ceding or retrocession agreement, of Guardian arising out of any act, event, condition or circumstances existing or occurring at any time on or prior to the closing cate. The release and discharge shall be confirmed by the Court in the Order approving this Plan.

2.6 *Termination of the Liquidation Trust.* As soon as practicable following the Rehabilitator's determination in his sole discretion as Rehabilitator that substantially all known assets of the Guardian estate have been marshaled, collected and distributed, the Rehabilitator shall apply to the Court for an order of discharge which shall authorize the termination of the Liquidation Trust. The Court may grant the discharge and other relief as may be appropriate under the circumstances. Upon discharge of the Trustee, the proceedings shall terminate and the Liquidation Trust shall be dissolved. Thereafter, the Director or other interested party may at any time petition the Court to reopen the proceedings for cause shown.

ARTICLE III: FILING AND ALLOWANCE OF CLAIMS

3.1: *Proofs of Claims.* Proofs of claims shall be made in the form set forth in Proof of Claim form approved by the Court. The Rehabilitator need not consider or allow any claim

unless a timely proof of claim is filed containing substantially all of the information requested in the Proof of Claim form. Notwithstanding the submission of a completed proof of claim, the Rehabilitator shall have the right to require that the claim holder: a) present additional information or evidence; b) produce documents; c) file affidavits; and/or d) submit to deposition, all as may reasonably be required to determine the basis, allowability and amount of the claim.

3.2: *Incurred and Reported Requirement.* Claims under contract shall be eligible only if and to the extent that the insured event in respect of which the claim is made or on which the claim is otherwise founded occurred and is reported to Guardian by the Bar Date.

3.3: *Claims Bar Date.* As a part of the Order confirming this plan, the Court shall order that all claim holders file their claims with the Rehabilitator together with proper proofs no later than December 31, 2011 or such other date as the Court may designate in its discretion. The Rehabilitator shall cause notice of the Bar Date to be given in a manner to be determined by the Court.

3.4: *Executory Contracts.* The Rehabilitator shall affirm or reject executory contracts and unexpired leases to which Guardian is a party by written notice to the counterparty. An executory contract or unexpired lease that has not been confirmed or rejected by the closing date shall be deemed affirmed and shall be retained and assumed by the Liquidation Trust as a part of the retained assets, subject to the Rehabilitator's continuing right to affirm or reject such executory contracts and unexpired leases at any time prior to the Bar Date. The counterparty to a rejected executory contract or unexpired lease shall have a priority comparable to that of a general creditor (class VI) as set forth in S.C. Code Ann. § 38-27-610 (2002).

3.5: *Claims Adjudication and Priority of Distribution.* Claims shall be reviewed and adjudicated in accordance with the procedures approved by the Court. The Rehabilitator shall

review all claims timely and make the investigation necessary to determine the basis for and the allowability and amount of the claims. The Rehabilitator may compromise and negotiate the amount for which claims shall be allowed. To the extent practicable, the Rehabilitator shall use the Priority of Distribution systems set forth in S.C. Code Ann. § 38-27-610 to determine the priority of distributions from the Liquidation Trust.

3.6: *Administrative Expenses.* The costs and expenses of the Rehabilitator and the Liquidation Trust (including but not limited to any liability or obligation of the Liquidation Trust to Guardian) which would otherwise qualify as administrative claims under S.C. Code Ann. § 38-27-610 shall not be subject to the Bar Date or any other time limit for presentation or payment. The Rehabilitator shall be authorized to pay such administrative claims from time to time when and as due, subject to the approval of such accounting as may be required by the Court. The Rehabilitator shall be authorized to establish reasonable reserves for the payment of claims and expenses whether accrued or projected, in any accounting of, or report with respect to, the Guardian Estate and the amounts then available for distribution.

ARTICLE IV: MISCELLANEOUS PROVISIONS

4.1 *Reservation of Rights.* Neither the filing of this Plan nor the existence of any statement or provision contained herein, nor the taking or withholding of any action by Respondent or the Rehabilitator with respect hereto, shall be an admission as to, or waiver of any rights, claims or defenses of the Rehabilitator or Respondent unless and until closing of all of the transactions contemplated by the Plan has occurred. In the event the Plan is withdrawn or otherwise terminated without such closing having occurred, no statement contained herein may

be used or relied upon in any manner in any suit, action or proceeding within or independent of the rehabilitation proceedings.

4.2: *Withdrawal or Modification of the Plan.* The Rehabilitator reserves the right to withdraw, amend or modify the Plan prior to the entry of the Order Approving the Plan of Rehabilitation (Approval Order). Material modifications of the Plan shall be filed with the Court and notice of such modifications shall be given in a manner to be approved by order of the Court. Following entry of the Approval Order, the Rehabilitator may amend or modify the Plan to correct technical defects, omissions, and inconsistencies as necessary to carry out the purpose and intent of the Plan (collectively technical corrections). Notice of any such technical correction shall be filed with the Court.

The Rehabilitator may file amendments to address issues not addressed by this Plan or requiring clarification.

4.3. *Financial Reports.* The Rehabilitator shall submit to the Court those accountings and reports required or otherwise contemplated by Section 38-27-320(b) of the South Carolina Code of Laws, 1976, as amended.

4.4. *Settlements.* Except as otherwise provided or authorized by the Plan documents, no compromise or settlement of Guardian's or the Liquidation Trust's rights, and no disposition of either of their assets, shall be effective without the prior approval of the Court or the prior approval of guidelines and limitations to which the compromise, settlement, or asset disposition as applicable was made; provided however, the Rehabilitator shall have the authority without the necessity of application to the Court and subject to compliance with all other terms of the Plan Documents and Chapter 27 of Title 38 of the South Carolina Code to compromise and settle or

otherwise dispose of any other rights, assets or liabilities of Guardian or the Liquidation Trust that involves the amount in any single transaction not to exceed the sum of $100,000.

4.5. *Powers of the Rehabilitator.* The Rehabilitator and his Special Deputy Rehabilitator shall have the full powers delegated to him and them under the South Carolina Rehabilitation Act, those additional and further powers as have been and/or may hereafter be delegated to them by the Court and any other powers granted by applicable law.

4.6. *No Admission as to Rights.* The rights, title and interest, as described herein of claimants, third party claimants, and any other persons accorded benefits under this Plan have been stated by the Rehabilitator only for purposes of the Plan. Such statement shall not operate or be effective as an admission by the Rehabilitator of any such person's right, title or interests in, to or under Guardian's property, their agreements with Guardian, obligations owed to them by Guardian or otherwise if this Plan is withdrawn, terminated or is not approved by the Court.

4.7. *Reserved Jurisdiction.* The Richland County Court of Common Pleas (Court) shall reserve jurisdiction to control and administer any matter presented for resolution and to adjudicate those matters in accordance with applicable South Carolina law.

4.8.: *Premium Payments.* Subject to and consistent with the terms of the Assumption Agreement and the Contribution, Assignment, Access and License Agreement, any person other than the enrollee responsible for the payment of premium or returned premium due to Guardian for benefits coverage provided by Guardian_prior to the Assumption Effective Date shall be obligated to pay the Liquidation Trust any such unpaid premium held by such person, whether earned or unearned; any recoverable due to Guardian (in accordance with_the attached agreements) due to Guardian prior to the Assumption Effective Date; and any unpaid earned enrollee premium due to Guardian for benefits coverage provided by Guardian_prior to the

Assumption Effective Date all as shown in Guardian's records. No credit or set-off shall be allowed for the unearned portion of enrollee premium due to Guardian for benefits coverage provided by Guardian prior to the Assumption Effective Date under a contract unless the contract was canceled prior to the Rehabilitation date. Unpaid earned enrollee premium due to Guardian for benefits coverage provided by Guardian prior to the Assumption Effective Date must be paid to the Liquidation Trust. Nothing in this Section 4.8 is intended to affect the treatment of Medicare capitation revenue relating to the period prior to the Assumption Effective Date as set forth in Section 2.4(a) of the Assumption Agreement.

4.9. *Notice to the Rehabilitator.* Any notice, request, claim, proof of claim, demand, waiver, consent approval or other communication required or permitted to be given to the Rehabilitator hereunder shall be in writing and shall be deemed given only if delivered by hand, or mailed by certified or registered mail with postage prepaid and return receipt requested, as follows:

Guardian Healthcare Inc. in Rehabilitation
Attention: Scott H. Richardson
Post Office Box 100105
Columbia, South Carolina 29202-3105

A different address may be specified by the Rehabilitator for particular types of claimant communications. Notice of such address shall be provided in such form as may be approved by the Court upon application of the Rehabilitator.

4.10. *Notices to Claimants and Creditors.* Notices to claimants and creditors shall be sent by first class mail, postage prepaid at the addresses shown in Guardian's books and records or to such other address written notice of which is provided to the Rehabilitator by a claimant. With approval of the Court, notices required to be provided by the Rehabilitator to all claimants

and or creditors may be made by publication in five newspapers of general statewide circulation i.e., the State Newspaper, the Charleston Post and Courier, the Greenville News, the Charlotte Observer, and the Darlington News and Press or such other publications of general circulation as may be proposed by the Rehabilitator and approved by the Court. Additionally, notice may be provided by electronic mail to the email address of the claimant as indicated in Guardian's records.

4.11. *Headings.* The headings used in the Plan are inserted for convenience only and shall not be deemed part of the plan.

4.12. *Successors and Assigns.* The rights, benefits and obligations of any person named or referred to in the Plan shall be binding upon and shall inure to the benefit of his successors and assigns.

4.13. *Capacity of the Director.* The Director of the South Carolina Department of Insurance is a party to this Plan and the agreements only in his representative capacity as Rehabilitator of Guardian and the Liquidator of the Guardian estate, and not individually. The Rehabilitator shall not have any personal liability for any matters or obligations hereunder nor shall the State of South Carolina be deemed a party hereto or have any liability hereunder.

4.14. *Entire Agreement.* The Plan Agreements, together with the Plan, constitute the entire agreement among the parties to the Plan, with respect to the subject matter hereof and supersede all prior agreements, understandings, negotiations, and discussions whether written or oral of the parties. There are no representations, promises, warranties, covenants or undertakings other than those expressly set forth or referred to in the Plan and the Agreements.

4.15. *Coordination.* The Plan and the Agreements shall be construed so far as possible in a manner that gives effect to each of their respective terms and avoids inconsistency among

them. In the event of an irreconcilable inconsistency between the Plan and any of the Agreements, the terms of the Plan shall control.

4.16. *Governing Law.* The Plan documents shall be governed and construed in accordance with the laws of the State of South Carolina, without giving effect to the principles of conflicts of laws thereof.

Respectfully submitted,

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Attorneys for the Petitioner

October28, 2010

GUARDIAN HEALTHCARE LIQUIDATING TRUST AGREEMENT

THIS TRUST AGREEMENT ("Agreement") is made and entered into as of the ___day of _____, 2010, by and between SCOTT H. RICHARDSON, in his capacity as Rehabilitator of GUARDIAN HEALTHCARE, In Rehabilitation ("Guardian"), as Grantor, and _____in capacity as trustee ("Trustee") of THE GUARDIAN HEALTHCARE LIQUIDATING TRUST ("Trust").

Recitals

WHEREAS, On October 12, 2010, Guardian was placed into rehabilitation proceedings upon application of the Director of Insurance in that certain action pending in the Richland County Court of Common Pleas of the State of South Carolina, (the Court) Scott H. Richardson, Director of Insurance v. Guardian Healthcare, Inc., (In Rehabilitation), *CA No. 2010-CP-40-7093* (the "Rehabilitation Proceedings").

WHEREAS, on _____, the Court confirmed an Amended Plan of Rehabilitation developed and proposed by the Director ("Plan") pursuant to which substantially all of the assets ("Retained Assets") and liabilities ("Retained Liabilities") of Guardian (collectively, the "Guardian Estate") are to be transferred to, and assumed by, the Trust. Following such transfer and assumption, the retained liabilities are to be liquidated as detailed in the Plan.

WHEREAS, the Plan contemplates that the Trustee of the Trust, will (i) receive the Retained Assets; (ii) marshal and liquidate the Retained Assets; (iii) assume the Retained Liabilities; (iv) review and adjust the Retained Liabilities as Allowed Claims against the Guardian Estate; and (v) distribute the proceeds of the Retained Assets in payment of Allowed Claims.

WHEREAS, this is the Liquidating Trust Agreement referred to at Section 2.6 of the Plan pursuant to which the Director shall establish the Trust to receive the Retained Assets and Retained Liabilities, and perform the Trust obligations contemplated by the Plan.

Agreement

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

Article I: Definitions

Capitalized terms used in this Agreement and not defined herein shall have the meaning given to those terms in the Plan and the other Definitive Agreements. In addition, the following words or phrases when used herein shall have the following meanings:

1.1 "Administration Costs" means, without limitation, all expenses incurred in connection with the Trust Estate or with the administration and management of the Trust Estate, including taxes assessed or reimbursable with respect to any portion of the Trust Estate (e.g., excise or property taxes), premiums on insurance, repairs on properties, office expenses, postage, salaries and benefits of any employees deemed necessary by the Trustee, expenses and fees of attorneys or other professionals retained by the Trustee (including, expenses and fees paid to Persons retained

This Agreement is in the form of agreement the parties are contemplating executing. It is a

Exhibit A

pursuant to section 7.1 hereof), costs of prosecuting, maintaining or defending any claim, action or lawsuit, accounting fees, and all other costs, expenses and fees incurred by the Trust.

1.2 "Allowed Claims" means claims that have been investigated and approved by the Trustee or Deputy Trustee.

1.3 "Cash Proceeds" means all Trust assets comprised of cash and all cash realized by the Trust on or with respect to the assets comprising the Trust Estate, including, without limitation, all cash realized from prosecution or settlement of claims, sales, dividends, interest, redemptions, exchanges, distributions, payments of principal, liquidations or other dispositions of assets comprising the Trust Estate.

1.4 "Code" means the Internal Revenue Code of 1986, as amended.

1.5 "Custodian" means such custodian bank as may be appointed by the Trustee from time to time hereunder.

1.6 "Deputy Trustee" has the meaning given to such term in section 2.4 hereof.

1.7 "Distributable Assets" means those assets of the Trust described in section 5.1 hereof.

1.8 "Grantor" means Guardian.

1.9 "Income" means all receipts of money or other prcperty received or other return derived from Principal, excluding any Net Sales Proceeds.

1.10 "Insurance Code" means the South Carolina Insurance Code, as amended.

1.11 "Net Income" means, for purposes of making distributions, all Income after payment of Administration costs.

1.12 "Net Sales Proceeds" means the gross proceeds received, in cash or other property, from the disposition of any asset of the Trust Estate, less any commissions paid or direct costs incurred in the disposition of such asset.

1.13 "Permitted Investments" has the meaning given to such term in Article VIII hereof.

1.14 Reserved

1.15 "Principal" means the Transferred Assets, plus any substitutions, replacements or other property received in exchange therefor.

1.16 "Retained Cash" means cash held in the Trust which is reserved by the Trustee, in his reasonable discretion, as being necessary for payment of future Administration costs, including expenses incurred in connection with prosecuting, maintaining or defending any claim,

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action or lawsuit relating to the liquidation of the Guardian Estate, and, without duplication, cash which is reserved pursuant to Section 9.2.15 hereof.

1.17 "Trust" means the trust established by this Agreement.

1.18 "Agreement" means this Liquidating Trust-Agreement.

1.19 "Trustee" has the meaning given to such term in the caption of this Agreement. The term Trustee as used herein shall, unless otherwise expressed, refer to the Trustee and any Deputy Trustee(s).

1.20 "Trust Beneficiaries" means the beneficiaries of the Trust described at Section 4.1 hereof.

1.21 "Trust Estate" means Principal, Income and Net Sales Proceeds, together with the Transferred Liabilities.

Article II: Administration and Purpose

2.1 Name. The name of the Trust shall be "The Guardian Healthcare Liquidating Trust."

2.2 Place of Administration. The principal place of administration of the Trust shall be in Columbia, South Carolina, or any other place within the State of South Carolina as the Trustee shall from time to time designate. The Trust may have such other offices or places of administration as the Trustee may from time to time designate.

2.3 Establishment of the Trust. The Trust is established pursuant to the Rehabilitation Plan. The Trust became effective on the Assumption Effective Date.

2.4 Administration. The Trust shall be administered by the Trustee. The Trustee shall have the power and authority to designate one or more deputy Trustees (each, a "Deputy Trustee") to administer the Trust on a day to day basis on her behalf. A Deputy Trustee shall, subject to the discretion of the Trustee, have all of the power and authority otherwise granted to the Trustee and may be replaced by the Trustee by the written designation of a substitute Deputy Trustee, provided that any such written substitution shall be filed with the Court of Common Pleas in Richland County, South Carolina (the "Court"). All persons dealing with the Trust shall have the right to rely on the acts of a Deputy Trustee as if such acts were the acts of the Trustee. Counsel to both the Trust and the Trustee shall be selected by the Trustee and shall serve subject to the right of the Trustee to substitute counsel. The rights, duties and obligations of all persons and other entities interested in the assets and liabilities of Guardian or against which Guardian or the Rehabilitator have any claim, action, chose in action,. suit or other right of any kind or nature, choate or inchoate, in law or in equity (other than Claims against Guardian expressly released, discharged, altered or otherwise modified pursuant to the Rehabilitation Plan), shall remain unchanged, except that claims against Guardian shall relate to the assets of the Trust, and debts and other obligations owed

Guardian or the Rehabilitator shall be due to the Trust, all in accordance with the Rehabilitation Plan and applicable law.

2.5 Statement of Purpose. The purpose of the Trust is to receive and control the Trust Estate and to liquidate and distribute to the Trust Beneficiaries, from time to time, the Trust Estate in a manner authorized and directed in this Agreement and the Plan, and the powers and rights confirmed by this Agreement shall be interpreted as reasonably necessary to, and consistent with, the accomplishment of this purpose. The Trust has no objective to continue or engage in the conduct of any trade or business. The Trustee may perform other activities necessary to, and consistent with the Plan and the purpose set forth in the first sentence of this Section 2.5 including, without limitation (a) pursuing collection of all debts, amounts and other obligations owed to the Guardian estate; (b) reviewing and allowing or disallowing (as applicable) Claims against the Guardian estate; and (c) investing the assets comprising the Trust Estate as permitted under this Agreement. Pending the liquidation of all of the Trust's assets and liabilities, the Trust may enter into such agreements, litigation, actions, settlements, and other arrangements, as the Trustee shall, in good faith, deem necessary or advisable under the circumstances, provided such are in all events consistent with the purposes of the Trust and the Plan. Neither the Trustee nor any of his representatives shall be personally liable for any action taken or omitted to be taken by them, excluding only self-dealing and willful misconduct.

Article III: Creation of the Trust Estate.

3.1 Transfer and Assumption. Guardian hereby conveys, grants, transfers, assigns and delivers to the Trustee the Transferred Assets, all subject to the Transferred Liabilities, together with all of the estate, right, title and interest of Guardian in and to the same. The Trustee shall hold in trust, administer, manage, invest and reinvest the foregoing property, together with the other assets comprising the Trust Estate, in accordance with the uses and purposes set forth herein and in the Plan.

3.2 Acceptance of Trust. The Trustee accepts the Trust hereby created and agrees to perform the same but only upon the terms and provisions of this Agreement and the Plan, and subject to the conditions, terms and limitations set forth herein and therein. The Trustee acknowledges the transfer and assignment to her of the Trust Estate, including receipt of the Retained Assets and assumption by the Trust of the Retained Liabilities.

3.3 Compliance with the Plan. The Trustee shall, and shall cause the Trust to, comply with and perform the terms of the Plan.

Article IV: Beneficiaries

4.1 Identity. The Trust Beneficiaries shall be claimants having Allowed Claims under the Plan.

4.2 No Title. The Trust Beneficiaries shall have no legal title or interest in the individual assets comprising the Trust Estate and no right to a partition thereof.

This Agreement is in the form of agreement the parties are contemplating executing. It is a

4.3 Trust Interests Not Transferable. The beneficial interests, or any part thereof or interest therein, in and to this Trust and under this Agreement are not transferrable, and may not be sold, assigned, pledged, hypothecated or otherwise transferred. Any attempted sale, assignment, pledge, hypothecation or other transfer shall be null, void and have no legal effect whatsoever.

Article V: Distributions

5.1 Distributable Assets. As of any particular date, that portion of the Trust Estate consisting of cash and Permitted Investments, if any, less Retained Cash and less Administration Costs paid or payable, shall constitute the "Distributable Assets."

5.2 Collection of Trust Estate. Within a reasonable time prior to any distribution under this Agreement, the Trustee shall collect, redeem and otherwise liquidate Permitted Investments to the extent necessary for purposes of the distribution, and shall distribute the cash proceeds thereof as provided in this Article V.

5.3 Distributions. The Trustee shall distribute Distributable Assets based on the Allowed Claims of the Trust Beneficiaries and the priority of such Allowed Claims, all as determined under and in accordance with the terms, conditions and limitations of the Plan, including particularly, but without limitation, Articles II, V and VI of the Plan.

Article VI: Termination of the Trust

6.1 Termination. The Trust shall terminate on the date when all of the Trust Estate has been marshaled and collected and all Trust assets have been distributed pursuant to Article V hereof.

6.2 Final Distribution. Upon termination of the Trust pursuant to section 6.1, the Trustee shall take full account of the Trust Estate, shall liquidate the assets of the Trust as promptly as is consistent with obtaining fair value therefore, and shall apply and distribute the proceeds in accordance with Article V hereof. Consistent with the foregoing, the Trustee may apply to the Richland County Court of Common Pleas for an order directing the Trustee as to the disposition of any remaining assets of the Trust Estate.

Article VII: The Trustee

7.1 Representatives. The Trustee may appoint one or more Deputy Trustees and the Trustee or a Deputy Trustee may appoint, employ and compensate from the Trust Estate, upon such terms as the Trustee or the Deputy Trustee may reasonably determine, one or more agents, consultants, counsel, financial advisors, asset managers, accountants, attorneys-in-fact, attorneys-at-law, tax specialists, actuaries, brokers and/or other professionals as necessary or proper for the administration of the Trust Estate and Trust. The Trustee also shall be authorized to engage any

others to provide administrative services to the Trust. Excluding losses traceable to self-dealing or willful misconduct on the part of the Trustee or Deputy Trustee, as applicable, neither the Trustee nor any Deputy Trustee shall have liability for any misconduct, neglect, default or omission of any person appointed or employed pursuant to this section 7.1.

7.2 Indemnification. The Trustee and any Deputy Trustee appointed hereunder shall at all times be relieved from liability for any and all actions taken or omitted to be taken by them or any of their representatives in administering this Trust, including, without, limitation, any action taken or omitted to be taken in reliance upon the opinion or advice of counsel to the Trust, except to the extent any such action or inaction constitutes willful misconduct or self-dealing. The Trust shall indemnify and hold the Trustee, the Deputy Trustees and their representatives harmless of, from and against any and all liabilities, loss, costs, damages, attorneys' fees and other expenses which the Trustee, the Deputy Trustees or any of their representatives may incur by reason of, or in relation to, their administration of this Trust, excluding however, indemnity for willful misconduct or self-dealing on the part of the Trustee, the Deputy Trustees or their representatives.

Article VIII: Investment of the Trust Estate

Cash Proceeds. Cash Proceeds may be invested by the Trustee in one or more demand deposit accounts maintained at the Custodian or in one or more United States treasury obligations with maturities at the time of such investment consistent with anticipated distributions and disbursements from the Trust (collectively, "Permitted Investments"), or in such other classes of investments as shall be approved by the Court, in such amounts as the Trustee shall reasonably determine to be required under the circumstances. All proceeds of the Permitted Investments, net of Administration Costs, including without limitation, all amounts payable due to maturity, redemption, prepayment or otherwise, shall be invested in Permitted Investments. The Trustee shall have no duty to diversify Trust assets.

Article IX Appointment and Powers of the Trustee

9.1 Appointment. The Director or his designee, including any legally appointed successor of the Director or deputy director, shall be Trustee of the Trust.

9.2 Specific Powers of the Trustee. Subject to the jurisdiction of the Court, the Trustee shall have all such powers as shall be necessary or appropriate for the effective administration of the Trust in accordance with the Plan and the Rehabilitation Act, including, but not limited to, the following:

9.2.1 To hold any property received into the Trust Estate as long as the Trustee may deem advisable.

9.2.2 For the term of this Agreement, to market, sell, convert, assign, convey, exchange, transfer, pledge, encumber, or otherwise dispose of, or grant options with respect to, any of the property comprising the Trust Estate at public or private sale, for such

consideration and upon such terms and conditions as the Trustee deems advisable, and without liability on the part of the purchaser to see to the application of the purchase money or to inquire into the validity or propriety of such sale; and to execute and deliver good and sufficient deeds or other evidences of title for any assets, conveying title free and clear of the Trust Estate.

9.2.3 To manage and operate the Trust Estate and any and all of the property or assets at any time held thereunder; to lease all or any part of any real or personal property for such terms and rentals and upon such conditions as the Trustee shall deem advisable, notwithstanding the terms of such lease may extend beyond the life of the Trust; to release, partition, vacate or a~andon the same; to grant and acquire licenses and easements with respect thereto; to make improvements to or upon the same; to construct, demolish, alter, repair, maintain and rebuild buildings and other improvements; and to use other assets of the Trust Estate for any of such purposes.

9.2.4 To borrow money for the benefit of the Trust Estate from any source, upon such terms and for such periods as the Trustee may deem advisable; to evidence such borrowing by promissory notes, bonds or other evidences of indebtedness; and to secure the payment of the same by pledge, deed of trust or mortgage of the Trust Estate.

9.2.5 To render liquid the Principal in whole or in part, at any time and from time to time, and to hold cash or readily marketable securities of little or no yield for such period as the Trustee may deem advisable subject to the provisions of Article VIII.

9.2.6 To join or become a party to, or to oppose, any reorganization, readjustment, recapitalization, foreclosure, merger, voting trust, dissolution, consolidation or exchange, and to deposit any securities with any committee, depository or trustee, and to pay any fees, expenses and assessments incurred in connection therewith, and to charge the same to principal, and to exercise conversion, subscription or other rights, and to make any necessary payments in connection therewith, or to sell any such privileges.

9.2.7 To hold stock and securities in the name of a nominee without indicating the trust character of such holding, or unregistered or in such form as will pass by delivery, or to use a central depository and to permit registration in the name of a nominee.

9.2.8 To prosecute, defend, compromise, arbitrate or otherwise adjust or settle Claims in favor of or against the Trustee or the Trust Estate.

9.2.9 To delegate to such extent as the Trustee may deem advisable the administration of any particular property or portion of the Trust Estate in accordance with section 7.1 hereof, and for such purpose to conveyor cause to be conveyed to such delegate the title to any such property under such conditions and restrictions as the Trustee may deem proper, and may grant with respect to such property, any part or all of the powers hereunder. The Trustee shall not be liable for the conduct of the delegate in the absence of self-dealing or willful misconduct on the part of the Trustee, but any such delegate shall be and remain obligated to account to the Trustee for any such

This Agreement is in the form of agreement the parties are contemplating executing. It is a

property and all avails therefrom.

9.2.10 To obtain fire, rent, title, liability, casualty, or other insurance of any nature, in any form and in an amount necessary or desirable to protect the Trust Beneficiaries' interest in the Trust Estate.

9.2.11 To reimburse the Trustee (or any of his representatives) from the Trust Estate for any loss or expense incurred by reason of the Trustee's ownership or holding of any of the Trust Estate; to reimburse the Trustee (or any of his representatives) from the Trust Estate for all claims, losses, damages, expenses, charges and costs (including, without limiting the generality of the foregoing, counsel fees, expenses and liabilities incurred in prosecuting or defending any claim, suit or action) which result from the performance of his (or their) duties hereunder, and which are not attributable to willful misconduct or self-dealing.

9.2.12 To perform all obligations of the Trust or the Trustee set forth in the Plan and/or any of the Definitive Agreements.

9.2.13 To withhold all applicable taxes from any distribution made to any Beneficiary of the Trust, if the Trustee reasonably believes that he is or may be required to withhold such taxes, and to distribute such withheld amount to either.

(i) the appropriate governmental agency responsible for the collection of such taxes; or

(ii) the beneficiary from whom such taxes were withheld, but only upon presentation to the Trustee of a final, non-appealable order from a court or from the governmental agency responsible for the collection of such taxes authorizing the payment.

9.2.14 To establish such reserves as the Trustee may, in his reasonable discretion, deem necessary or appropriate, including without limitation, reserves for the payment of any and all taxes of any kind and for the satisfaction of the obligations of the Trust.

9.3 General Powers of the Trustee. Without limiting any of the powers granted to the Trustee under section 9.2 hereof or otherwise, subject to the jurisdiction of the Court, the Trustee shall have full power, authority and discretion to deal with any situation which may arise respecting the Trust Estate or any part thereof in such manner as the Trustee shall deem advisable and in the best interests of Guardian and the Trust Beneficiaries. The grant to the Trustee of any specific power, authority or discretion, or the failure to grant specifically herein any other power, authority or discretion, except as otherwise expressly provided herein, shall not be construed to limit the general powers and authority given to the Trustee to manage and administer the Trust and the Trust Estate under, in accordance with, and for the purposes of the Plan.

9.4 Administration Costs. Subject to the receipt of any required approval of the Court, the Trustee shall be entitled to pay Administration Costs out of the Cash Proceeds of the Trust Estate from time to time, when and as due, all in accordance with section 5.2.3 of the Plan.

9.5 Limited Liability. Neither the Trustee, any Deputy Trustee nor any of their

This Agreement is in the form of agreement the parties are contemplating executing. It is a

representatives shall be personally liable for any action taken or omitted to be taken by him or them in the absence of willful misconduct or self-dealing.

9.6 No Bond. Neither the Trustee, any Deputy Trustee nor any of their representatives shall be required in this or any other jurisdiction to furnish any bond or security for the faithful performance of his or their duties.

9.7 Capacity. In accepting the Trust hereby created, the Trustee is acting solely as trustee hereunder and not in his individual capacity. The Trustee may execute any documents and perform any action indicating that he is executing such documents or performing such action as the Trustee and not in his individual capacity, but the failure to do so shall not give rise to any presumption that the Trustee is acting or incurring liability in his individual capacity.

Article X: Jurisdiction of the Court

10.1 Trust Irrevocable. The Trust and this Agreement shall be irrevocable and shall terminate only in accordance with their terms. This Agreement shall be amended only with the approval of the Court upon application of the Trustee, for good cause shown.

10.2 *Custodia Legis* of Court. In addition to being held pursuant to the terms and conditions of this Trust, all the assets and liabilities comprising the Trust Estate shall be deemed held by the Court in *custodia legis,* and shall be subject to the exclusive jurisdiction of the Court incident to the Rehabilitation Proceedings.

Article XI: Miscellaneous Terms and Conditions

11.1 Notice. Any notice, request, demand, waiver, consent, approval or other communication required or permitted to be made hereunder shall be given in accordance with sections 10.9 and 10.10 of the Plan.

11.2 Reserved.

11.3 Construction. All section headings contained in this Agreement are for convenience of reference only, do not form a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires. All Recitals referred to herein are intended to be and hereby are specifically made a part of this Agreement. References to Articles and Sections shall refer to Articles and sections of this Agreement, unless expressly stated otherwise.

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

11.5 Coordination of Agreements. This Agreement, the Plan and the other Plan Agreements shall be construed so far as possible in a manner that gives effect to each of their respective terms and avoids inconsistency among them. If any term of this Agreement is found to conflict with any term or condition of the Plan, the terms of "the Plan shall control."

11.6 Governing Law. The Trust and this Agreement shall be governed by, and shall be construed in accordance with, the laws of the State of South Carolina, without giving effect to the principles of conflicts of laws thereof.

11.7 Capacity of Rehabilitator. Notwithstanding anything herein to the contrary, the Rehabilitator and any Deputy Rehabilitator signing this Agreement are party hereto only in his or their representative capacity and not individually. Neither shall have any personal liability for any matters or obligations hereunder. The State of South Carolina is not a party to this Agreement and shall have no liability hereunder.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this Agreement as of the date first written above.

GUARDIAN HEALTHCARE, INC.
(In Rehabilitation)

_____ DATE:_____
REHABILITATOR

The creation of the Trust and the assumption of the Trustee's duties and Obligations thereunder are hereby acknowledged, accepted and confirmed:

_____ DATE:_____
TRUSTEE

This Agreement is in the form of agreement the parties are contemplating executing. It is a

AGREEMENT
between
GUARDIAN HEALTHCARE, INC., In Rehabilitation
and
STERLING LIFE INSURANCE COMPANY, a life insurance company

ASSUMPTION AGREEMENT

THIS AGREEMENT (hereinafter referred to as the ("Agreement") is made and entered into this 26th day of October, 2010 by and between **GUARDIAN HEALTHCARE, INC., In Rehabilitation**, a South Carolina domiciled insurance company (hereinafter referred to as the ("Guardian") and **STERLING LIFE INSURANCE COMPANY**, a life insurance company registered in South Carolina (hereinafter referred to as the "Sterling"). Guardian and Sterling shall sometimes be referred to individually as "Party" and collectively as "Parties."

WHEREAS, Guardian is the insurer of certain Medicare Advantage risks and provides Certificates on those risks pursuant to contracts with the Centers for Medicare & Medicaid Services (hereinafter referred to as "CMS"), and

WHEREAS, Guardian will cede its Medicare Advantage risks to Sterling on an assumption basis pursuant to a Novation Agreement with CMS (the "Novation Agreement").

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and in reliance upon the representations, warranties, conditions and covenants contained herein, and intending to be legally bound hereby, Guardian and Sterling hereby agree as follows:

ARTICLE I: DEFINITION OF TERMS

It is intended that capitalized terms should have the following meanings when used in this Agreement:

1.1 *Assumed Business* shall mean each and all Certificates and risks that have been assumed by Sterling pursuant to the terms of the Novation Agreement and this Agreement between Sterling and Guardian.

1.2 *Agreement* shall have the meaning set forth in the preamble.

Exhibit B

1.3 *Assumption Effective Date* shall mean the date upon which any of the Business is to be assumed by Sterling under the provisions of the Novation Agreement.

1.4 *Business* shall mean the Medicare Advantage insurance coverage plans located in the State of South Carolina that are the subject of the Novation Agreement.

1.5 *Certificates* are the evidence of coverage provided to enrollees in a Medicare Advantage Plan.

1.6 *Medicare Member* shall mean any individual entitled to benefits under a Medicare Advantage Plan that is the subject of this Agreement and the Novation Agreement.

1.7 *Consideration* shall be as set forth in Section 2.5.

1.8 *Effective Date* of this Agreement shall be the same as the Assumption Effective Date.

1.9 *Extra-contractual Liabilities* shall mean any claim or liability under, in connection with or with respect to the Business for bad faith, punitive, exemplary or other extra-contractual damages that are based upon, relate to or arise out of any act, error or omission of a Party, or any of such Party's officers, directors, agents or employees, whether intentional or otherwise.

1.10 *Loss* shall mean, for purposes of Section 5.2, all costs and expenses (including interest, penalties, reasonable attorneys' accountants' and actuaries' fees, and any other costs and expenses incident to any suit, action or proceeding), damages, charges, deficiencies, liabilities, obligations, claims and judgments sustained or incurred by, or asserted against, a Party entitled to indemnity hereunder.

1.11 *Losses* shall mean, for purposes of Sections 1.15, 1.16 and 2.1, regardless of whether occurring prior to or after the Assumption Effective Date, any care, service, treatment, diagnosis, (or alleged failure to provide appropriate care, services, treatment or diagnosis) or other event or occurrence resulting in liabilities and obligations to make payments to providers, Medicare Members, beneficiaries and/or other third party claimants under the Business (including, without limitation, liabilities or assessments arising from Guardian's participation, if any, in any voluntary or involuntary pools, guaranty funds, or other types of government-sponsored or government-organized insurance funds) and all loss adjustment expenses and defense costs, including, without limitation, (i) all expenses reinsured or incurred by or on behalf of Guardian related to the investigation, adjudication, appraisal, adjustment, litigation, defense or appeal of claims under or covered by the Certificates and/or coverage actions under or covered by the Certificates, (ii) all liabilities for consequential, exemplary, punitive or similar extra contractual

damages, or for statutory or regulatory fines or penalties, or for any loss in excess of the limits arising under or covered by any Certificate, and (iii) court costs accrued prior to final judgment, prejudgment interest or delayed damages and interest accrued after final judgment.

1.12 *Party or Parties* shall have the meaning set forth in the preamble.

1.13 *Post-Assumption Loss* shall mean actual or alleged Losses first arising or accruing or incurred under any Assumed Business on or after the Assumption Effective Date.

1.14 *Pre-Assumption Loss* shall mean actual or alleged Losses first arising or accruing or incurred under any Assumed Business prior to the Assumption Effective Date regardless of when a claim is made on said Losses.

1.15 *Premium(s)* shall mean all gross written premium(s), considerations, deposits, premium adjustments, fees and similar amounts related to the Business, including capitation amounts paid by CMS, less cancellation and return premiums.

1.16 *Required Assumption Approvals* shall mean the approvals of, or pre-closing notice filings with, any insurance regulatory authorities and any Federal Agencies that may be required in connection with and necessary to give effect to the assumption of any of the Business by Sterling on an assumption basis, including, but not limited to, the approvals listed on Schedule 1.13.

ARTICLE II: BASIS OF RISK ASSUMPTION

2.1 Risk Assumption.

(a) As of the Assumption Effective Date and subject to receipt of all Required Assumption Approvals, Guardian hereby cedes to Sterling and Sterling hereby assumes all of the contractual rights, obligations, liabilities and risks of Guardian under or with respect to each covered risk except as relates to any Pre-Assumption Loss. The Parties intend to accomplish as soon as practicable transfers of Guardian's contractual rights, obligations, liabilities and risks with respect to such covered risks, with the result that Sterling, as transferee, in all respects and conditions including but not limited to the right to the Business granted under the Novation Agreement, shall succeed Guardian as the insurer under the terms and provisions of each of such Plans and to transfer to Sterling, as administrator, full and complete responsibility for servicing and administering the Business in accordance with the terms and conditions of this Assumption Agreement and the transfer of contracts pursuant to the Novation Agreement.

(b) Sterling shall be fully responsible for all claims associated with any Post-Assumption Loss. Guardian shall retain all responsibility for review, administration and adjustment of any claim associated with any Pre-Assumption Loss, including the defense of any claims. The Parties agree to provide the other with all reasonably requested information and assistance necessary to defend and adjust any such claim.

2.2 Conditions Precedent to Assumption: Assumption Approvals. Consummation of the assumption contemplated by this Assumption Agreement with respect to the Business and Guardian's obligations to consummate the transactions contemplated by this Agreement shall be subject to and contingent upon the fulfillment of the following conditions:

(a) Receipt by Sterling of all Required Assumption Approvals with respect to the Business.

(b) Sterling shall have delivered a certificate, executed on behalf of Sterling by its Secretary, dated as of the Assumption Effective Date, certifying that Sterling has received all Required Assumption Approvals with respect to the Business and attaching evidence of such Required Assumption Approvals to such certificate.

(c) Sterling shall have delivered a certificate, executed on behalf of Sterling by its Chief Executive Officer or its Chief Financial Officer, that the covenants and agreements contained in this Agreement to be performed or complied with by Sterling, including, but not limited to, those set forth in Sections 3.3 and 4.3, shall have been performed or complied with by Sterling.

2.3 Exclusivity. As of the Effective Date, Guardian shall not have negotiated or consummated an assumption of the Business with any other party.

2.4 Effect of Assumption.

(a) The assumption effected by this Assumption Agreement and the Novation Agreement with CMS constitutes all of the Assumed Business in accordance with each of the terms and conditions thereof, and subject to all rights, privileges, defenses, offsets, cross-actions and counterclaims to which Guardian would have been entitled had it continued to act as the insurer thereunder. It is expressly understood and agreed by the Parties to this Assumption Agreement that no such rights, privileges, defenses, offsets, cross-actions or counterclaims are waived by the execution of this Assumption Agreement or the consummation of the transactions contemplated herein, and that Sterling shall be fully subrogated to all such rights, privileges, defenses, offsets, cross-actions and counterclaims except as relates to any Pre-Assumption Loss in which case Guardian retains any and all rights, privileges, defenses, offsets, cross-action and counterclaims

which may exist as relates to said Pre-Assumption Loss. From the Assumption Effective Date, Sterling shall be entitled to any revenue received from CMS and any premium received from a Medicare Advantage member including any adjustments to Medicare capitation revenue relating to the Pre-assumption period, negative or positive, as well as any medical recoverable realized post-assumption. Any other recoverable, including but not limited to reinsurance recoverables from the Pre-assumption period, shall be due and payable to Guardian. Notwithstanding the foregoing, to the extent that Sterling is held responsible for any Pre-Assumption Loss, Sterling (and not Guardian), either by way of subrogation or directly from Guardian, shall have the right to collect any and all asset recoveries related to or otherwise associated with any such Pre-Assumption Loss claim (as well as any and all asset recoveries related to or otherwise associated with Post-Assumption Loss claims), including but not limited to any stop loss recoverables, medical recoverables, third-party liens, overpayments to the provider making such claim, coordination of benefits, or CMS underpayments to Guardian. Subsequent to the assumption effected by this Agreement, the Parties shall provide each other with all reasonably requested information and assistance to administer all aspects of the Assumed Business as contemplated by Section 3.1.

(b) On the Assumption Effective Date, Sterling shall be the successor of Guardian with respect to the Assumed Business, and such Assumed Business shall be the direct obligation of Sterling; provided however, that Sterling shall continue to use the Guardian Healthcare, Inc., tradename and other marks.

(c) On and after the Assumption Effective Date, the providers and the Medicare Member or beneficiaries under the Assumed Business shall have the right to file claims for benefits or health care services under any Assumed Business solely and directly with Sterling.

2.5 Consideration.

(a) As consideration for the transfer to Sterling of the rights and obligations with respect to Assumed Business as provided in this Agreement, Sterling shall pay Guardian the sum of $4,000,000. This sum does not include payments related to the possible assumption of the lease or sublease of the premises or other rental payments referenced in the Contribution Agreement.

(b) Sterling will pay over to Guardian estate any recoverable other than as provided for in Section 2.4(a).

ARTICLE III: UNDERTAKINGS OF STERLING

3.1 Administration.

(a) Other than as provided under this Section 3.1, on and after the Assumption Effective Date, Sterling shall assume all responsibility for servicing and administration of the Assumed Business, including without limitation, (i) the payment of all allowable claims for benefits under the Assumed Business, except for claims made on a Pre-Assumption Loss in accordance with Sections 2.1(b) and 2.4(a), in accordance with the contractual terms and provisions of the Assumed Business; (ii) the investigation, adjustment, appraisal, defense or settlement thereof, at Sterling's sole cost and expense; (iii) billing and collection of premiums under the Assumed Business; and (iv) preparation of changes, endorsements, and such other administrative services as Sterling, in its sole discretion, deems necessary, appropriate, or lawful in connection with the Assumed Business, as though such Assumed Business were originally issued as direct insurance obligations of Sterling. Guardian shall provide Sterling with all reasonably requested information and assistance to enable Sterling to administer all aspects of the Assumed Business.

3.2 Premium Payments: Negotiation of Checks. Upon and after the Assumption Effective Date, all premium payments under the Assumed Business shall be the sole property of Sterling. Sterling shall be authorized to endorse for payment all checks, drafts, and money orders payable to Guardian with respect to premiums due and payable after the Assumption Effective Date on the Assumed Business. As of the Assumption Effective Date, Guardian hereby assigns all of its rights and privileges, to the extent permitted by law, to draft or debit the accounts of any Medicare Members for premiums due and payable under the Assumed Business after the Assumption Effective Date pursuant to existing pre-authorized bank draft or electronic fund transfer arrangements between Guardian and such Medicare Members.

3.3 Medicare Member Communications. Any communications by Sterling to Medicare Members concerning the Assumption Agreement or the Novation Agreement shall be in accordance with applicable Medicare Program requirements.

3.4 Assessments and Liabilities. Sterling shall be and shall remain liable for payment of (i) state guaranty fund assessments; (ii) obligations and liabilities of any kind in respect of residual markets or joint underwriting associations; and (iii) premium taxes based upon or attributable to premiums earned under the Assumed Business incurred or accrued on and after the Assumption Effective Date.

3.5 Forwarding Checks and Correspondence. On and after the Assumption Effective Date, and other than those notices, claims and correspondence handled by Guardian pursuant to its obligations under Section 3.1(b) and those relating to a Pre-Assumption Loss, all notices, claims and correspondence received by Guardian pertaining to the Assumed Business, including

applications for reinstatements of lapsed certificates, will be forwarded promptly by Guardian to Sterling.

ARTICLE IV: REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties of Guardian. Guardian represents and warrants that as of the Effective Date:

(a) Guardian has authority to enter into this Agreement and to carry out the transactions contemplated hereby.

(b) Guardian, on or before the Effective Date, has taken all action required by law and all other necessary actions to authorize the execution and delivery of this Agreement. This Agreement is a valid and binding agreement of Guardian enforceable in accordance with its terms.

4.2 Representations and Warranties of Sterling. Sterling represents and warrants that as of the Effective Date:

(a) Sterling is duly organized and validly existing under the laws of its state of incorporation.

(b) Sterling has full corporate power and authority to enter into this Agreement and to carry out the transactions contemplated hereby.

(c) Sterling has taken all action required by law and all other necessary corporate actions to authorize the execution and delivery of this Agreement and this Agreement is a valid and binding agreement of Sterling enforceable in accordance with its terms.

4.3 Covenants of Sterling.

(a) Sterling shall use best efforts to obtain all Required Assumption Approvals effective as of the Assumption Effective Date at Sterling's sole cost and expense.

(b) Sterling shall ensure that as of the Assumption Effective Date Sterling is in compliance with all statutes, laws, regulations, rules, judgments, orders and decrees of all governmental entities applicable to it that relate to its business and has maintained all permits that are required in order to permit it to carry on its business as it is presently conducted.

(c) Sterling shall take all other actions necessary for it to fulfill its obligations under this Agreement by the Assumption Effective Date.

ARTICLE V: INDEMNIFICATION

5.1 Claims Identification. As set forth in Section 2.1 (b), all claims under the Assumed Business for a Post-Assumption Loss shall be the responsibility of Sterling and all claims under the Assumed Business for a Pre-Assumption Loss shall be the responsibility of Guardian, and each Party shall indemnify and hold the other Party harmless from and against all such respective Post-Assumption Loss and Pre-Assumption Loss claims, including the indemnified Party's costs in connection therewith, as specified in Section 5.2.

5.2 Indemnification. From and after the Assumption Effective Date, each Party shall reimburse the other for, and shall indemnify and hold the other Party harmless and defend the such other Party from and against any and all Loss sustained or incurred by, or asserted against, such other Party (a) with respect to the payment of amounts due under or in connection with a Pre-Assumption Loss or Post-Assumption Loss, as applicable; (b) which arise out of (i) any breach or non-fulfillment by the indemnifying Party of, or any failure by the indemnifying Party to perform, any of the covenants, terms or conditions of or any of its duties or obligations under this Agreement; or (ii) any action or inaction of the indemnifying Party under or with respect to any of the Assumed Business (including, without limitation, any Extra-contractual Liabilities that such Party has incurred or may incur in connection with such Assumed Business); or (c) with respect to any enforcement of this indemnity.

5.3 Limitation on Guardian's Liability. Notwithstanding anything to the contrary in this Agreement, recourse against Guardian for any indemnification liability under this Agreement and/or for breach of warranty made by Guardian in this Agreement and/or for any other liability or responsibility of Guardian arising under this Agreement shall be limited to the then-existing assets of Guardian Healthcare, Inc. in Rehabilitation. Sterling acknowledges, specifically, that neither Scott H. Richardson in his personal capacity, nor any person (including Scott H. Richardson) acting as or for Rehabilitator of Guardian Healthcare, Inc., nor any person (including Scott H. Richardson) appointed and/or acting as the Director of the South Carolina Department of Insurance, nor the South Carolina Department of Insurance, nor the State of South Carolina shall have any liability for any such obligation or responsibility.

ARTICLE VI: TERMINATION

6.1 Termination. Each Party shall each have the right to terminate this Assumption Agreement if the other Party is unable to fulfill those obligations required to be fulfilled by such

other Party, including but not limited to the assumption of the Business by Sterling on the Assumption Effective Date. In the event a Party, despite using commercially reasonable efforts, cannot meet the conditions precedent set forth under Section 2.2 of this Assumption Agreement for reasons solely outside the control of such Party, that Party may seek, and the other Party shall grant, a one-time extension of the Assumption Effective Date to an alternate dates mutually agreed to by the parties.

ARTICLE VII: SOLICITATION

7.1 Solicitation. Guardian agrees that Sterling would not receive the benefit of its bargain under this Assumption Agreement if Sterling could not solicit for hire any employee of Guardian whose primary employment function concerns the Business, including former employees of Guardian employed by Sterling as part of the transaction contemplated herein. Therefore, Guardian shall not object to the solicitation of Guardian's employees, present or past.

ARTICLE VIII: MISCELLANEOUS PROVISIONS

8.1 Notices. All notices, requests, consents, approvals and statements given in connection with this Agreement shall be in writing and, if properly addressed to the recipient, shall be deemed given if (a) delivered personally to the recipient; (b) sent by electronic mail or electronic facsimile transmission; (c) sent by registered or certified mail, postage prepaid and return receipt requested, or (d) delivered by a reputable overnight courier service. Notices shall be deemed to be properly addressed to a Party if addressed to its address, facsimile number or electronic mail address, as applicable, set forth below, or to such other address or facsimile number as the addressee previously may have specified by written notice to the other Party given in the manner specified in this Section 8.1. Notices shall be deemed received (i) when delivered personally to the recipient; (ii) when sent by electronic mail or electronic facsimile transmission if sent during business hours on a business day in the place of receipt and otherwise at the opening of business on the next business day in the place of receipt; (iii) five (5) business days after they are mailed if sent by registered or certified mail; or (iv) one (1) business day after they are put in possession of the courier if sent by reputable overnight courier service.

If to Guardian:

Guardian Healthcare, Inc. in rehabilitation
Address: 1201 Main Street, Suite 1000
Post Office Box 100105
Columbia, SC 29202-3105
Tel: (803) 737-6132

Fax: (803) 737-6229
Attn: Scott H. Richardson, Rehabilitator

If to Sterling:

Sterling Life Insurance Company
Address: 2219 Rimland Drive
Bellingham, WA 98226
Fax: (360) 685-5872
Attn: General Counsel

8.2 Entire Agreement. This Agreement, together with the Novation Agreement and the Contribution, Assignment and Access Agreement, constitutes the sole and entire agreement between the Parties hereto with respect to the subject matter hereof, and supersedes all prior discussions and agreements between the Parties with respect to the subject matter hereof, which are merged with and into this Agreement.

8.3 Assignment. This Agreement shall not be assigned by either of the Parties hereto without the prior written approval of the other Party.

8.4 Confidentiality. Each of the Parties shall maintain the confidentiality of all information related to the Assumed Business and all other information denominated as confidential by the other Party provided to it in connection with this Agreement and shall not disclose such information to any third parties without prior written consent of the other Party, except as may be required by regulatory authorities, or pursuant to legal process. Neither Party shall make any public announcement of this transaction prior to the Assumption Effective Date without the prior written consent of the other Party, except as required by law, in which case the disclosing Party will notify the other Party as promptly as practicable and shall consider in good faith any comments of the other Party on the proposed disclosure. The parties understand that this agreement shall be a part of the public record.

8.5 Waivers and Amendments. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof. Such waiver must be in writing and must be executed by an executive officer of such Party. A waiver on one occasion will not be deemed to be a waiver of the same or any other term or condition on a future occasion. This Agreement may be modified or amended only by a writing duly executed by authorized representatives of both parties.

8.6 Third Party Beneficiaries. This Agreement is for the sole and exclusive benefit of the Parties and their successors and permitted assigns and, to the extent expressly set forth in this Agreement, those Medicare Members who are insured under Assumed Business.

8.7 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of South Carolina, without regard to its conflicts of law doctrine.

8.8 Dispute Resolution. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be resolved as follows:

(a) the Executive Officers of both Parties shall meet to attempt to resolve such dispute.

(b) If the Executive Officers cannot resolve such dispute within thirty (30) (twenty (20) days in the event of non-payment) days after either Party requests such a meeting in writing, then upon written notice by either Party to the other Party, such dispute, controversy or claim shall be finally resolved by the Court with jurisdiction over Guardian.

8.9 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which shall constitute one and the same instrument.

8.10 Headings. The headings in this Agreement have been inserted for convenience and do not constitute matter to be construed or interpreted in connection with this Agreement.

8.11 Severability. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision, which shall be replaced with an enforceable provision closest in intent and economic effect as the severed provision; provided that no such severability shall be effective if it materially changes the economic benefit of this Agreement to any Party.

8.12 Novation Agreement. The Parties acknowledge that the assumption effectuated by this Agreement is subject to approval by CMS. This Agreement is not intended to conflict with the terms of the CMS Novation Agreement. In case of inconsistency, the Novation Agreement provisions will apply.

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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of October 26, 2010.

GUARDIAN HEALTHCARE, INC. in Rehabilitation

By: _____

STERLING LIFE INSURANCE COMPANY

By: _____
Michael A. Muchnicki

SCHEDULE 1.13

REQUIRED ASSUMPTION APPROVALS

1. Approval by the Department of Insurance of the State of South Carolina of the transactions contemplated in the Agreement.

2. Approval by the Court of Common Pleas, Richland County, South Carolina, of the Plan of Rehabilitation.

3. Approval by CMS of the transactions contemplated in the Agreement and entry by CMS into the Novation Agreement.

SCHEDULE 2.5

BANK ACCOUNT INFORMATION

1. Guardian Wire Information

[INSERT]

2. Sterling Wire Information

[INSERT]

CONTRIBUTION, ASSIGNMENT, ACCESS AND LICENSE AGREEMENT

This CONTRIBUTION, ASSIGNMENT, ACCESS AND LICENSE AGREEMENT (this "Agreement"), dated the 26th day of October, 2010, is by and between GUARDIAN HEALTHCARE, INC. in Rehabilitation, a South Carolina domiciled insurance company ("Guardian") and Sterling Life Insurance Company, a life insurance company registered in South Carolina ("Sterling"). Guardian and Sterling shall sometimes be referred to individually as a "Party" and collectively as the "Parties".

RECITALS:

WHEREAS, Guardian is a private health insurance company engaged in the business of insuring Medicare Advantage risks and providing Policies or Certificates on those risks pursuant to contracts (the "CMS Contracts") with the Centers for Medicare and Medicaid Services ("CMS") (the "Business");

WHEREAS, Sterling is an insurer engaged in the transaction of life, accident and health insurance business and has significant experience with Medicare Advantage products;

WHEREAS, in connection with the pending rehabilitation of Guardian by the South Carolina Department of Insurance (the "Rehabilitation"), Sterling has agreed to assume, as of the Assumption Effective Date, (i) the CMS Contracts pursuant to that certain Novation Agreement among the Parties and CMS dated effective as of November 1, 2010 (the "Novation Agreement"); and (ii) the Assumed Policies and certain liabilities associated therewith pursuant to that certain Assumption Agreement between the Parties dated as of the date hereof (the "Assumption Agreement", and together with the Novation Agreement, the "Acquisition Agreements"); and

WHEREAS, in connection with the Acquisition Agreements and to facilitate the transactions contemplated thereby, Guardian desires to contribute, assign, lease, license and transfer to Sterling certain assets used in connection with the Business and to grant to Sterling access to its books and records relating to the Business;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

I. DEFINITIONS.

All capitalized terms used herein that are defined in the Assumption Agreement shall have the same meaning herein as set forth therein unless specifically defined in this Agreement.

Exhibit C

II. ACQUIRED AND LEASED ASSETS; ASSUMED LIABILITIES.

2.1 Assets to be Acquired. Subject to the terms and conditions hereinafter set forth, Guardian does hereby contribute, assign, transfer, convey and deliver to Sterling, and Sterling does hereby accept, assume and take delivery from Guardian all right, title, and interest in and to all of the following assets (collectively, the "Assets"):

(a) Contracts. Guardian's rights, benefits and interests under all contracts and agreements, written or oral, listed on Schedule 2.1(a) (the "Contracts"), which Contracts shall consist of all contracts needed to operate the CMS Contracts, including but not limited to all provider contracts and broker agreements, unless otherwise agreed to by the Parties;

(b) Intellectual Property. All intangible assets, tradenames, trademarks, service marks, service names and copyrights, registrations thereof and applications therefore, including, but not limited to customer, vendor, provider, producer, and supplier lists, and all other intellectual property applicable to or used in connection with the operation of the Business, including, but not limited to the items listed on Schedule 2.1(b) and, subject to Section 4.4 hereof, the Corporate Name (as defined below) (the "Intellectual Property").

2.2 Subcontracting. To the extent that any Contract purported to be assigned by Guardian and assumed by Sterling pursuant to Section 2.1(a) requires the consent or approval of any third party in order to assign such Contract and such consent or approval has not been obtained by the date hereof (individually, a "Subcontracted Contract" and collectively, the "Subcontracted Contracts"), Guardian shall (a) use its best efforts and cooperate with Sterling to obtain consent for the assignment of each Subcontracted Contract after the date hereof; (b) execute any documentation reasonably required to obtain such consent or approval or to obtain a novation for each Subcontracted Contract; and (c) take all action and do or cause to be done all things as shall in the opinion of Sterling be reasonably necessary or proper in order that the rights and obligations of Guardian under each Subcontracted Contract shall be preserved.

2.3 Assets to be Leased. Guardian and Sterling hereby agree to negotiate in good faith one or more leases (or subleases, as the case may be) from Guardian to Sterling, effective as of the Assumption Effective Date, of certain machinery, equipment, furniture, office furnishings, computer hardware and software, and other personal property owned or leased by Guardian on such terms and conditions as determined by Guardian and Sterling (the "Leased Assets"). The leases and subleases entered into or to be entered into pursuant to this Section shall be referred to herein as the "Leases."

2.4 Assumption of Liabilities. Sterling does hereby assume and agree to perform when due only (a) those obligations of Guardian that arise after the Assumption Effective Date under the terms of the Contracts specifically listed on Schedule 2.1(a), other than any of the foregoing which constitute a Subcontracted Contract under Section 2.2 until such time as the necessary consent, approval or novation is obtained for each such Subcontracted Contract in accordance with Section 2.2, and (b) those obligations under the terms of each of the Leases that arise after the Assumption Effective Date. Notwithstanding the foregoing, nothing in this

Agreement limits or otherwise affects the liabilities assumed by Sterling under the Acquisition Agreements.

2.5 Non-Assumption of Certain Liabilities. Except for the contract obligations identified in Section 2.4 and those assumed pursuant to the Acquisition Agreements, Sterling is not assuming, and shall not have been deemed to have assumed, any debts, liabilities, duties or obligations of Guardian whatsoever, and Guardian shall be responsible for all such debts, liabilities, duties and obligations, including without limitation any and all taxes incurred by or imposed upon Guardian relating to periods prior to the Assumption Effective Date, whether such taxes are assessed before or after the Assumption Effective Date, including without limitation, any taxes incurred by or lawfully imposed upon Guardian and arising out of the consummation of the transactions contemplated by this Agreement.

2.6 Consideration. The consideration for the contribution, assignment, transfer, conveyance and delivery of the Assets and the consummation of the other transactions contemplated herein as of the Assumption Effective Date, shall be as stated in the Assumption Agreement.

III. REPRESENTATIONS AND WARRANTIES.

3.1 Representations and Warranties of Guardian. Guardian represents and warrants that as of the Assumption Effective Date:

(a) Guardian is duly organized and validly existing under the laws of its state of incorporation.

(b) Guardian has authority to enter into this Agreement and to carry out the transactions contemplated hereby.

(c) Guardian has taken all action required by law and all other necessary actions to authorize the execution and delivery of this Agreement, and this Agreement is a valid and binding agreement of Guardian enforceable in accordance with its terms.

(d) Except with respect to the Rehabilitation, and to the actual knowledge of the Rehabilitator, there are no outstanding or threatened orders, writs, injunctions or decrees of any court, regulatory or governmental body or arbitration tribunal affecting the Assets or the Leased Assets.

(e) To the actual knowledge of the Rehabilitator, no party to any Contract has given notice of its intent to terminate or cancel any such Contract, and none of the rights of Guardian under any such Contract will be impaired by the delivery, execution or performance of this Agreement or the consummation of the transactions contemplated hereby.

(f) To the actual knowledge of the Rehabilitator, Guardian has not received any charge, complaint, claim or notice alleging interference, infringement, misappropriation or violation relating to any of the Intellectual Property. To the actual knowledge of the Rehabilitator, no third party is currently interfering with, infringing, misappropriating or violating any of Guardian's rights in the Intellectual Property.

3.2 Representations and Warranties of Sterling. Sterling represents and warrants that as of the Assumption Effective Date:

(a) Sterling is duly organized and validly existing under the laws of its state of incorporation.

(b) Sterling is financially solvent and has a rating of A- by A.M. Best.

(c) Sterling has full corporate power and authority to enter into this Agreement and to carry out the transactions contemplated hereby.

(d) Sterling has taken all action required by law and all other necessary corporate actions to authorize the execution and delivery of this Agreement, and this Agreement is a valid and binding agreement of Sterling enforceable in accordance with its terms.

(e) Sterling is not aware of any action, complaint, or other issue that prevents or negatively impacts its ability to consummate this transaction.

IV. ADDITIONAL AGREEMENTS.

4.1 Access. Upon consummation of the transactions contemplated by this Agreement by the Parties, Guardian will permit Sterling and its representatives to have access to Guardian's employees, the Assets, the Leased Assets, and Guardian's books and records during normal business hours and will promptly furnish to Sterling such information and documents relating to Guardian and the Business as Sterling may reasonably request, including but not limited to (a) such information as is necessary for Sterling to accept and assume the Assets or the Leased Assets hereunder, the Assumed Policies under the Assumption Agreement, and the CMS Contracts under the Novation Agreement, and to otherwise consummate the transactions contemplated by this Agreement and the Acquisition Agreements; (b) the status of any regulatory oversight and compliance issues; (c) Guardian's filing and management systems, including but not limited to its policy and customer management system; (d) Guardian's provider networks; and (e) claims information and matters relating to the transactions contemplated by this Agreement. Upon consummation of the transactions contemplated by this Agreement by the Parties, Sterling will permit Guardian and its representatives to have access to Sterling's books and records during normal business hours and will promptly furnish to Guardian such information and documents relating to Sterling as may be necessary to consummate the transactions contemplated by this Agreement and the Acquisition Agreements. Upon request by Sterling after consummation of this Agreement, Guardian shall make available for copying by Sterling at Guardian's office the originals of the aforementioned records and items, to the extent such records and items are reasonably available.

4.2 Cooperation. The Parties shall use all reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, or advisable under applicable laws, to consummate the transactions contemplated by this Agreement. The Parties shall use their best efforts to obtain consents of any regulatory authority and other third parties or governmental bodies necessary or desirable for the consummation of the transactions contemplated by this Agreement. The Parties shall cooperate with each other and execute and deliver, or cause to be executed and delivered, all such additional instruments, including instruments of conveyance, assignment and transfer and take all such other actions as may reasonably be requested from time to time in order to effectuate the provisions and purposes of this Agreement or to ensure that each Party receives the full benefit of the transactions contemplated by this Agreement. Each Party shall endeavor in good faith and cooperate one with the other to complete the Schedules called for by this Agreement.

4.3 Confidentiality.

(a) Each Party acknowledges that it may have access to proprietary or confidential information, including but not limited to information obtained by a Party pursuant to Section 4.1 hereof ("Confidential Information") of the other Party, including, but not limited to, trade secrets, customer and supplier lists, and proprietary information relating to the Assets, the Leased Assets, or the Business. Each Party will protect the Confidential Information of the other Party in the same manner in which it protects its own Confidential Information (but in any event will use no less than reasonable care), except as may be specifically permitted hereunder.

(b) The obligations of confidentiality specified above will not apply to any information of a Party which:

(i) was known by the other Party prior to the execution of this Agreement;

(ii) is or becomes public or available to the general public other than through any act or default of the other Party;

(iii) is obtained prior or subsequent to the date of this Agreement from a third party which is lawfully in possession of such information and does not hold such information subject to any confidentiality obligations; or

(iv) is required to be disclosed by one of the Parties pursuant to applicable law or under a government or court order, in which case such Party will, to the extent legally permissible, give notice to the other Party to allow such Party to make efforts to obtain a protective order or take such other actions as will prevent or limit, to the fullest extent possible, public access to, or disclosure of, such Confidential Information.

(c) The Parties shall treat the Confidential Information transferred or assigned by Guardian to Sterling hereunder as Confidential Information of Sterling.

4.4 Use of Name. For the duration of the Rehabilitation, Guardian hereby grants to Sterling the non-exclusive license to use the corporate name "Guardian Healthcare, Inc." (the "Corporate Name") in connection with the CMS Contracts, the Assumed Policies, the Leased Assets, and the Assets acquired by Sterling pursuant to this Agreement and the Acquisition Agreements. Upon dissolution, liquidation, release or discharge by a court of competent jurisdiction of Guardian, the Corporate Name and all of Guardian's rights and interests therein shall automatically be contributed, transferred and assigned from Guardian to Sterling free and clear of any right, claim, or lien. Thereafter, neither Guardian, or its estate or trust, nor any successor, shareholder, or director of any of the foregoing shall directly or indirectly use the Corporate Name or any derivative thereof or any similar name to identify itself.

4.5 Other Contracts. The Parties acknowledge and agree that there may be contracts or agreements of Guardian other than the Contracts listed on Schedule 2.1(a), including but not limited to that certain claims management agreement between Guardian and TMG Health, that Sterling desires to renegotiate or otherwise amend prior to assumption thereof. The Parties agree to cooperate with one another to facilitate any such negotiations or other actions requested by Sterling with respect to any such agreements, including but not limited to termination and renegotiation of any agreement. The Parties acknowledge and agree that Sterling is in the process of negotiating a new contract with TMG Health to be effective as of the Assumption Effective Date.

V. INDEMNIFICATION.

5.1 Indemnification by Guardian. Guardian agrees to indemnify and hold Sterling harmless from and against all liability, loss, damages or injury and all costs and expenses (including reasonable attorney's fees and costs of any suit related thereto) suffered or incurred by Sterling to the extent relating to, resulting from, or arising out of:

(a) the ownership, use or operation of the Assets or the Leased Assets prior to the Assumption Effective Date;

(b) the conduct of the Business, or any actions or omissions, of Guardian prior to the Assumption Effective Date;

(c) any liabilities or obligations of, or claims against or imposed on Guardian (whether absolute, accrued, contingent or otherwise and whether a contractual or any other type of liability, obligation or claim) not expressly assumed by Sterling pursuant to this Agreement or either of the Acquisition Agreements;

(d) any liabilities or obligations (whether absolute, accrued, contingent or otherwise) in respect of any action, suit or proceeding based upon or arising out of any matter or state of facts existing prior to the Assumption Effective Date;

(e) any breach by Guardian of any covenant, agreement or other undertaking on its part contained in this Agreement or any certificate or other instrument furnished or to be furnished by Guardian hereunder; or

(f) any assets or properties not contributed, assigned, leased or licensed to Sterling hereunder.

5.2 Indemnification by Sterling. Sterling agrees to indemnify and hold Guardian harmless from and against all liability, loss, damages or injury and all costs and expenses (including reasonable attorney's fees and costs of any suit related thereto) suffered or incurred by solely Guardian and/or the Rehabilitator (and not by any third party claiming by, through, or under Guardian and/or the Rehabilitator) to the extent arising from breach by Sterling of any covenant, agreement or other undertaking on its part contained in this Agreement or any certificate or other instrument furnished or to be furnished by Sterling hereunder.

5.3 Limitation on Guardian's Liability. Notwithstanding anything to the contrary in this Agreement, recourse against Guardian for any indemnification liability under this Agreement and/or for breach of warranty made by Guardian in this Agreement and/or for any other liability or responsibility of Guardian arising under this Agreement shall be limited to the then-existing assets of Guardian Healthcare, Inc. in Rehabilitation. Sterling acknowledges, specifically, that neither Scott H. Richardson in his personal capacity, nor any person (including Scott H. Richardson) acting as Rehabilitator of Guardian Healthcare, Inc., nor any person (including Scott H. Richardson) appointed and/or acting as the Director of the South Carolina Department of Insurance, nor the South Carolina Department of Insurance, nor the State of South Carolina shall have any liability for any such obligation or responsibility.

VI. TERMINATION.

This Agreement shall terminate immediately upon termination of the Assumption Agreement. Notwithstanding anything herein to the contrary, the provisions of Article 3, Section 4.3, Article V and Article VII shall survive termination of this Agreement and shall continue in perpetuity.

VII. MISCELLANEOUS.

7.1 Notices. All notices, requests, consents, approvals and statements given in connection with this Agreement shall be in writing and, if properly addressed to the recipient, shall be deemed given if (a) delivered personally to the recipient; (b) sent by electronic mail or electronic facsimile transmission; (c) sent by registered or certified mail, postage prepaid and return receipt requested, or (d) delivered by a reputable overnight courier service. Notices shall be deemed to be properly addressed to a Party if addressed to its address, facsimile number or electronic mail address, as applicable, set forth below, or to such other address or facsimile number as the addressee previously may have specified by written notice to the other Party given in the manner specified in this Section 7.1. Notices shall be deemed received (a) when delivered personally to the recipient; (b) when sent by electronic mail or electronic facsimile transmission if sent during business hours on a business day in the place of receipt and otherwise at the opening of business on the next business day in the place of receipt; (c) five (5) business days after they are mailed if sent by registered or certified mail; or (d) one (1) business day after they are put in possession of the courier if sent by reputable overnight courier service.

If to Guardian:

Guardian Healthcare, Inc. in Rehabilitation
Address: 1201 Main Street, Columbia, South Carolina 29201
P.O. Box 100105, Columbia, South Carolina 29202
Tel: (803) 737-6200
Fax: (803) 737-6229
Attn: Scott H. Richardson, Rehabilitator

If to Sterling:

Sterling Life Insurance Company
Address: 2219 Rimland Drive
Bellingham, WA 98226
Fax: (360) 685-5872
Attn: General Counsel

7.2 Entire Agreement. This Agreement, together with the Acquisition Agreements, constitutes the sole and entire agreement between the Parties hereto with respect to the subject matter hereof, and supersede all previous discussions and agreements between the Parties with respect to the subject matter hereof, which are merged with and into this Agreement.

7.3 Assignment. This Agreement shall not be assigned by either of the Parties hereto without the prior written approval of the other Party.

7.4 Non-Disclosure. Each of the Parties shall maintain the confidentiality of the existence of this Agreement, except as may be required by regulatory authorities, or pursuant to legal process. Neither Party shall make any public announcement of this transaction prior to the Assumption Effective Date without the prior written consent of the other Party, except as required by law, in which case the disclosing Party will notify the other Party as promptly as practicable and shall consider in good faith any comments of the other Party on the proposed disclosure. The parties understand that copies of the proposed plan will be filed as a part of the Plan of Rehabilitation.

7.5 Waivers and Amendments. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof. Such waiver must be in writing and must be executed by an executive officer of such Party. A waiver on one occasion will not be deemed to be a waiver of the same or any other term or condition on a future occasion. This Agreement may be modified or amended only by a writing duly executed by an executive officer of Sterling, and Scott H. Richardson, as Director of the South Carolina Department of Insurance, in his capacity as Rehabilitator of Guardian (the "Rehabilitator").

7.6 Third Party Beneficiaries. This Agreement is for the sole and exclusive benefit of the Parties and their successors and shall not inure to the benefit of any person not a Party hereto.

7.7 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of South Carolina, without regard to its conflicts of law doctrine.

7.8 Dispute Resolution. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be resolved as follows:

(a) the Rehabilitator and executive officers of both Parties shall meet to attempt to resolve such dispute.

(b) If the parties cannot resolve such dispute within thirty (30) days after either Party requests such a meeting in writing, then upon written notice by either Party to the other Party, such dispute, controversy or claim shall be finally resolved by the Court with jurisdiction over Guardian.

7.9 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which shall constitute one and the same instrument.

7.10 Headings. The headings in this Agreement have been inserted for convenience and do not constitute matter to be construed or interpreted in connection with this Agreement.

7.11 Severability. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision, which shall be replaced with an enforceable provision closest in intent and economic effect as the severed provision; provided that no such severability shall be effective if it materially changes the economic benefit of this Agreement to any Party.

7.12 Effective Date. The effective date of this Agreement shall be the Assumption Effective Date.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

GUARDIAN HEALTHCARE, INC., IN REHABILITATION

By: _____
Name: SCOTT H. RICHARDSON
Its: REHABILITATOR

STERLING LIFE INSURANCE COMPANY

By: _____
Name: Michael A. Muchnicki
Its: President / CEO

Schedule 2.1(a)
Contracts

[All healthcare provider contracts, including those relating to provider networks]
[Envision Pharmaceuticals (Pharmacy Benefits Management)]
[Contract with DST Health Solutions (medical management tools)]
[Contract with Sirona Health (nurse advice line/triaging)]
[Contract with AnswerLive (after hours answering service)]
[Titan, Inc. (broker)]
[Premier Insurance Contracts Inc. (broker)]

Schedule 2.1(b)
Intellectual Property

All intellectual property contained in the 2010 Member Materials and all other intellectual property used by Guardian for purposes of identification or recognition of Guardian or any of its products or services.

NOVATION AGREEMENT

GUARDIAN HEALTHCARE, INC., IN REHABILITATION ("Transferor"), a for-profit corporation duly organized and existing under the laws of the State of South Carolina and in rehabilitation (a form of insurance insolvency under state law); STERLING LIFE INSURANCE COMPANY ("Transferee"), an Illinois domiciled insurance company; and the CENTERS FOR MEDICARE & MEDICAID SERVICES ("CMS") (each individually a "Party" and collectively, the "Parties") enter into this Agreement, which shall be effective as of November 1, 2010.

RECITALS

WHEREAS, CMS has entered into contracts with the Transferor to sponsor coordinated care plan under the Medicare Advantage and Part D Programs pursuant to contracts H9779 (to sponsor a local preferred provider organization plan in CY 2010), H4917 (to sponsor a local non-network private fee-for-service ("PFFS") plan in CY 2010), and H7341 (to sponsor a local network PFFS plan in CY 2011) (collectively, the "Contracts").

The phrase "the Contracts" as used in this Agreement includes all modifications made between CMS and the Transferor before November 1, 2010 (whether or not performance and payment have been completed) and releases executed if CMS or the Transferor have any remaining rights, duties, or obligations under the Contracts. Included in the term "the Contracts" also are all modifications made under the terms and conditions of the Contracts between CMS and the Transferee, on or after November 1, 2010.

WHEREAS, pursuant to the Consent Order Commencing Rehabilitation Proceedings & Granting an Injunction & Automatic Stay of Proceedings in the matter of Scott H. Richardson v. Guardian Healthcare, Inc. (Civil Action Number 10-CP-40-7093, entered on October 12, 2010 (the "Consent Order"), Transferor was placed into rehabilitation for purposes of running off liabilities incurred on and before October 31, 2010, and the Rehabilitator is authorized to complete negotiations with Transferee for the assumption of Transferor's assets and liabilities as of November 1, 2010;

WHEREAS, pursuant to the Consent Order, Transferee will contribute four million dollars ($4,000,000.00) to be used by the Rehabilitator towards liabilities incurred on and before October 31, 2010, and the remaining liabilities will be assigned to a Claims Fund or Liquidating Trust;

WHEREAS, effective on November 1, 2010, the Transferor will transfer to the Transferee certain assets and liabilities of the Transferor by virtue of an assumption agreement between the Transferor and the Transferee;

WHEREAS, the Transferee will assume all the obligations of the Transferor under the Contracts with CMS as set forth herein by virtue of the above transfer; and

WHEREAS, the Transferee desires to assume all obligations of the Transferor under the Contracts with CMS as set forth herein and to fully perform all obligations of the Transferor that may exist under the Contracts.

Exhibit D

NOW THEREFORE, in consideration of these facts, and in reliance on the terms set forth below, the Parties agree as follows:

1. The Transferor confirms the transfer of the Contracts to the Transferee effective November 1, 2010, and Transferor waives any claims and rights against CMS that it now has or may have in the future in connection with the Contracts.

2. The Transferee agrees to be bound by and to perform all the duties and responsibilities of Transferor in the Contracts in accordance with the conditions contained in the Contracts arising on and after November 1, 2010. The Transferee assumes all contract obligations and liabilities to CMS, and all contract claims by CMS against the Transferor under the Contracts.

3. The Transferee ratifies all previous actions taken by the Transferor with respect to the Contracts with the same force and effect as if the action had been taken by the Transferee. This provision only applies to actions taken by Transferor that relate to Contract obligations as between the Transferor and CMS.

4. CMS recognizes the Transferee as the Transferor's successor in interest in and to the Contracts. From and after November 1, 2010, the Transferee by this Agreement becomes entitled to all rights, title, and interests of the Transferor in and to the Contracts. On and after November 1, 2010, the terms "Organization" and "Contractor" as used in the Contracts shall refer to the Transferee.

5. Except as expressly provided in this Agreement, nothing in it shall be construed as a waiver of any rights of CMS against the Transferor. Notwithstanding any other provision of this Agreement, Transferor remains liable for all acts constituting a breach of the Contracts occurring or arising before November 1, 2010, to the fullest extent of applicable laws and regulations.

6. All payments and reimbursements previously made by CMS to the Transferor shall be considered to have discharged CMS's obligations under the Contracts. All payments and reimbursements made by CMS on or after November 1, 2010 in the name of or to the Transferee shall have the same force and effect as if made to the Transferor, and shall constitute a complete discharge of CMS's obligations under the Contracts to the extent of the amounts paid or reimbursed.

7. The Transferor and the Transferee agree that CMS is not obligated to pay or reimburse either of them for, or otherwise give effect to, any costs, taxes, or other expenses, or any related increases, directly or indirectly arising out of or resulting from this Agreement other than those that CMS in the absence of this Agreement would have been obligated to pay or reimburse under the terms of the Contracts.

8. The Contracts shall remain in full force and effect except as modified by this Agreement, and the Parties agree that no rights of, or obligations to, any non-signatory are created hereby.

9. Each Party certifies and warrants that it has full power and authority to enter into this Agreement.

10. Each person executing this Agreement on behalf of a Party certifies and warrants that he or she is authorized to enter into this Agreement on behalf of such Party.

IN WITNESS WHEREOF, each Party hereto has executed this Agreement as of the date indicated below its respective signature.

Centers for Medicare & Medicaid Services

By: _____

Centers for Medicare & Medicaid Services

Date: _____

Guardian Healthcare, Inc., In Rehabilitation

By: _____
Scott H. Richardson
Rehabilitator

Date: 10-26-10

Sterling Life Insurance Company

By: _____
Michael Muchnicki
President and Chief Executive Officer

Date: 10-26-10

WDC99 1935005-2.087444.0012

CERTIFICATE OF SERVICE

I hereby certify that I have served the below-named individuals or entities with a copy of the attached Amended Plan of Rehabilitation, Memorandum in Support and proposed Order by depositing same in the U.S. Mail postage prepaid, on October 28, 2010 at the following addresses:

James C. Gray, Jr., Esq.
Sally H. Caver, Esq.
Nelson Mullins Riley & Scarborough LLP
Meridian, 17th Floor
1320 Main Street
Columbia, SC 29201

Centers for Medicare & Medicaid Services
Center for Medicare
Office of the Adminstrator
7500 Security Boulevard
Baltimore, MD 21244

Nancy E. Taylor, Esq.
Greenberg Traurig
2101 L Street, N.W.
Suite 1000
Washington, DC 20037