

GOVERNANCE RULES
OF
INDEPENDENT NEVADA DOCTORS INSURANCE EXCHANGE

ARTICLE I

SUBSCRIBERS' AGREEMENT AND POWER OF ATTORNEY

The activities of the Independent Nevada Doctors Insurance Exchange (Company) shall be conducted through an attorney-in-fact named in the Subscribers' Agreement and Power of Attorney ("Attorney-in-Fact") in effect from time to time. All matters concerning the conduct and regulation of the business of the Company shall be subject to the (1) Management Agreement entered into between the Attorney-In-Fact and Company; and to the (2) Subscribers' Agreement and Power of Attorney agreed to by each subscriber as part of the application for insurance coverage and payment of premium; all as amended from time to time and all of which are incorporated herein by reference and made a part hereof, and, in the event of a conflict, these Governance Rules, shall control.

ARTICLE II

SUBSCRIBERS

Section 2.1. Eligibility. A subscriber is any entity that meets the qualifications to become a subscriber to Company as adopted from time to time by the Subscribers' Advisory Committee, agrees to the terms of the Subscribers' Agreement and Power of Attorney as part of the application for insurance coverage and payment of premium and is insured by Company. A subscriber's status shall automatically terminate upon termination of a subscriber's insurance policy for any reason, and shall not continue during any extended discovery or reporting period following termination of such policy.

Section 2.2. Meetings. Beginning in 2007, an annual meeting of the subscribers shall be held on such date as may be set by the Subscribers' Advisory Committee. The purpose of the annual meeting shall be to elect members of the Subscribers' Advisory Committee, and to transact such other business as the Subscribers' Advisory Committee may bring before the meeting. Special meetings may be called by the Subscribers' Advisory Committee, the Attorney-in-Fact, or upon the written application of a majority of the subscribers. Meetings of the subscribers shall be held at the office of Company in Nevada, or at such other place either within or without the State of Nevada as shall be stated in the notice of the meeting or in a duly executed waiver thereof. The Subscribers' Advisory Committee may set a record date for determining subscribers entitled to notice of and to vote at any meeting of subscribers. If no record date is set, the record date for the meeting shall be the day prior to the day on which notice of the meeting is sent to subscribers.

Section 2.3. Notice of Meeting; Waiver. Written notice of the place, date and hour at which a meeting is to be held shall be given personally or by telecopy (answer back confirmed) or put in the regular mail to the subscribers of Company, not less than ten (10) nor

more than fifty (50) days prior to the meeting by or at the direction of the Chairman of the Subscribers' Advisory Committee. A written waiver of notice of a meeting, signed before or after the meeting by a subscriber, shall be deemed equivalent to notice.

Section 2.4. Quorum. The presence, in person or by proxy, of subscribers holding a majority of the total number of votes entitled to be cast by all subscribers shall constitute a quorum for the transaction of business at all meetings of the subscribers.

Section 2.5. Voting and Proxies. At any meeting of the subscribers, the subscribers shall be entitled to vote in person or by proxy executed in writing by the subscriber. Any proxy shall be filed with the Secretary of the meeting, or any adjournment thereof, before being voted. A proxy purporting to be executed by or on behalf of the subscriber shall be deemed valid unless challenged at or prior to its exercise. Each subscriber shall be entitled to one vote. For purposes of this Section 2.5, a subscriber is defined as any insured under a Company policy. If a subscriber, however, is not present at a duly noticed meeting of subscribers and does not supply a proxy in conformance with this Section 2.5, all voting rights shall be exercisable solely by the Subscribers' Advisory Committee in accordance with the recommendation of the Subscribers' Advisory Committee with respect to the matter or matters to be voted upon. Each subscriber irrevocably appoints the Subscribers' Advisory Committee as such Subscriber's lawful attorney and proxy, with full power of substitution, with respect to the Subscriber's subscription to vote and otherwise act, or give written consent in lieu thereof, at all meetings of Subscribers or otherwise on any matter for which the approval of the Subscribers is requested. It is agreed and acknowledged that such appointment and proxy granted hereunder by a Subscriber is intended to be, and shall be, irrevocable and coupled with an interest and shall not terminate by operation of law, whether by death, bankruptcy, incapacity, incompetency, termination or dissolution of a Subscriber or otherwise. The irrevocable proxy shall only terminate by action of the Subscribers' Advisory Committee.

The affirmative vote of a majority of the votes entitled to be cast by subscribers present in person or by proxy at a meeting of subscribers shall be required to approve all matters presented to a vote of the subscribers, provided that the following actions must be approved by three-fourths (3/4) of the votes entitled to be cast by Subscribers present in person or by proxy: (a) the sale, lease, exchange or other disposition of all or substantially all of the property and assets of the Company not in the usual and regular course of its business, (b) a plan of merger, consolidation or exchange, and (c) voluntary dissolution of the Company by the act of the Company's Subscribers' Advisory Committee. In elections of Subscribers' Advisory Committee Members, the number of candidates to be elected receiving the highest number of votes shall be elected. Cumulative voting is not permitted.

Section 2.6. Notice of Adjourned Meetings. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, except that if the adjournment is for more than 30 days, a notice in the standard form shall be given to the subscribers of Company.

Section 2.7. Action Without a Meeting; Written Consent or Telephone Conference. Any action required to be taken at a meeting of the subscribers, or any action that

may be taken at a meeting of the subscribers, may be taken without a meeting if a proposed written consent setting forth the action so taken shall be circulated to all subscribers and signed by subscribers holding the requisite number of votes necessary to approve the action at a meeting where all subscribers are present. Any action required or permitted to be taken at any meeting of the subscribers also may be taken by telephone conference call among at least a quorum of the subscribers, after notice to all subscribers given pursuant to Section 2.3.

ARTICLE III

SUBSCRIBERS' ADVISORY COMMITTEE

Section 3.1. Powers of Subscribers' Advisory Committee. The Subscribers' Advisory Committee shall have general supervision and control over the activities of Company. The business, property and affairs of Company shall be managed by the Attorney-in-Fact, which shall have all powers set forth in the Management Agreement and in accordance with Nevada law.

Section 3.2. Number and Qualifications. The initial Subscribers' Advisory Committee shall be named in the application for licensure filed with the Nevada Division of Insurance on behalf of Company. Additional members may be added to the Subscribers' Advisory Committee, in advance of the initial annual meeting of subscribers in 2007, by vote of the Subscribers' Advisory Committee. Beginning with the Subscribers' Advisory Committee elected by the subscribers in 2006, the Subscribers' Advisory Committee shall consist of no less than seven (7) and no more than fifteen (15) persons (the "Subscribers' Advisory Committee Members"). Not less than two-thirds of the members of the Subscribers' Advisory Committee must be subscribers who are insured pursuant to policies issued by Company and elected by the subscribers pursuant to Section 3.3. Not more than one-third of the Subscribers' Advisory Committee Members shall be executives from the Attorney-in-Fact and shall be appointed by the Attorney-In-Fact ("AIF Subscribers' Advisory Committee Members").

Section 3.3. Election; Term Limits. The initial Subscribers' Advisory Committee shall be divided into three classes. The term of two (2) Subscribers' Advisory Committee Members shall expire at the first annual meeting in 2007, the term of two (2) Subscribers' Advisory Committee Members will expire at the annual meeting in 2008, and the term of the remaining initial Subscribers' Advisory Committee Member(s) will expire at the annual meeting in 2009. At each annual meeting of the subscribers thereafter, a number of Subscribers' Advisory Committee Members equal to the number of the class whose term expires at the time of such meeting shall be elected by the subscribers. Except for the AIF Subscribers' Advisory Committee Members, a Subscribers' Advisory Committee Member may serve for a maximum of three (3) consecutive full three (3) year terms, and then will be once more eligible for election to the Subscribers' Advisory Committee after absence from the Subscribers' Advisory Committee for three (3) years.

Section 3.4. Quorum and Voting. A majority of the total number of Subscribers' Advisory Committee Members then in office shall constitute a quorum for the transaction of business. The vote of the majority of the Subscribers' Advisory Committee Members present at

a meeting at which a quorum is present shall be the act of the Subscribers' Advisory Committee except as these Governance Rules may otherwise require.

Section 3.5. Resignation. Any Subscribers' Advisory Committee Member may resign at any time upon delivery of his resignation in writing to the Chairman of the Subscribers' Advisory Committee. Such resignation shall be effective at the date set forth in the notice, and if there is none, then upon receipt.

Section 3.6. Telephone Meetings and Written Consents. Any action required to be taken at a meeting of the Subscribers' Advisory Committee, or any action that may be taken at a meeting of the Subscribers' Advisory Committee, may be taken without a meeting if all members of the Subscribers' Advisory Committee consent to such action in writing. Any action required or permitted to be taken at any meeting of the Subscribers' Advisory Committee may be taken by telephone conference call between at least a quorum of the Subscribers' Advisory Committee Members after notice to all Subscribers' Advisory Committee Members given pursuant to Section 3.7.

Section 3.7. Place, Time and Notice of Meetings. The Subscribers' Advisory Committee Members may hold their meeting in such place or places, within and without the State of Nevada, as the Subscribers' Advisory Committee may determine from time to time. Regular meetings may be scheduled by the Subscribers' Advisory Committee without further notice other than the action of the Subscribers' Advisory Committee setting the date, time and place of the meeting. Special meetings shall be held at the call of the Chairman, the Attorney-in-Fact or any two (2) Subscribers' Advisory Committee Members. Notice of the date, time and place of special meetings shall be given to each Subscribers' Advisory Committee Member at least two (2) days prior to the meeting.

Section 3.8. Chairman of the Board. The Chairman of the Subscribers' Advisory Committee, or his/her designee who is a member of the Subscribers' Advisory Committee, shall preside at all meetings of the Subscribers' Advisory Committee.

Section 3.9. Removal of Subscribers' Advisory Committee Members. Any Subscribers' Advisory Committee Member may be removed with or without cause by a vote of three-fourths (3/4) of the remaining Subscribers' Advisory Committee Members, at a special meeting called for such purpose.

Section 3.10. Vacancies. If any vacancies occur on the Subscribers' Advisory Committee by reason of death, disability, resignation, retirement, or removal, or as a result of an increase in the number of Subscribers' Advisory Committee Members, all the Subscribers' Advisory Committee Members then in office, although less than a quorum, may by majority vote choose new Subscribers' Advisory Committee Member(s) to fill such vacancy or vacancies.

ARTICLE IV

OFFICERS

Section 4.1. Officers. The officers of Company shall consist of a President, one or more Vice Presidents, a Treasurer, and a Secretary. Officers shall be elected annually, at the

first Subscribers' Advisory Committee meeting after the annual meeting of subscribers. Each officer shall be a Subscribers' Advisory Committee Member and shall hold his/her office until his/her successor is elected and qualified or until his/her earlier death, resignation or removal. Any officer may resign at any time upon delivering his/her resignation in writing to the Secretary or to the Subscribers' Advisory Committee. Such resignation shall be effective upon receipt unless otherwise specified to be effective at some other time. Any officer elected by the Subscribers' Advisory Committee may be removed at any time for cause or without cause by majority vote of the whole Subscribers' Advisory Committee taken at a meeting duly called and held. Neither notice nor a hearing need be given to any officer proposed to be so removed. Any vacancy occurring in any office by reason of death, resignation, removal of an officer or otherwise, shall be filled by the Chairman of the Subscribers' Advisory Committee, and an officer so chosen shall hold office until the next election for that office, or until earlier death, resignation or removal.

Section 4.2. President. It shall be the duty of the President to perform all of the duties and possess all of the powers incident to his/her office or delegated to him/her by the Subscribers' Advisory Committee, or which are or may at any time be required by statute or these Governance Rules.

Section 4.3. Vice President. The Vice President or Vice Presidents, in the order of their seniority, shall have all the powers and perform all the duties of the President in the absence or incapacity of the President. The Vice President(s) shall also perform such other duties as may be assigned from time to time by the Subscribers' Advisory Committee.

Section 4.4. Treasurer. The Treasurer shall have such powers and perform such duties as may be prescribed by the Subscribers' Advisory Committee and by these Governance Rules.

Section 4.5. Secretary. The Secretary shall keep or cause to be kept a book of minutes of all meetings of the Subscribers' Advisory Committee and subscribers, with the time and place of holding, whether annual, regular or special, and if special how authorized, the notice thereof given, the names of those present and the proceedings thereof. The Secretary shall give or cause to be given notice of all the meetings of the Subscribers' Advisory Committee and subscribers required by these Governance Rules or by law to be given, and have such other powers and perform such other duties as may be prescribed by the Subscribers' Advisory Committee and by these Governance Rules.

ARTICLE V

COMMITTEES

Section 5.1. Committees. The Subscribers' Advisory Committee may establish one or more committees as the Subscribers' Advisory Committee may see fit. The Subscribers' Advisory Committee shall fix the duties and responsibilities of any such committee, and shall have the power to appoint and remove members of such committees.

Section 5.2. Committee Rules. Each committee may make such rules and regulations as the Subscribers' Advisory Committee may approve and as the committee may

deem proper for its own governance and for the transaction of its business (including but not limited to, rules with respect to call or notice of meetings, and the number necessary to constitute a quorum). Except as otherwise provided by the committee's rules and regulations, committee business shall be conducted in the same manner as provided by these Governance Rules for the conduct of the business of the Subscribers' Advisory Committee.

ARTICLE VI

INDEMNIFICATION AND INSURANCE

Section 6.1. Indemnification and Non-Liability. Company shall indemnify its Subscribers' Advisory Committee Members, officers and employees to the full extent permitted by applicable law against expenses (including attorneys' fees) incurred in connection with the defense or disposition of any action, suit or proceeding, and judgments, fines and amounts paid in settlement thereof, if the Subscribers' Advisory Committee Member, officer or employee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Company, except that the Company may not indemnify a Subscribers' Advisory Committee Member, officer or employee with respect to an action in which the Subscribers' Advisory Committee Member, officer or employee was adjudged liable to the Company or with respect to a proceeding charging improper personal benefit to the Subscribers' Advisory Committee Member, officer or employee in which he was adjudged liable on the basis that personal benefit was improperly received by him. No Subscribers' Advisory Committee Member of the Company shall be personally liable to the Company or to the subscribers for monetary damages for breach of fiduciary duty as a Subscribers' Advisory Committee Member except for breach of the Subscribers' Advisory Committee Member's duty of loyalty to the Company or to the subscribers, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or any transaction from which the Subscribers' Advisory Committee Member derived an improper personal benefit.

Section 6.2. Payment in Advance. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by Company in advance of the final disposition of such action, suit or proceeding as authorized by the Subscribers' Advisory Committee in the specific case upon receipt of an undertaking by or on behalf of the Subscribers' Advisory Committee Member or other potential indemnitee to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by Company as authorized in this Article VI.

Section 6.3. Non-exclusivity. The indemnification provided by this Article VI shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Governance Rule, agreement, vote of the subscribers or disinterested Subscribers' Advisory Committee Members or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a Subscribers' Advisory Committee Member or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 6.4. Insurance. Company shall have power to purchase and maintain insurance on behalf of any person who is or was a Subscribers' Advisory Committee Member or

officer of Company against any liability against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not Company would have the power to indemnify him or her against such liability under the provisions of this Article VI.

Section 6.5. Savings Clause. If Sections 6.1 through 6.4 of this Article VI or any portion thereof shall be invalidated on any ground by any court of competent jurisdiction, then Company shall nevertheless indemnify each person entitled to indemnification as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of Company, to the full extent permitted by any applicable portion of these Governance Rules that shall not have been invalidated and to the full extent permitted by applicable law. To the full extent permitted by law, Company may enter into and perform agreements with persons, including, without limitation, present and former Subscribers' Advisory Committee Members, officers, and employees of Company and of companies acquired by or merged with Company, obligating Company, among other things, to provide indemnification and advancement of costs, charges and expenses to such persons in addition to any indemnification or advancement which may be available to such person under Sections 6.1 through 6.4 of this Article VI.

Section 6.6. Indemnification for Costs, Charges and Expenses of Successful Party. Notwithstanding the other provisions of this Article VI, to the extent that a Subscribers' Advisory Committee Member or officer of Company has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any action, suit or proceeding referred to above, or in defense of any claim, issue or matter therein, he or she shall be indemnified against all costs, charges and expenses (including attorneys' fees) actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

ARTICLE VII

DISTRIBUTIONS

7.1. Dividends. The Subscribers' Advisory Committee shall have the authority, in its sole discretion, to declare and pay dividends and make other distributions to Subscribers; provided however, that such dividends or distributions shall be made in accordance with any allocation methodologies adopted by the Subscribers' Advisory Committee, including any dividend eligibility requirements, and shall further be subject to any required regulatory approval.

7.2. Liquidation and Dissolution. Upon adoption of a Plan of Liquidation and Dissolution by the subscribers of Company in accordance with applicable law, the Subscribers' Advisory Committee shall terminate and wind up the business and affairs of Company, in which event the assets of Company, after the payment of or provision for all liabilities, obligations, and expenses of Company, that are available for distribution to the subscribers shall be allocated among the subscribers and distributed to them based on a formula approved by the Subscribers' Advisory Committee, and subject to any required regulatory approval and other requirements of Nevada law.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. Fiscal Year. Except as from time to time determined by the Attorney-in-Fact, the fiscal year of Company shall end on the last day of each calendar year.

Section 8.2. Principal Place of Business. The principal place of business of Company shall be maintained in Nevada. The financial records of Company shall be kept at the principal place of business of Company.

Section 8.3. Dispute Resolution. Any dispute arising out of or by virtue of these Governance Rules or any other dispute involving a subscriber and Company or the Attorney-in-Fact shall first be submitted to the Attorney-in-Fact for resolution. If the Attorney-in-Fact and all parties agree that arbitration of the dispute is appropriate, or if the dispute is not otherwise promptly and amicably resolved, it shall be submitted to binding arbitration conducted in accordance with the rules of the American Arbitration Association, except that the arbitrator need not be on the panel of AAA and the arbitration need not be administered by the AAA. The parties shall agree on the selection of the arbitrator. If the parties cannot agree on the selection of the arbitrator, each side shall choose an arbitrator and the two arbitrators selected shall select a third arbitrator and all three arbitrators shall conduct the arbitration. Such arbitration shall take place in Las Vegas, Nevada, and Nevada law will govern all issues. The determination of the arbitrator(s) shall be conclusive and binding upon the parties, and any determination by the arbitrator(s) of an award may be filed with the clerk of a court of competent jurisdiction as a final adjudication of the claim involved, or application may be made to such court for judicial acceptance of the award and an order of enforcement, as the case may be. The arbitrator(s) shall determine the party to bear the expenses of the arbitrator(s) or the respective amounts of such expense to be borne by each party.

The Attorney-in-Fact for Company and its Subscribers' Advisory Committee Members and officers, and the subscribers to Company understand that these Governance Rules contain an agreement to arbitrate. After adoption of these Governance Rules, the Attorney-in-Fact, Company and its Subscribers' Advisory Committee Members, officers, and the subscribers to Company understand that none of them will be able to bring a lawsuit concerning any dispute that may arise which is covered by the arbitration agreement, unless it involves a question of constitutional or civil rights. Instead, the Attorney-in-Fact, Company and its Subscribers' Advisory Committee Members, officers, and the subscribers to Company agree to submit any such dispute to an impartial arbitrator or arbitrators.

Section 8.4. Amendments. These Governance Rules may be amended by the vote of three-fourths (3/4) of the Subscribers' Advisory Committee Members then in office.