Compensation Agreement

Morehead Memorial Hospital Inc. & Arthur J. Gallagher Risk Management Services, Inc.

THIS COMPENSATION AGREEMENT is made and entered into and effective the first day of June, 2017 ("Effective Date") by and between Morehead, a North Carolina corporation ("Client"), and ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC., an Illinois corporation ("Gallagher").

I. TERM AND TERMINATION

This Agreement shall commence on the Effective Date for a term of one (1) year and shall automatically renew on the first anniversary of the Effective Date and annually thereafter for additional one- (1) year terms but may be terminated by either party at any time upon thirty (30) days prior written notice.

II. OBLIGATIONS OF GALLAGHER

Gallagher will provide the services set out on Exhibit A attached hereto (collectively, the "Services") to Client. If the Services include the placement of insurance coverages, Gallagher will use its commercial best efforts to secure such insurance coverages on Client's behalf. In the event an insurance company cancels or refuses to place such insurance coverages, Gallagher will use its commercial best efforts to obtain the coverage from another insurance company.

III. OBLIGATIONS OF CLIENT

Client shall remunerate Gallagher its usual and customary brokerage commission for the Services. In addition to or in lieu of commission, Client shall pay Gallagher an annual fee of $86,000 for the Services, which such fee may be revised at the time of renewal of this Agreement by the execution of an amendment to this Agreement signed by the parties hereto. If work is required to be performed in addition to the Services, Client agrees to compensate Gallagher for such additional work at its usual and customary rates. So long as the terms and conditions of the Services are substantially similar and Gallagher's performance is acceptable, in subsequent years the annual fee shall be increased 0% over the prior year, and shall be payable and earned as provided herein.

IV. DISCLOSURES

A. In addition to such fees and commissions provided herein, Gallagher may also receive investment income on fiduciary funds temporarily held by it, such as premiums or return premiums. Other parties, such as excess and surplus lines brokers, wholesalers, reinsurance Intermediaries, underwriting managers, captive managers and similar parties, some of which may be owned in whole or in part by Gallagher's corporate parent, may earn and retain usual and customary commissions and fees in the course of providing insurance products to clients. Gallagher may also participate in contingent and supplemental commission arrangements with insurance companies. Contingent commission arrangements provide for additional contingent compensation if underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company, not on an individual policy basis. Supplemental commissions, unlike contingents, are known at the effective date of the policy, but are typically paid later and apart from when usual and customary commission is paid. Any such fees or commission will not constitute compensation to Gallagher under Section III above.
B. Gallagher's fees under this Agreement shall be earned on the Effective Date (and any renewal thereof), and payable on invoicing. Client is responsible for payment of premiums for all insurance placed by Gallagher on its behalf. If any amount is not paid in full when due, including premium payments to insurance companies, that nonpayment will constitute a material breach of this Agreement that will allow Gallagher to immediately terminate this Agreement, at its option, without notice to Client. In addition, and not in lieu of the right to terminate, Gallagher reserves the right to apply return premiums or any other payment up to $5,000 received by Gallagher on Client's behalf to any amounts owed by Client to Gallagher unless such return premiums or other payments are disputed by Client.

C. Where applicable, insurance coverage placements which Gallagher makes on Client's behalf, may require the payment of federal excise taxes, surplus lines, stamping or other fees, to the Internal Revenue Service (federal), various state(s) departments of revenue, state regulators, boards or associations. In such cases, Client is responsible for the payment of such taxes and/or fees, which will be identified separately by Gallagher on invoices covering these placements. Under no circumstances will these taxes or other related fees or charges be offset against the amount of Gallagher’s brokerage fees or commissions referred to herein.

D. Gallagher will not be operating in a fiduciary capacity, but only as Client's broker, obtaining a variety of coverage terms and conditions to protect the risks of Client's enterprise. Gallagher will seek to bind those coverages based upon Client's authorization, however, Gallagher can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact Gallagher with questions on these or any other issues of concern.

V. LIMITATION OF LIABILITY

Gallagher's liability to Client, arising from any negligent acts or omissions of Gallagher, whether related to the Services provided hereunder or not, shall not exceed $20 million in the aggregate. Without limiting the foregoing, Gallagher shall only be liable for actual damages incurred by Client, and shall not be liable for any Indirect, consequential or punitive damages.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written above.

ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.

By: [Signature]

Name: William A. Iager

Title: Area President

Morehead Memorial Hospital, Inc.

By: [Signature]

Name: Dana M. Weston

Title: President & CEO
EXHIBIT A

The following outlines services provided by Gallagher over the term of this Agreement:

- Use its best efforts to secure the following lines of insurance coverage on Client’s behalf:
  - Professional Liability
  - General Liability
  - Umbrella
  - Pollution Liability
  - Cyber Liability
  - Directors & Officers Insurance
  - Business Auto
  - Property
  - Crime (Wrap)
  - Resident Bond

- Consult with Morehead Memorial Hospital, Inc. to formulate a marketing strategy that focuses on delivering a cost-effective risk management strategy and structure based upon current market conditions.

- Work with Morehead Memorial Hospital, Inc. to produce comprehensive underwriting data and criteria for insurance carrier negotiations.

- Formally present coverage submissions to agreed upon insurance carrier(s) and negotiate terms on behalf of Morehead Memorial Hospital, Inc.

- Summarize the results of executing the marketing strategy developed with Morehead Memorial Hospital, Inc. and communicate program recommendations.

- Provide consultation to Morehead Memorial Hospital, Inc. on exposures, existing coverage, and the desirability and/or feasibility of potential program changes when recommended by Gallagher or when requested by the client.

- Request change endorsements, when requested by the client or when otherwise necessary, ensuring accuracy and delivery in a timely manner.

- Administration of insurance program, including policy review and issuance, invoicing, coordination and/or issuance of required documentation, i.e., automobile identification cards, certificates of insurance, and other program administration, as required by the client.

- Review accounting and billing data received from insurance markets on client’s behalf to ensure accuracy.