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April 14, 2015

Via FedEx

Warren Meyer, President
Recreation Resource Management, Inc.
11811 North Tatum Boulevard
Phoenix, Arizona 85028

RE: Applied Underwriters, Inc.

Dear Mr. Meyer:

Recreation Resource Management, Inc. ("RRM") currently participates in Applied Underwriters, Inc.'s ("AUI") EquityComp® program.

In that connection, AUI recently viewed a blog from you on Yelp referring to EquityComp® as a "scam" and posting this on April 8, 2015 at 9:07 a.m.:

Well I have managed to get myself into a scam. It is not your normal scam, like the ones that are run by some mafia boiler room with guys working under aliases. The scam comes via a major insurance company called Applied Underwriters (working under names California Insurance Company and Continental Indemnity Company) which is owned by Berkshire Hathaway and none other than Warren Buffett.

By describing AUI's program as a scam, you have engaged in Libel Per Se and defamed AUI exposing yourself to significant monetary damages. This correspondence is formal demand that you immediately and unconditionally retract your comment made on Yelp and provide me with a copy of that retraction along with a certification that it has been placed on Yelp. In the event you fail to make the requested retraction within three (3) days of your receipt of this correspondence, AUI will take the necessary steps to protect its rights including, but not limited to filing an action for libel in Arizona.

RRM agreed to participate in AUI's EquityComp® program via an EquityComp® Proposal, No. 184489-1, issued on May 31, 2013 and with a proposed effective date on May 27, 2013. RRM accepted the Proposal by execution of a Request To Bind Coverages & Services by Kelly B. Moffitt and which includes the following language:

The initial term of the Agreements will be for three (3) years, beginning on the Proposed Effective Date. Additional fees apply in the event of early cancellation. Applicant along with Applicant's insurance agent was offered for review a Workers' Compensation Program Summary and Scenarios worksheet (the "Summary") and was offered the opportunity to participate in a conference call with Applied's technical representatives to answer any questions about the Proposal and Summary. Applicant understands the Proposal and has had sufficient time to review all of the terms, conditions and stipulations regarding the Proposal with Applicant's advisers including Applicant's insurance agent. Any and all questions concerning the Proposal have been answered to Applicant's full satisfaction. Applicant accepts the Proposal including all of its terms, conditions and stipulations.

In addition, RRM executed a Reinsurance Participation Agreement with Applied Underwriters Captive Risk Assurance Company, Inc. to effect the risk sharing component of EquityComp®.

In accordance with the Proposal, California Insurance Company, rated Best A+, issued its Workers' Compensation and Employer's Liability Insurance Policy No. 73-871530-01-01 with a policy period of May 27, 2013 to May 27, 2014 to RRM for coverage in Arizona, California and Texas and renewed for the period of May 27, 2014 to May 27, 2015 and Continental Indemnity Company rated Best A+, issued its Workers' Compensation and Employer's Liability Insurance Policy No. 73-871530-01-02, with a policy period of May 27, 2013 to May 27, 2014 for Alabama, Florida, Michigan, Minnesota, New Mexico, Texas and Wisconsin and renewed for the period of May 27, 2014 to May 27, 2015. These policies fully satisfy RRM's obligation to maintain workers' compensation insurance for its employees in each of the listed states.

During the policy period for each of the subject policies, a total of eight (8) claims have been presented to CIC/CNI for injuries to RRM employees and each of those claims has been properly adjusted.

Moreover, your EquityComp® plan is working exactly as it is designed. Your most recent EquityComp® Plan Analysis confirms the foregoing. On the front page of the Plan Analysis, it provides you with a toll free number to Lindsay K. Borg, your account manager for any questions about your EquityComp® program.

Warren Meyer
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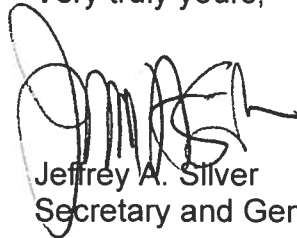
EquityComp® clients who have paid their EquityComp® bills have received profit sharing distributions under the RPA. As a result, AUI has a tremendous client retention rate.

We have addressed the inaccuracies and misstatements in the Shasta Linen article which you also refer to in your blog and remain confident that AUI's position will be upheld when that matter is finally resolved.

Under the circumstances, it would indeed be unfortunate to be involved with litigation with a current client. However AUI's reputation for integrity and performance under its EquityComp® product is far too valuable to allow it to be referred to as a "scam" without taking action to address that falsehood.

Let me know how you wish to proceed.

Very truly yours,

A handwritten signature in black ink, appearing to read 'JAS', with a large, stylized flourish on the left side.

Jeffrey A. Silver
Secretary and General Counsel

JAS/ld

CC: File