

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

In re Ablest, Inc., et al.

Case No. 14-10717 (KJC)

## INITIAL MONTHLY OPERATING REPORT

File report and attachments with Court and submit copy to United States Trustee within 15 days after order for relief.

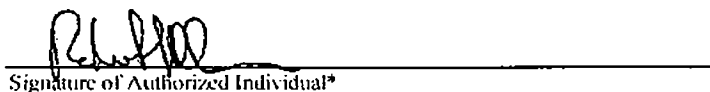
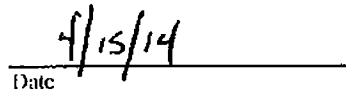
*Certificates of insurance must name United States Trustee as a party to be notified in the event of policy cancellation. Bank accounts and checks must bear the name of the debtor, the case number, and the designation "Debtor in Possession." Examples of acceptable evidence of Debtor in Possession Bank accounts include voided checks, copy of bank deposit agreement/certificate of authority, signature card, and/or corporate checking resolution.*

REQUIRED DOCUMENTS	Document Attached	Explanation Attached
12-Month Cash Flow Projection (Form IR-1)	Exhibit 1	Exhibit C in Disclosure Statement
Certificates of Insurance:	Exhibit 2	Insurance Certificates with UST
Workers Compensation	Exhibit 3	Insurance Binders
Property	"	"
General Liability	"	"
Vehicle	"	"
Other:	"	"
Identify areas of self-insurance w/liability caps	"	"
Evidence of Debtor in Possession Bank Accounts	Exhibit 4	Cash Motion
Tax Escrow Account	"	"
General Operating Account	"	"
Money Market Account pursuant to Local Rule 4001-3. Refer to <a href="http://www.deb.uscourts.gov/">http://www.deb.uscourts.gov/</a>	"	"
Other:	"	"
Retainers Paid (Form IR-2)	Exhibit 5	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

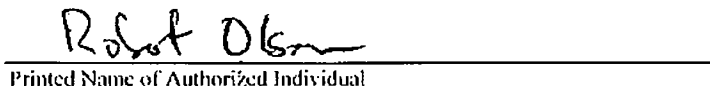
Signature of Debtor

Date

Signature of Authorized Individual\*

Date




\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.



EXHIBIT C

THE REORGANIZED DEBTORS' FINANCIAL PROJECTIONS

**Ablest Inc., et al**  
**DISCLOSURE STATEMENT**  
**EXHIBIT C**

**THE REORGANIZED DEBTORS' FINANCIAL PROJECTIONS**

## EXHIBIT C

### THE REORGANIZED DEBTORS' FINANCIAL PROJECTIONS

#### *Projected Financial Information*

The Debtors believe that the Plan meets the Bankruptcy Code's requirements that the Plan confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors or any successor under the Plan. In connection with the development of the Plan, and for the purposes of determining whether the Plan satisfies this feasibility standard, the Debtors analyzed their ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources. In this regard, the management of the Debtors developed and refined the Business Plan and prepared consolidated financial projections (the "*Projections*") for the years ending December 28, 2014 through December 30, 2018 (the "*Projection Period*"). The Projections have been prepared on a consolidated basis consistent with the Company's financial reporting practices and include all Debtor entities, and, upon emergence from Chapter 11, Decca Consulting, Inc., Decca Consulting Ltd, Resdin Industries, Inc. and Vaughan Business Solutions, Inc. (collectively, "DRV").

The Debtors do not, as a matter of course, make public projections of their anticipated financial position or results of operations. Accordingly, the Debtors do not anticipate that they will, and disclaim any obligation to, furnish updated business plans or projections to holders of Claims or Interests after the Confirmation Date, or to include such information in documents required to be filed with the Securities and Exchange Commission or otherwise make such information public.

ALTHOUGH EVERY EFFORT WAS MADE TO BE ACCURATE, THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS ("*AICPA*") OR IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN THE UNITED STATES ("*U.S. GAAP*"), THE FINANCIAL ACCOUNTINGS STANDARDS BOARD ("*FASB*"), OR THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION REGARDING PROJECTIONS. FURTHERMORE, NEITHER THE DEBTORS' INDEPENDENT AUDITORS, NOR ANY OTHER INDEPENDENT ACCOUNTANTS, HAVE COMPILED, EXAMINED, OR PERFORMED ANY PROCEDURES WITH RESPECT TO THE PROJECTIONS CONTAINED HEREIN, NOR HAVE THEY EXPRESSED ANY OPINION OR ANY OTHER FORM OF ASSURANCE ON SUCH INFORMATION OR ITS ACHIEVABILITY, AND ASSUME NO RESPONSIBILITY FOR, AND DISCLAIM ANY ASSOCIATION WITH, THE PROSPECTIVE FINANCIAL INFORMATION. WHILE PRESENTED WITH NUMERICAL SPECIFICITY, THE PROJECTIONS ARE BASED ON A VARIETY OF ASSUMPTIONS, WHICH MAY NOT BE REALIZED, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, WHICH ARE BEYOND THE CONTROL OF THE DEBTORS. CONSEQUENTLY, THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY ANY OF THE DEBTORS, OR ANY OTHER



PERSON, THAT THE PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE PRESENTED IN THE PROJECTIONS. HOLDERS OF CLAIMS AND INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS IN REACHING THEIR DETERMINATIONS OF WHETHER TO ACCEPT OR REJECT THE PLAN. NEITHER THE DEBTORS' INDEPENDENT AUDITORS NOR THEIR FINANCIAL ADVISORS HAVE EXPRESSED AN OPINION ON OR MADE ANY REPRESENTATION REGARDING THE ACHIEVABILITY OF THE FINANCIAL PROJECTIONS.

**SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:** These Projected Financial Statements contain statements which constitute "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended by the private Securities Litigation Reform Act of 1995. "Forward-looking statements" in these Projected Financial Statements include the intent, belief or current expectations of the Debtors and members of their management team with respect to the timing of, completion of and scope of the current restructuring, reorganization plan, strategic business plan, bank financing, and debt and equity market conditions and the Debtors' future liquidity, as well as the assumptions upon which such statements are based. While management believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, holders of claims and prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance, and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Important factors currently known to management that could cause actual results to differ materially from those contemplated by the forward-looking statements in the Projected Financial Statements include, but are not limited to, those risks and uncertainties set forth in the section of the Offering Memorandum and Disclosure Statement entitled "RISK FACTORS" and other adverse developments with respect to the Debtors' liquidity position or operations of the various businesses of the Reorganized Debtors, adverse developments in the bank financing market or public or private markets for debt or equity securities, or adverse developments in the timing or results of the Debtors' current strategic business plan (including the current timeline to emerge from Chapter 11) and the possible negative effects that could result from potential economic and political factors around the world in the various foreign markets in which the Reorganized Debtors operate.

### ***Summary of Significant Assumptions***

The projections were developed by management and are based upon: a) current and projected market conditions in each of the Debtors' respective markets; b) the contribution of DRV pursuant to the Plan of Reorganization; c) no other material acquisitions or divestitures; d) emergence from Chapter 11 at or around May 25, 2014 under the terms contemplated in the Plan ("Emergence"); and e) the ability to close on exit financing at rates similar to those described in the notes to the Projections. Consistent with the Debtors' financial reporting, the Projections are consolidated and in U.S. dollars.

The Projections presented herein show the combined results of the Debtors and DRV.

The projected consolidated financial statements set forth below have been prepared based on an assumed Effective Date of May 25, 2014. Although the Debtors presently intend to seek to cause the Effective Date to occur as soon as practicable, there can be no assurance as to when the Effective Date actually will occur.

*Note about Fresh Start Accounting*

The foregoing assumptions and resulting computations were made solely for purposes of preparing the Projections. The FASB has issued Accounting Standards Codification (“ASC”) Topic 852 Reorganizations (“FASB ASC 852”). The Reorganized Debtors will be required to determine the amount by which their reorganization value as of the Effective Date exceeds, or is less than, the fair value of their assets as of the Effective Date. Such determination will be based upon the fair values as of that time, which could be materially higher or lower than the values assumed in the foregoing computations and may be based on, among other things, a different methodology with respect to the valuation of Reorganized Debtors’ reorganization value. In all events, such valuation, as well as the determination of the fair value of Reorganized Debtors’ assets and the determination of their actual liabilities, will be made as of the Effective Date, and the changes between the amounts of any or all of the foregoing items as assumed in the Projections and the actual amounts thereof as of the Effective Date may be material.

The Projections have been prepared to reflect a simplified “fresh-start” presentation, assuming an Effective Date of May, 2014. The Projections reflect an upward adjustment to goodwill and other intangible assets of \$271 million, accounting for the reorganization value of assets and liabilities in excess of amounts allocable to identifiable assets based on the midpoint of the estimated reorganization equity value of approximately \$380 million, see Article III(N)(4), entitled “SUMMARY OF THE PLAN—Summary Results of Valuation Analysis.”

*Significant Assumptions*

**Net Sales:** The Reorganized Debtors’ net sales projections are based on an analysis of the business prospects prepared by management. The Debtors used accepted industry research and their own expertise to form their opinions on the industry outlook. The Debtors’ sales forecast is driven by full time employee growth and pricing assumptions within Commercial<sup>1</sup>, Specialty<sup>2</sup>, and Licensee<sup>3</sup> business lines, consultant placement growth and pricing assumptions within the DRV business line; smaller business lines are driven by year over year growth.

The Projections for 2014 through 2018 assume annual growth rates for Commercial, Licensee, Specialty and Other as follows:

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<sup>1</sup> Commercial consists of light industrial and office/clerical sales from Debtors’ owned branches.

<sup>2</sup> Specialty consists primarily of IT, finance and accounting sales from Debtors’ owned branches.

<sup>3</sup> Licensee consists of sales from Debtors’ licensee branches.

Revenue Category (%)	2014	2015	2016	2017	2018
Commercial	(5.1)	3.2	4.1	4.8	4.1
Specialty	(3.6)	4.8	5.6	6.4	5.6
Licensees	(5.9)	3.2	4.1	4.7	4.2
DRV	23.3	16.5	15.5	5.0	5.0
Other	(13.8)	4.1	4.5	4.4	7.1

**Cost of Sales and Selling, General and Administrative Expenses (COS / SG&A):**

**COS:** The most significant portion of COS expenditures are Associate Wages<sup>4</sup> and related taxes. For the Debtors, Associate Wages and related taxes represent an estimated 96.0% of COS in 2014. The Projections estimate Debtors' Associate Wages based on a percentage of Company and Licensee sales. For 2014, the Debtors' Associate Wages are projected to be 73.95% of Company and Licensee sales. The 2015-2018 Projections assume a slight, gradual margin improvement to 73.75% over the forecast horizon. DRV's Cost of Sales (primarily consultant day rates) is forecasted to be approximately 92.1% of DRV's sales. Payroll taxes are calculated as a percentage of Associate Wages.

In addition to Associate Wages and related taxes, workers compensation comprises an estimated 3.0% of projected 2014 COS for the Debtors. The Projections assumes workers compensation expense is 3.57% of Debtors' Associate Wages in FY 2014 and is increased by 2% per annum thereafter (e.g. to 3.64% in FY 2015).

**SG&A:** SG&A expense represents expenses incurred for corporate/regional/field wages, margin to licensees, rent, telephone and utilities, insurance, depreciation and amortization and miscellaneous other expenses. SG&A expense and other costs are generally assumed to increase at the rate of sales or inflationary levels throughout the Projection Period. As a percentage of net sales, SG&A (excluding Licensee Margin, Depreciation & Amortization) is as follows:

SG&A % of Sales	2014	2015	2016	2017	2018
Ablest et al	8.0	7.9	7.8	7.8	7.7
DRV	3.3	3.1	2.9	2.8	2.8
Total	7.7	7.5	7.4	7.3	7.3

**Depreciation and Amortization:** Depreciation and amortization expenses ("D&A") are comprised of recurring depreciation expense using accelerated or straight line depreciation methods for fixed assets employed during the projection period. D&A also includes the amortization of intangible assets, which, beginning in the first quarter following the Effective Date, are impacted by adjustments recorded in conjunction with the implementation of Fresh Start accounting.

**Restructuring Expense And Non-Recurring Expense:** Other unusual/non-recurring items primarily related to consulting and legal fees related to workers compensation.

<sup>4</sup> Associate Wages are wages paid to employees whose time is billed to customers.

**Interest Expense:** Interest expense is based upon projected debt levels and applicable interest rates, as outlined in the Debt Structure section below. Interest expense also includes the non-cash amortization of certain transaction fees associated with Emergence and the DIP facility.

**Other Non-Operating Income/Expense:** Other non-operating income/expense is primarily comprised of cancellation of debt (“COD”) income resulting from the settlement of the Debtors’ pre-petition debt balances at the Effective Date. Late fees on overdue invoices are also included.

**Income Tax Expense:** For the Projections, the Debtor has estimated its post-Emergence effective tax rates as a C corporation, after giving effect to the transactions contemplated in the Plan of Reorganization, and after utilizing available net operating losses and expected tax credits, which are assumed to be available through the Projection period. The Debtors’ forecast that they will begin paying cash taxes upon Emergence in 2014.

(%)	Partial Year 2014	2015	2016	2017	2018
Effective Tax Rate	13.4	11.8	13.3	13.7	13.7

**Debt Structure:** Upon Emergence, the Debtors’ long-term debt structure is expected to include the New Asset-Based Revolving Credit Facility component of the Exit Financing (with up to a \$120 million commitment, undrawn at Emergence, and with the entirety of the letter of credit subfacility utilized in support of \$60 million in letters of credit issued concurrent with Emergence) and the First Lien Term Loan component of the Exit Financing (with an outstanding principal amount of \$350 million). Approximately \$0.4 million of subordinated seller notes are expected to be reinstated. While declining, the debt remains outstanding throughout the Projection Period. Free cash flow is assumed to pay down the New Revolving Loan Facility and the First Lien Term Loan is amortized at 1% per annum prior to maturity. Debt at DRV is anticipated to be approximately \$15 million as of May 25, 2014, and will be paid off at Emergence.

**Capital Expenditures:** Capital expenditures were derived based upon anticipated requirements emanating from the Debtors’ revenue plan, facilities maintenance, and restructuring activities. Capital expenditures are forecasted at \$6.0 million in 2014 and \$9.7 million in 2015. Capital expenditures are forecasted at \$2.9 million for 2016 and growing 2.8% per annum thereafter. DRV has no material capital expenditures.

The “SOURCES AND USES,” set forth below, presents the estimated sources and uses of funds for the Restructuring Transactions. The actual amounts are subject to adjustment and may differ at the time of the consummation of the Restructuring Transactions, depending on several factors, including differences in estimated transaction fees and expenses, differences between actual and projected operating results and any differences in the contemplated debt financings when consummated.

**ABLEST, INC., DRV ET AL**  
**SOURCES AND USES**  
**MAY 25, 2014**  
**(UNAUDITED)**  
**(DOLLARS IN MILLIONS)**

<b>SOURCES (1)</b>		<b>USES (1)</b>	
Cash on Balance Sheet (2)	\$ 19.6	Estimated SCIF Settlement	\$ 22.4
Cash Collateral Release (3)	45.8	Estimated Deferred Payroll Related Obligations	138.5
New ABL Revolver (4)	-	Estimated Financing Fees & Expenses	15.0
New Debt	350.0	Estimated Professional Fees	20.7
New Equity	225.0	Estimated Plane Liability Payoff	11.0
		Accounts Payable & Seller Note	5.9
		Repayment of DIP Loan	35.0
		Repayment to First Lien	365.0
		Repayment to Second Lien	12.0
		Repayment of DRV Debt	14.8
<b>Total</b>	<b>\$ 640.4</b>	<b>Total</b>	<b>\$ 640.4</b>

(1) Cash items only.

(2) Estimated cash on hand prior to Emergence: \$19.8 million. Estimated cash on hand after Emergence: \$0.4 million (including \$0.2 million expected cash on hand at DRV).

(3) \$45.8 million in letters of credit are to be issued to the Debtors' primary workers compensation insurer, resulting in the release of an equal amount of cash collateral currently on deposit.

(4) \$120 million facility; \$60 million of LCs assumed to be issued and undrawn, reducing ABL Revolver availability.

The projected consolidated balance sheet as of May 25, 2014, set forth below, presents: (a) the projected consolidated financial position of the Debtors as of May 25, 2014, prior to the consummation of the transactions contemplated in the Prepackaged Plan; (b) the pro forma adjustments to such projected consolidated financial position required to reflect consummation of the transactions contemplated by the Prepackaged Plan (“Emergence Adjustments”); and, (c) the pro forma projected consolidated financial position of Reorganized Debtors as of May 25, 2014, after giving effect to (a) the Emergence Adjustments and (b) the contribution of DRV. The Emergence Adjustments set forth in the columns captioned “Recapitalization Adjustments” and “Fresh-Start” reflect the anticipated effects of the consummation of the transactions contemplated by the Prepackaged Plan. The various Balance Sheet Adjustments are described in greater detail in the “NOTES TO REORGANIZED DEBTORS PROJECTED PRO FORMA CONSOLIDATED BALANCE SHEET.”

**ABLEST, INC., DRV ET AL**  
**PROJECTED PRO FORMA CONSOLIDATED BALANCE SHEET**  
**MAY 25, 2014**  
**(UNAUDITED)**  
**(DOLLARS IN MILLIONS)**

		Emergence Adjustments			
	Projected 5/25/14	Recapitalization Adjustments	DRV Contribution (a)	Fresh Start	Pro Forma 5/25/14
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 19.8	\$ (19.6)	\$ 0.2		\$ 0.4
Accounts receivable, net	186.1	-	14.3		200.4
Other receivables	1.4	-			1.4
Prepaid expenses and other current assets	23.9	(21.4) (b)	0.7		3.2
Prepaid workers' compensation insurance	80.8	(45.8) (c)			35.0
Deferred tax assets	-	10.2 (d)			10.2
<b>Total Current Assets</b>	<b>\$ 312.0</b>	<b>\$ (76.6)</b>	<b>\$ 15.2</b>	<b>\$ -</b>	<b>\$ 250.6</b>
Fixed assets, net	20.2	-	0.0		20.2
Prepaid workers compensation insurance	34.5	-			34.5
Capitalized restructuring/financing fees & other	23.4	51.4 (b)	0.3		75.1
Intangibles and goodwill	249.0	-	13.8	270.8 (r)	533.6
<b>Total Assets</b>	<b>\$ 639.1</b>	<b>\$ (25.1)</b>	<b>\$ 29.3</b>	<b>\$ 270.8</b>	<b>\$ 914.0</b>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities:					
Disbursements outstanding	\$ 6.8	\$ -	\$ -		\$ 6.8
Accounts payable	20.1	(11.9) (e)	7.8		16.1
Workers compensation insurance reserve	43.4	-			43.4
Accrued payroll, benefits and related costs	173.9	(119.4) (f)			54.5
Accrued expenses - Other	143.2	(126.6) (g)	0.1		16.7
DIP Term Loan	35.0	(35.0) (h)			-
Long-term debt, current portion	534.5	(534.5) (i,j)			-
Prepetition Revolver	49.2	(49.2) (k)			-
<b>Total Current Liabilities</b>	<b>\$ 1,006.1</b>	<b>\$ (876.6)</b>	<b>\$ 7.9</b>	<b>\$ -</b>	<b>\$ 137.4</b>
New Revolving Credit Facility	-	-			-
New First Lien Term Loan	-	350.0 (l)			350.0
Subordinated Seller Notes	1.8	(1.4) (m)			0.4
Workers' compensation insurance reserve	36.0	-			36.0
Deferred income taxes	0.1	(0.1)			-
Other long term liabilities	8.0	(2.6) (n)	4.7		10.2
<b>Total Liabilities</b>	<b>\$ 1,052.1</b>	<b>\$ (530.7)</b>	<b>\$ 12.6</b>	<b>\$ -</b>	<b>\$ 534.0</b>
<b>Total Shareholders' (Deficit) / Equity</b>	<b>(413.0)</b>	<b>505.5 (o,p)</b>	<b>16.7 (q)</b>	<b>270.8 (s)</b>	<b>380.0</b>
<b>Total Liabilities and Shareholders' (Deficit) / Equity</b>	<b>\$ 639.1</b>	<b>\$ (25.1)</b>	<b>\$ 29.3</b>	<b>\$ 270.8</b>	<b>\$ 914.0</b>

Note: Incorporates estimate of fresh start accounting adjustments, actual fair market value adjustments could vary materially from those used in the projections.

THE PROJECTIONS SHOULD BE READ IN CONJUNCTION WITH THE ASSUMPTIONS, QUALIFICATIONS AND EXPLANATIONS UNDER THE CAPTION “—PROJECTED FINANCIAL INFORMATION.”

*NOTES TO REORGANIZED DEBTORS PROJECTED PRO FORMA CONSOLIDATED BALANCE SHEET*

UPON EMERGENCE FROM CHAPTER 11, THE REORGANIZED DEBTORS WILL BE REQUIRED TO ADOPT “FRESH START ACCOUNTING” IN ACCORDANCE WITH FASB, ASC 852, WHICH REQUIRES THE REORGANIZED DEBTORS TO REVALUE ASSETS AND LIABILITIES AT THEIR ESTIMATED FAIR VALUE. FRESH START ACCOUNTING REFLECTS THE VALUE OF THE REORGANIZED DEBTORS AS DEFINED IN THE PREPACKAGED PLAN. UNDER FRESH START ACCOUNTING, THE REORGANIZED DEBTORS’ ASSET VALUES ARE REMEASURED USING FAIR VALUE, AND ARE ALLOCATED IN CONFORMITY WITH FASB ASC TOPIC 805, “BUSINESS COMBINATIONS” (“ASC 805”). THE EXCESS OF REORGANIZATION VALUE OVER THE FAIR VALUE OF NET TANGIBLE AND IDENTIFIABLE INTANGIBLE ASSETS AND LIABILITIES IS RECORDED AS GOODWILL IN THE ACCOMPANYING STATEMENTS. THE FOREGOING ESTIMATES AND ASSUMPTIONS ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE REORGANIZED DEBTORS. ACCORDINGLY, THE REORGANIZED DEBTORS CANNOT PROVIDE ASSURANCE THAT THE ESTIMATES, ASSUMPTIONS, AND VALUES REFLECTED IN THE VALUATIONS WILL BE REALIZED, AND ACTUAL RESULTS COULD VARY MATERIALLY. IN ACCORDANCE WITH ASC 805, THE PRELIMINARY ALLOCATION OF THE REORGANIZATION VALUE IS SUBJECT TO ADDITIONAL ADJUSTMENT WITHIN ONE-YEAR AFTER EMERGENCE FROM BANKRUPTCY TO PROVIDE THE REORGANIZED DEBTORS TIME TO COMPLETE THE VALUATION OF ASSETS AND LIABILITIES.

- a) Based on projected book value at nearest fiscal period end for DRV of May 31, 2014.
- b) Represents capitalization of professional fees.
- c) Represents cash collateral release upon posting of letters of credit.
- d) Represents capitalization of certain net operating losses expected to be available to the Company going forward.
- e) Represents payment of certain professional fees expected to be incurred during the case, expected settlement payments for certain prepetition payables outstanding as of the filing date, and reinstatement of escheated checks outstanding as of the filing date.
- f) Represents payment of prepetition deferred payroll obligations.
- g) Represents payment of SCIF settlement amount, payment of tax obligations, and cancellation of prepetition accrued interest on the Existing Revolving Credit Facility, Existing First Lien Term Loan, Existing Second Lien Term Loan, and certain letters of credit backstopped by related parties.
- h) Represents repayment of the DIP Term Loan.

- i) Represents payment/cancellation of the Existing First Lien Term Loan.
- j) Represents payment/cancellation of the Existing Second Lien Term Loan.
- k) Represents payment/cancellation of the Existing Revolving Credit Facility.
- l) Represents New First Lien Term Loan with \$350 million outstanding principal amount.
- m) Represents partial payment/cancellation of a seller note.
- n) Represents equitization of certain related party obligations.
- o) Includes rights offering of \$225 million executed pursuant to the Plan of Reorganization.
- p) Reflects cancellation of pre-petition equity account balances.
- q) A portion of the cash proceeds from the transaction is assumed to be used to repay and retire the debt of the contributed DRV entities, totaling \$15 million. The effect of this debt repayment is shown as an increase in the equity value of DRV.
- r) Represents adjustments to reflect the reorganization value in excess of amounts allocable to identifiable assets based on the midpoint of the estimated reorganization equity value (approximately \$380 million). Amounts will be further allocated when determined through additional valuations.
- s) Reflects fresh start adjustment of equity value based on the midpoint of the estimated reorganization value (approximately \$730 million), see Article III(N)(4), entitled “SUMMARY OF THE PLAN—Summary Results of Valuation Analysis.



The “PROJECTED PRO FORMA CONSOLIDATED BALANCE SHEETS,” set forth below, presents the projected consolidated financial position of the Reorganized Debtors combined with DRV as of May 25, 2014, after giving effect to the consummation of the transactions contemplated by the Prepackaged Plan, and as of each of fiscal year ending December 2014, 2015, 2016, 2017 and 2018.

**ABLEST, INC., DRV ET AL**  
**PROJECTED PRO FORMA YEAR END CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**  
**(DOLLARS IN MILLIONS)**

	2014	2015	2016	2017	2018
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 6.6	\$ 44.4	\$ 95.0	\$ 140.0	\$ 191.7
Accounts Receivable, Net	226.3	232.9	249.1	257.0	266.9
Prepaid Workers' Compensation Insurance	37.9	37.9	37.9	37.9	37.9
Prepaid Expenses and Other Current Assets	14.2	13.6	12.8	12.1	11.3
<b>Total Current Assets</b>	<b>\$ 285.0</b>	<b>\$ 328.7</b>	<b>\$ 394.8</b>	<b>\$ 447.0</b>	<b>\$ 507.8</b>
Fixed Assets, Net	21.6	24.5	20.5	16.5	12.5
Prepaid Workers Compensation Insurance	34.5	34.5	34.5	34.5	34.5
Capitalized Restructuring/Financing Fees & Exp.	62.0	50.6	39.2	27.8	16.4
Other Long Term Assets	6.4	6.4	6.4	6.4	6.4
Intangibles and Goodwill	528.0	518.4	509.1	500.0	491.0
<b>Total Assets</b>	<b>\$ 937.4</b>	<b>\$ 963.2</b>	<b>\$ 1,004.5</b>	<b>\$ 1,032.2</b>	<b>\$ 1,068.7</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Current Liabilities:					
Accounts Payable	\$ 23.4	\$ 23.9	\$ 26.3	\$ 27.3	\$ 28.3
Workers Compensation Insurance Reserve	40.3	40.3	40.3	40.3	40.3
Accrued Payroll, Benefits and Related Costs	55.0	56.8	65.7	60.9	63.1
Accrued Expenses - Other	18.5	18.8	19.0	19.3	19.6
Other Current Liabilities	6.6	6.8	7.0	7.3	7.4
<b>Total Current Liabilities</b>	<b>\$ 143.7</b>	<b>\$ 146.5</b>	<b>\$ 158.3</b>	<b>\$ 155.0</b>	<b>\$ 158.8</b>
New Revolving Credit Facility	2.5	-	-	-	-
New First Lien Term Loan	348.3	344.8	341.3	337.8	334.3
Other Debt	0.4	0.4	0.4	0.4	0.4
Workers' Compensation Insurance Reserve	36.0	36.0	36.0	36.0	36.0
Other Long Term Liabilities	9.3	8.2	8.2	8.2	8.2
<b>Total Liabilities</b>	<b>\$ 540.2</b>	<b>\$ 535.9</b>	<b>\$ 544.1</b>	<b>\$ 537.3</b>	<b>\$ 537.6</b>
<b>Total Shareholders' Equity</b>	<b>397.3</b>	<b>427.3</b>	<b>460.3</b>	<b>494.8</b>	<b>531.1</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 937.4</b>	<b>\$ 963.2</b>	<b>\$ 1,004.5</b>	<b>\$ 1,032.2</b>	<b>\$ 1,068.7</b>

THE PROJECTIONS SHOULD BE READ IN CONJUNCTION WITH THE ASSUMPTIONS, QUALIFICATIONS AND EXPLANATIONS UNDER THE CAPTION “—PROJECTED FINANCIAL INFORMATION.”

The “PROJECTED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS,” set forth below presents the projected consolidated results of operations of the Reorganized Debtors and DRV for the period commencing May 25, 2014, after giving effect to the consummation of the transactions contemplated by the Prepackaged Plan to occur on the Effective Date, and for the fiscal years ending December 2014, 2015, 2016, 2017 and 2018. 2014 is a partial year consisting of the fiscal periods after Emergence.

**ABLEST, INC., DRV ET AL**  
**PROJECTED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**  
**(DOLLARS IN MILLIONS)**

	Partial Year 2014 (1)	2015	2016	2017	2018
<b>Revenue</b>	\$ 1,267.7	\$ 2,162.3	\$ 2,272.4	\$ 2,382.5	\$ 2,442.5
<b>Operating Expenses:</b>					
COGS	1,089.3	1,866.3	1,962.1	2,057.1	2,108.6
SG&A	93.8	161.3	167.3	174.2	177.9
Licensee Margin	29.4	48.3	50.3	52.6	53.8
Depreciation & Amortization	9.0	16.3	16.3	16.1	15.9
Restructuring & Nonrecurring Expenses	4.6	-	-	-	-
<b>Operating Profit</b>	<b>\$ 41.6</b>	<b>\$ 70.2</b>	<b>\$ 76.5</b>	<b>\$ 82.3</b>	<b>\$ 86.2</b>
Consolidated Interest Expense, net (2)	22.6	37.9	40.2	44.3	46.1
Other Non-Operating (Income) / Expense (3)	(0.9)	(1.8)	(1.8)	(1.9)	(2.0)
Income Tax Expense	2.7	4.0	5.1	5.5	5.8
<b>Net Income</b>	<b>\$ 17.3</b>	<b>\$ 30.0</b>	<b>\$ 33.0</b>	<b>\$ 34.5</b>	<b>\$ 36.3</b>
<b>Memo: Adjusted EBITDA (4)</b>	<b>\$ 57.1</b>	<b>\$ 89.5</b>	<b>\$ 95.8</b>	<b>\$ 101.7</b>	<b>\$ 105.5</b>

(1) Post-Emergence fiscal periods only.

(2) Includes non-cash amortization of transaction fees.

(3) Primarily includes late fees on unpaid invoices.

(4) Adjusted EBITDA is calculated as operating profit plus depreciation, amortization and restructuring and nonrecurring expenses. Adjusted EBITDA and its related metrics are calculated figures used as proxies by the Debtors for recurring operating profit. However, neither Adjusted EBITDA nor its related metrics are measurements of performance under U.S. GAAP and may not be comparable to similarly titled measures of other companies.

THE PROJECTIONS SHOULD BE READ IN CONJUNCTION WITH THE ASSUMPTIONS, QUALIFICATIONS AND EXPLANATIONS UNDER THE CAPTION “—PROJECTED FINANCIAL INFORMATION.”

The “PROJECTED PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS,” set forth below presents the projected cash flows of the Reorganized Debtors and DRV commencing May 25, 2014, after giving effect to the consummation of the transactions contemplated by the Prepackaged Plan to occur on the Effective Date, and for the fiscal years ending December 2014, 2015, 2016, 2017 and 2018. 2014 is a partial year consisting of the fiscal periods after Emergence.

**ABLEST, INC., DRV ET AL**  
**PROJECTED PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**  
**(DOLLARS IN MILLIONS)**

	Partial Year 2014 (1)	2015	2016	2017	2018
<b>Net Income</b>	<b>\$ 17.4</b>	<b>\$ 30.0</b>	<b>\$ 33.0</b>	<b>\$ 34.5</b>	<b>\$ 36.3</b>
<b>Non-cash items</b>					
Depreciation and amortization	9.0	16.3	16.3	16.1	15.9
Non-cash interest expense	6.6	11.4	11.4	11.4	11.4
Other non-cash addback	1.0	1.7	1.8	1.8	1.9
<b>Changes in Operating Assets and Liabilities</b>					
Accounts Receivable	(27.0)	(8.2)	(18.0)	(9.7)	(11.9)
Accounts Payable	6.5	0.3	2.0	0.8	0.9
Prepaid Workers' Comp	(2.9)	-	-	-	-
Accrued Payroll/Benefits	0.4	1.8	8.9	(4.8)	2.3
Other Assets and Liabilities	(0.8)	0.2	1.7	1.3	1.4
<b>Increase/(decrease) in cash from operations</b>	<b>\$ 10.3</b>	<b>\$ 53.5</b>	<b>\$ 57.0</b>	<b>\$ 51.5</b>	<b>\$ 58.2</b>
Additions to fixed assets, net	(4.7)	(9.7)	(2.9)	(3.0)	(3.1)
Additions to intangibles	-	-	-	-	-
<b>Increase/(decrease) in cash from investing</b>	<b>\$ (4.7)</b>	<b>\$ (9.7)</b>	<b>\$ (2.9)</b>	<b>\$ (3.0)</b>	<b>\$ (3.1)</b>
<b>Levered Free Cash Flow</b>	<b>\$ 5.6</b>	<b>\$ 43.9</b>	<b>\$ 54.1</b>	<b>\$ 48.5</b>	<b>\$ 55.2</b>
Borrowing/(Repayments) of:					
New Revolving Credit Facility	-	-	-	-	-
First Lien Term Loan	(1.8)	(3.5)	(3.5)	(3.5)	(3.5)
Other Debt	(0.1)	(0.0)	-	-	-
<b>Increase/(decrease) in cash from financing</b>	<b>\$ 0.6</b>	<b>\$ (6.0)</b>	<b>\$ (3.5)</b>	<b>\$ (3.5)</b>	<b>\$ (3.5)</b>
<b>Increase/(decrease) in cash</b>	<b>\$ 6.2</b>	<b>\$ 37.8</b>	<b>\$ 50.6</b>	<b>\$ 45.0</b>	<b>\$ 51.7</b>
Beginning cash	0.4	6.6	44.4	95.0	140.0
<b>Ending cash</b>	<b>\$ 6.6</b>	<b>\$ 44.4</b>	<b>\$ 95.0</b>	<b>\$ 140.0</b>	<b>\$ 191.7</b>

(1) Post-Emergence fiscal periods only.

THE PROJECTIONS SHOULD BE READ IN CONJUNCTION WITH THE ASSUMPTIONS, QUALIFICATIONS AND EXPLANATIONS UNDER THE CAPTION “—PROJECTED FINANCIAL INFORMATION.”



# CERTIFICATE OF LIABILITY INSURANCE

 DATE(MM/DD/YYYY)  
04/11/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Aon Risk Services, Inc of Florida 1001 Brickell Bay Drive Suite 1100 Miami FL 33131 USA		<b>CONTACT NAME:</b> PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): (800) 363-0105 <b>E-MAIL ADDRESS:</b>																						
<b>INSURED</b> Koosharem, LLC and Subsidiaries incl. Select Staffing, Westaff Remedy Intelligent Staffing, Remx Select Truckers Plus et. al. 3820 State Street Santa Barbara CA 93105 USA		<table border="1"> <thead> <tr> <th colspan="2">INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A:</td> <td>ACE American Insurance Company</td> <td>22667</td> </tr> <tr> <td>INSURER B:</td> <td>Arch Specialty Insurance Company</td> <td>21199</td> </tr> <tr> <td>INSURER C:</td> <td>Illinois Union Insurance Company</td> <td>27960</td> </tr> <tr> <td>INSURER D:</td> <td>National Union Fire Ins Co of Pittsburgh</td> <td>19445</td> </tr> <tr> <td>INSURER E:</td> <td></td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A:	ACE American Insurance Company	22667	INSURER B:	Arch Specialty Insurance Company	21199	INSURER C:	Illinois Union Insurance Company	27960	INSURER D:	National Union Fire Ins Co of Pittsburgh	19445	INSURER E:			INSURER F:		
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**COVERAGES** **CERTIFICATE NUMBER:** 570053457687 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

Limits shown are as requested

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS		
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input checked="" type="checkbox"/> OTHER: Policy & Location			HDOG27020604	04/30/2013	04/30/2014	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	\$1,000,000 \$500,000 \$5,000 \$1,000,000 \$5,000,000 \$1,000,000	
A	AUTOMOBILE LIABILITY  <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			ISA H08719895	04/30/2013	04/30/2014	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	\$1,000,000    	
D	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$25,000			20562473	03/31/2014	04/30/2015	EACH OCCURRENCE AGGREGATE	\$25,000,000 \$25,000,000	
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	N/A	WLRC47319481 AOS-except ND, OH, WA, WY SCFC47319493 WI	04/30/2013	04/30/2014	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER	E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT	\$1,000,000 \$1,000,000 \$1,000,000
B	E&O-PL-Primary			NPL005561700	07/31/2013	07/31/2014	Agg/Per Occ	\$5,000,000	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

**CERTIFICATE HOLDER**
**CANCELLATION**

Office of The United States Trustee 844 King Street, Suite 2207 Lockbox 35 Wilmington DE 19801 USA	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE  <i>Aon Risk Services Inc. of Florida</i>
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Holder Identifier :

Certificate No : 570053457687





# CERTIFICATE OF PROPERTY INSURANCE

 DATE (MM/DD/YYYY)  
04/11/2014

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If this certificate is being prepared for a party who has an insurable interest in the property, do not use this form. Use ACORD 27 or ACORD 28.

<b>PRODUCER</b> Aon Risk Services, Inc of Florida 1001 Brickell Bay Drive Suite 1100 Miami FL 33131 USA		<b>CONTACT</b> NAME: PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): 800-363-0105 E-MAIL: ADDRESS: PRODUCER CUSTOMER ID #: 570000058236	
<b>INSURED</b> Koosharem, LLC and Subsidiaries incl. Select Staffing, Westaff Remedy Intelligent Staffing, Remx Select Truckers Plus et. al. 3820 State Street Santa Barbara CA 93105 USA		<b>INSURER(S) AFFORDING COVERAGE</b> INSURER A: AXIS Insurance Company INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	<b>NAIC #</b> 37273

Holder Identifier :

**COVERAGES**
**CERTIFICATE NUMBER:** 570053457696

**REVISION NUMBER:**

LOCATION OF PREMISES/ DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	<input checked="" type="checkbox"/> <b>PROPERTY</b> CAUSES OF LOSS <input type="checkbox"/> BASIC <input type="checkbox"/> BROAD <input checked="" type="checkbox"/> SPECIAL <input type="checkbox"/> EARTHQUAKE <input type="checkbox"/> WIND <input type="checkbox"/> FLOOD <input type="checkbox"/> Bkt B&PP Ded	MAB75296813	06/01/2013	06/01/2014	BUILDING PERSONAL PROPERTY <input checked="" type="checkbox"/> BUSINESS INCOME w/o Extra Expense <input checked="" type="checkbox"/> EXTRA EXPENSE RENTAL VALUE BLANKET BUILDING BLANKET PERS PROP <input checked="" type="checkbox"/> BLANKET BLDG & PP	\$5,000,000 \$1,000,000 \$3,000,000
	<input type="checkbox"/> <b>INLAND MARINE</b> CAUSES OF LOSS <input type="checkbox"/> NAMED PERILS	TYPE OF POLICY POLICY NUMBER				
	<input type="checkbox"/> <b>CRIME</b> TYPE OF POLICY					
	<input type="checkbox"/> <b>BOILER &amp; MACHINERY / EQUIPMENT BREAKDOWN</b>					

SPECIAL CONDITIONS / OTHER COVERAGES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE NUMBER: 570053457696


**CERTIFICATE HOLDER**
**CANCELLATION**

 Office of The United States Trustee  
 844 King Street, Suite 2207  
 Lockbox 35  
 Wilmington DE 19801 USA

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

*Aon Risk Services Inc. of Florida*

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# CERTIFICATE OF PROPERTY INSURANCE

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04/11/2014

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<b>PRODUCER</b> Aon Risk Services, Inc of Florida 1001 Brickell Bay Drive Suite 1100 Miami FL 33131 USA		<b>CONTACT NAME:</b> PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): (800) 363-0105 E-MAIL ADDRESS: PRODUCER CUSTOMER ID #: 570000058236	
<b>INSURED</b> Koosharem, LLC and Subsidiaries incl. Select Staffing, Westaff Remedy Intelligent Staffing, RemX Select Truckers Plus et. al. 3820 State Street Santa Barbara CA 93105 USA		<b>INSURER(S) AFFORDING COVERAGE</b> INSURER A: Lloyd's Syndicate No. 2623 INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	<b>NAIC #</b> AA112862

**COVERAGES**
**CERTIFICATE NUMBER:** 570053457698

**REVISION NUMBER:**

LOCATION OF PREMISES/ DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

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INSR LTR	TYPE OF INSURANCE		POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
	<input type="checkbox"/> PROPERTY					<input type="checkbox"/> BUILDING	
	<input type="checkbox"/> CAUSES OF LOSS	<input type="checkbox"/> DEDUCTIBLES				<input type="checkbox"/> PERSONAL PROPERTY	
	<input type="checkbox"/> BASIC	<input type="checkbox"/> BUILDING				<input type="checkbox"/> BUSINESS INCOME w/o Extra Expense	
	<input type="checkbox"/> BROAD	<input type="checkbox"/> CONTENTS				<input type="checkbox"/> EXTRA EXPENSE	
	<input type="checkbox"/> SPECIAL					<input type="checkbox"/> RENTAL VALUE	
	<input type="checkbox"/> EARTHQUAKE					<input type="checkbox"/> BLANKET BUILDING	
	<input type="checkbox"/> WIND					<input type="checkbox"/> BLANKET PERG PROP	
	<input type="checkbox"/> FLOOD					<input type="checkbox"/> BLANKET BLDG & PP	
	<input type="checkbox"/> INLAND MARINE		TYPE OF POLICY				
	<input type="checkbox"/> CAUSES OF LOSS		POLICY NUMBER				
	<input type="checkbox"/> NAMED PERILS						
A	<input checked="" type="checkbox"/> CRIME		W14012130101	07/31/2013	07/31/2014	<input checked="" type="checkbox"/> Employee Dishonesty	\$1,000,000
	<input type="checkbox"/> TYPE OF POLICY						
	<input type="checkbox"/> Crime - Primary						
	<input type="checkbox"/> BOILER & MACHINERY / EQUIPMENT BREAKDOWN						

SPECIAL CONDITIONS / OTHER COVERAGES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

**CERTIFICATE HOLDER**
**CANCELLATION**

 Office of The United States Trustee  
 844 King Street, Suite 2207  
 Lockbox 35  
 Wilmington DE 19801 USA

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

*Aon Risk Services Inc. of Florida*

Holder Identifier :

CERTIFICATE NUMBER: 570053457698

Koosharem LLC dba Select  
Staffing, Inc.  
2013-2015 Coverages

Coverage	Carrier	Policy #	Term	Limit	Retention
Koosharem Workers Compensation / Employers Liability (AOS, WI, OH)	ACE American Insurance Co.	WIR C 47319481 All States & SCF C 47319483 WI	4/30/13 - 4/30/14	Statutory-WC \$1,000,000- EL Each for WC/EL	\$500,000
General Liability	ACE American Insurance Co.	HDO G 27020604	4/30/13 - 4/30/14	\$1MM per occurrence \$5M - Aggregate	\$150,000
General Liability (Specific Contracts)	ACE American Insurance Co.	HDO G 27020616	4/30/13 - 4/30/14	\$1MM per occurrence \$5M - Aggregate	\$10,000
Auto Liability (Non-Owned & Hired Autos)	ACE American Insurance Co.	ISA H 08738895	4/30/13 - 4/30/14	\$1MM Combined Single Limit	\$150,000
Special Auto Liability	Scottsdale Insurance Company	CAS0097181	9/30/13- 9/30/14	\$1MM Combined Single Limit / \$65k APD per vehicle	\$15,000 BI/PD \$10,000 Comp. \$10,000 Coll.
Umbrella	National Union Fire Ins. Co. of Pittsburgh	20562473	3/31/14- 4/30/15	\$25,000,000 Occurrence and Aggregate	\$25,000 SIR
Excess Liability	Chubb [Federal Insurance Company]	7986-88-94	3/31/14- 4/30/15	\$25,000,000 Occurrence and Aggregate	Underlying \$25M Umbrella
Property	Axis	MAB75296813	6/1/13 - 6/1/14	\$70,000,000 Loss Limit \$9,500,000 Quake at HQ Various Sublimits per Policy	\$10,000 Each and Every Loss, except as specifically stated.
Directors & Officers	ACE [Illinois Union Fire]	G24999385005	7/31/13 - 7/31/14	\$5M Aggregate Limit of Liability \$500k Additional Side A Limit \$5.5M Maximum Aggregate	\$150,000 Each Claim
Crime	Lloyd's Syndicate No. 2623/623 - Beazley	W14012130101	7/31/13 - 7/31/14	\$10,000,000 Each Loss	\$100,000 Each Loss
Fiduciary	ACE American Insurance Company	G2364941A007	7/31/13 - 7/31/14	\$9,000,000 each claim & agg. (Incl. Def. Costs)	\$50,000 Each Loss
Employment Practices Liability	ACE [Illinois Union Fire]	G24999427005	7/31/13 - 7/31/14	\$5,000,000 Each Claim / Aggregate Inclusive of Defense Costs	\$1MM Each Emp Practice & Each 3rd Party Claim
E&O Professional Liability	Arch Specialty Insurance Company	NPLD055617-00	7/31/13 - 7/31/14	\$10,000,000 Each Claim \$10,000,000 Agg. \$2,000,000 Each Claim / Agg. for Cyber, Security Breach, and Regulatory Action	\$500,000 Each Claim
Miscellaneous Medical General & Professional Liability - setting (doctors NOT INCLUDED)	Arch Specialty Insurance Company	FLPD05560300	7/31/13 - 7/31/14	\$10,000,000 per Medical Incident / Occurrence \$12,000,000 Aggregate Limit of Liability	\$0
Employed Lawyers Professional E&O	Steadfast Insurance Company	WS11004748	7/31/13 - 7/31/14	\$5,000,000 Each Claim \$5,000,000 Aggregate	A. N/A B. \$25,000 Each Claim
Foreign Package	Insurance Co. of the State of PA	ELP593242000	7/31/13 - 7/31/14	\$1,000,000 GL/AL/EL \$2,000,000 Prog. Aggregate	NIL



Koosharem LLC dba Select  
Staffing, Inc.  
2013-2015 Coverages

4/11/2014

Coverage	Carrier	Policy #	Term	Limit	Retention
Koosharem Workers Compensation / Employers Liability (AOS, WI, OH)	ACE American Insurance Co.	WLR C 47319481 All States & SCF C 47319493 WI	4/30/13 - 4/30/14	Statutory-WC \$1,000,000- EL Each for WC/EL	\$500,000
General Liability	ACE American Insurance Co.	HDO G 27020604	4/30/13 - 4/30/14	\$1MM per occurrence \$5M - Aggregate	\$150,000
General Liability (Specific Contracts)	ACE American Insurance Co.	HDO G 27020616	4/30/13 - 4/30/14	\$1MM per occurrence \$5M - Aggregate	\$10,000
Auto Liability (Non-Owned & Hired Autos)	ACE American Insurance Co.	ISA H 08719895	4/30/13 - 4/30/14	\$1MM Combined Single Limit	\$150,000
Special Auto Liability	Scottsdale Insurance Company	CAS0097181	9/30/13- 9/30/14	\$1MM Combined Single Limit / \$65k APD per vehicle	\$15,000 BI/PD \$10,000 Comp. \$10,000 Coll.
Umbrella	National Union Fire Ins. Co. of Pittsburgh	20562473	3/31/14- 4/30/15	\$25,000,000 Occurrence and Aggregate	\$25,000 SIR
Excess Liability	Chubb (Federal Insurance Company)	7986-88-94	3/31/14- 4/30/15	\$25,000,000 Occurrence and Aggregate	Underlying \$25M Umbrella
Property	Axis	MAB75296813	6/1/13 - 6/1/14	\$70,000,000 Loss Limit \$3,500,000 Quake at HQ Various Sublimits per Policy	\$10,000 Each and Every Loss, except as specifically stated.
Directors & Officers	ACE (Illinois Union Fire)	G24999385005	7/31/13 - 7/31/14	\$5M Aggregate Limit of Liability \$500k Additional Side A Limit \$5.5M Maximum Aggregate	\$150,000 Each Claim
Crime	Lloyd's Syndicate No. 2623/623 - Beazley	W14012130101	7/31/13 - 7/31/14	\$10,000,000 Each Loss	\$100,000 Each Loss
Fiduciary	ACE American Insurance Company	G2364941A007	7/31/13 - 7/31/14	\$3,000,000 each claim & agg. (incl. Def. Costs)	\$50,000 Each Loss
Employment Practices Liability	ACE (Illinois Union Fire)	G24999427005	7/31/13 - 7/31/14	\$5,000,000 Each Claim / Aggregate Inclusive of Defense Costs	\$1MM Each Emp Practice & Each 3rd Party Claim
E&O Professional Liability	Arch Specialty Insurance Company	NPLD055617-00	7/31/13 - 7/31/14	\$10,000,000 Each Claim \$10,000,000 Agg. \$2,000,000 Each Claim / Agg. for Cyber, Security Breach, and Regulatory Action	\$500,000 Each Claim
Miscellaneous Medical General & Professional Liability - staffing (DOCTORS NOT INCLUDED)	Arch Specialty Insurance Company	FLP005560300	7/31/13 - 7/31/14	\$10,000,000 per Medical Incident / Occurrence \$12,000,000 Aggregate Limit of Liability	\$0
Employed Lawyers Professional E&O	Steadfast Insurance Company	WS11004748	7/31/13 - 7/31/14	\$5,000,000 Each Claim \$5,000,000 Aggregate	A. N/A B. \$25,000 Each Claim
Foreign Package	Insurance Co. of the State of PA	WS 11004748	9/25/13 - 9/25/14	\$1,000,000 GL/AL/EL \$2,000,000 Prog. Aggregate	Nil

Binder of Insurance

Policy: FLP0055603-00 Eff. Date: July 31, 2013

Binder Period: July 31, 2013 to October 29, 2013



**ARCH SPECIALTY INSURANCE COMPANY**  
(A Nebraska Corporation)

**Home Office Address:**

10909 Mill Valley Road, Suite 210  
Omaha, NE 68154

**Administrative Address:**

30 East Seventh Street  
Suite 2200  
St. Paul, MN 55101  
(651) 855-7100

**Binder of Insurance**

**Binder Period:** July 31, 2013 - October 29, 2013

**Agent / Broker Contact:** Richard Minor

**Agent / Broker Firm:** AmWins Brokerage of Georgia

**Address:** 3630 Peachtree Road NE  
Suite 1700  
Atlanta, GA 30326

**Phone:** 404-920-3654

**Fax:** 7704341008

**Insured:** Koosharem, LLC dba: Select Staffing

**Address:** 3820 State Street  
Santa Barbara, CA 93105

**Issuing Company:** Arch Specialty Insurance Company (the Company)  
Surplus Lines Policy (non-Admitted)

**Policy Type:** Facility Primary

**Policy Form Number:** 02 HPL0002 00 02 07 HEALTHCARE PROFESSIONAL LIABILITY  
COVERAGE FORM  
02 HGL0002 00 02 07 HEALTHCARE GENERAL LIABILITY COVERAGE  
FORM  
02 HUP0002 00 02 07 HEALTHCARE UMBRELLA COVERAGE FORM

**Coverage Description:** Staffing Agency

**Policy Number:** FLP0055603-00

**Policy Period:** Inception Date July 31, 2013 Expiration Date July 31, 2014  
(12:01 A.M. Standard time at the address of the Insured shown above)

**Retroactive Date:** July 31, 2013 Healthcare Professional Liability  
July 31, 2013 Healthcare Umbrella

*Any preceding binder issued by the Company is void in its entirety as of its inception date and replaced by this binder.*

Binder of Insurance

Policy: FLP0055603-00 Eff. Date: July 31, 2013

Binder Period: July 31, 2013 to October 29, 2013

**Limits / Deductibles / Retentions:**

<b>Healthcare Professional Liability:</b>	\$1,000,000 Each Medical Incident \$3,000,000 Aggregate
<b>General Aggregate:</b>	\$3,000,000 Aggregate Limit
<b>Products / Completed Operations Aggregate:</b>	\$3,000,000 Aggregate Limit
<b>Bodily Injury &amp; Property Damage Liability:</b>	\$1,000,000 Each Occurrence
<b>Personal &amp; Advertising Injury:</b>	\$1,000,000 Any One Person or Organization
<b>Damage to Premises Rented to you:</b>	\$100,000 Any One Premises
<b>Medical Expense Limit:</b>	\$5,000 Any One Person
<b>Umbrella Liability:</b>	\$9,000,000 Each Occurrence \$9,000,000 Aggregate (Personal & Advertising Injury Limit: \$9,000,000)
<u><i>Defense Costs In addition to the limits</i></u>	

<b>Healthcare Professional Liability Deductible:</b>	\$0 Each Medical Incident
<b>Bodily Injury &amp; Property Damage Liability Deductible:</b>	\$0 Each Occurrence
<b>Personal &amp; Advertising Injury Deductible:</b>	\$0 Any One Person or Organization
<u><i>Defense Costs Excluded from the Deductible</i></u>	

**Coverage for Certified Acts of Terrorism:** Elected

**Underlying Coverage:**

<b>Primary: Arch Specialty Insurance Company</b>	Primary - Facility Professional	\$1,000,000 Per Medical Incident \$3,000,000 Aggregate
<b>Primary: Arch Specialty Insurance Company</b>	Primary - Prem Ops - GL	\$1,000,000 Each Occurrence \$3,000,000 Aggregate (Products - Completed Operations Aggregate Limit: \$3,000,000)
	Personal & Advertising Injury	\$1,000,000 Any One Person or Organization (Aggregate: Shares in Prem Ops Aggregate)
	Damage To Premises Rented To You	\$100,000 Any One Premises
	Medical Expense	\$5,000 Any One Person

*Any preceding binder issued by the Company is void in its entirety as of its inception date and replaced by this binder.*

Binder of Insurance

Policy: FLP0055603-00 Eff. Date: July 31, 2013

Binder Period: July 31, 2013 to October 29, 2013

**Forms / Endorsements:**

00 ML0065 00 06 07	U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")
00 MLT0031 00 01 08	TERRORISM COVERAGE DISCLOSURE NOTICE
00 ML0213 05 11 12	CALIFORNIA NOTICE
06 HML0001 00 04 07	INTRODUCTION
06 ML0002 00 01 13	SIGNATURE PAGE (ARCH SPECIALTY)
06 HML0017 00 03 08	CLAIMS NOTIFICATION
00 ML0003 00 04 12	SERVICE OF SUIT
02 HML0005 00 03 07	COMMON POLICY CONDITIONS
02 HML0003 00 03 07	YOUR DUTIES IN THE EVENT OF AN ACCIDENT, OCCURRENCE, MEDICAL INCIDENT, CLAIM OR SUIT
02 HML0007 00 03 07	GOVERNMENT ACCESS TO RECORDS ENDORSEMENT
02 HML0024 00 01 08	WAR, CERTIFIED ACTS OF TERRORISM AND OTHER ACTS OF TERRORISM CHANGE ENDORSEMENT
02 HML0052 00 02 07	NAMED SERVICES, POSITIONS OR DEPARTMENTS LIMITATION ENDORSEMENT
02 HML0058 00 05 13	PROFESSIONAL PLUS ENDORSEMENT
02 HPL0001 00 03 07	HEALTHCARE PROFESSIONAL LIABILITY COVERAGE DECLARATIONS
02 HPL0057 00 05 13	CRISIS MANAGEMENT EXPENSES FOR NETWORK SECURITY BREACH
02 HGL0001 00 02 07	HEALTHCARE GENERAL LIABILITY COVERAGE DECLARATIONS
02 HUP0001 00 02 07	HEALTHCARE UMBRELLA COVERAGE DECLARATIONS

**Subject to:**

- Umbrella ACORD application
- Name, phone # and email address of the person handling the insured's Risk Management program

**Other Terms and Conditions:**

\* Coverage is limited to Nurse, Nurse Practitioner, Nurses Aide, Certified Nurses Aide and Medical Assistant staffing services.

		<b>Premium Amount:</b>	\$72,190
<b>Gross Premium:</b>		\$72,190.00	\$2,165.70
<b>Commission:</b>	17.50%	\$(12,633.25)	\$144.38
<b>Net Premium:</b>		\$59,556.75	AmWINS Brokerage of GA
<b>Total Due:</b>		\$59,556.75	
<b>Claims Handling:</b>	Arch		
<b>Minimum Premium Earned at Inception:</b>		\$18,047.50	
<b>Surplus Lines Agent:</b>	AmWins Brokerage of Georgia 3630 Peachtree Road NE Suite 1700 Atlanta, GA 30326		SL# 0F56593

***Any preceding binder issued by the Company is void in its entirety as of its inception date and replaced by this binder.***

Binder of Insurance

Policy: FLP0055603-00 Eff. Date: July 31, 2013

Binder Period: July 31, 2013 to October 29, 2013

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License No: OF56593

This binder will remain in force for ninety (90) days from its effective date unless extended in writing by the Company, or until replaced by the policy. Please read all terms and conditions shown herein carefully.

If this binder is conditioned upon the receipt, review and approval of additional information, all of this additional information must be provided to the Company within thirty (30) days of the effective date of this binder or the Company may, at its sole option, terminate this binder as of its effective date and cancel any policy which was issued pursuant to the binder.

If, between the date of the original submission and the effective date of this binder, there is a material change in any of the information (including but not limited to claims or potential claims) originally submitted or subsequently requested by the Company, the Insured is required to notify the Company immediately. The Company reserves the right to terminate or modify the terms of this binder in the event of a material change in such information.

Payment of premium is due within 30 days of the effective date of this binder. Should the premium not be received by the date due, this binder will be cancelled as of its effective date.

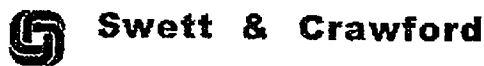
This policy will be issued by a surplus lines insurer. Compliance with applicable laws and payment of the surplus lines premium taxes is the responsibility of the Insured, insurance agent or insurance broker. Applicable taxes and fees are not included in the premium due for the insurance coverage bound. It is the responsibility of the Agent/ Broker firm to provide the Company with the name, license number and a copy of the surplus lines broker's surplus lines license in the state in which the Insured is located (for New Jersey business, please also provide the Surplus Lines Transaction number). It is the responsibility of the Agent/ Broker firm to conform with the Laws and Regulations of the applicable jurisdictions, including but not limited to, payment of surplus lines premium taxes, procuring of affidavits and compliance with surplus lines laws.

Signature: Edward T. Lyons

Authorized by: Edward Lyons

*Any preceding binder issued by the Company is void in its entirety as of its inception date and replaced by this binder.*

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One N. Franklin Street  
Suite 1400  
Chicago, IL 60606  
Phone: 312-621-1770  
Fax: 312-621-0262

October 8, 2013

## CONFIRMATION OF COVERAGE BOUND

The coverage outlined below may not conform to the terms and conditions you requested. Please check carefully. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein. This document is intended for use as evidence that the insurance, as described herein, has been effected and shall be subject to all terms and conditions of policy(ies) which will be issued and that, in the event of any inconsistency herewith, the terms and provisions of such policy(ies) shall prevail.

You acknowledge that Swett & Crawford or one of its affiliates is acting as a wholesale insurance broker in connection with this placement. Specifically, it (1) is acting on your behalf (and you are transacting on behalf of the consumer), (2) is working as a wholesale broker to obtain appropriate quotes and/or placements on your behalf, (3) may be charging a broker fee for its services as set forth in the indication, quote and/or binder and (4) may be entitled to receive compensation from the insurer for the purchase of insurance. As the retail broker, if you choose to deliver documents electronically to the insured, you acknowledge that you have obtained the consent of the insured in accordance with applicable law.

**Broker:** Aon Risk Services-Miami  
1001 Brickell Bay Drive, Suite 1100  
Miami, FL 33131

**INSURED:** Tandem Staffing d/b/a Koosharem LLC  
**Mailing Address:** 3820 State Street  
Santa Barbara, CA 93105

**Company:** Scottsdale Insurance Company

**Policy No.:** CAS0097181

**Effective Date:** 09/30/2013

**Expiration Date:** 09/30/2014

**Coverage:** Excess Liability

**Policy Form:** Occurrence Form

**Limits of Liability:** \$1,000,000  
Comprehensive:  
Limits: Refer to Forms \$10,000.00 Deductible Auto Symbol: 10

Collision:  
Refer to Forms \$10,000 deductible Auto Symbol: 10

**Deductible:** \$15,000 BI/PD per accident (Auto Symbol: 10)  
\$10,000 Comprehensive (Auto Symbols: 10)  
\$10,000 Collision (Auto Symbols: 10)  
\*\*Liability deductible is amended to \$10,000 for drivers 23 and older

**Premium/Taxes/Fees:** \$ 266,491.00 Premium  
\$ 532.98 Stamping Fee - CA (.2%)  
\$ 7,994.73 Surplus Lines Tax - CA (3%)

Annual Premium

25% Minimum Premium if cancelled

**Tandem Staffing d/b/a Koosharem LLC**

Policy No.: CAS0097181

90% Minimum Earned Premium upon final audit

**Company is:** Non-Admitted Carrier

**TERMS AND CONDITIONS:** Per Insurance Company Form including but not limited to:

**Cancellation Provisions:** Per Company Form

**Other Conditions:**

Exclusions: Nuclear, Pollution, Punitive, Hydraulic Facturing

Special Endorsements: 25% Minimum Earned, Stated Amount, Composite Rate

Terms & Conditions: Premiums are based on auditable billable hours estimated at 289,324 at the following rates: .93 for the Enterprise, Penske, Orlando Public Utilities & State of Montana contracts, .50 rate for the Manheim for liability only. The .93 rate for Penske is for autos only, trucks will be priced at \$1.50 (they will need to separate out their autos vs trucks division if any). Quote does not include Physical Damage for Manheim. Covered Autos Symbol 10 will be defined as "Only those Autos" you do not own, lease, hire, rent or borrow that are being operated by your employees pursuant to the terms of the Staffing Services Agreements between you and the following entities: Enterprise Holding, Inc. (and subsidiaries including Vanguard Car Rental USA, Inc., Enterprise Rent-A-Car, National Car Rental and Alamo Rent-A-Car.), The Orlando Public Utility Commission, the State of Montana, Manheim, Inc. and Penske Rapid Repair. This does not include any "Auto" while being used for personal, pleasure or family purpose. If the insured acquires another client this verbiage will have to be amended by endorsement. Physical Damage coverage is limited to \$65,000 per vehicle. The policy is subject to a 25% Minimum Premium if cancelled and a 90% Minimum Earned Premium upon final audit. We are mandating all drivers be over the age of 23, nobody younger.

**Subject To:**

Confirmation from the Insured that they accept our mandated age for drivers

Current schedule of AI's & Waivers of Subrogation

Description of the types of vehicles being driven for the State of Montana contract

**Claims Notification:** Per Company Form

Swett & Crawford

By:



(Authorized Representative)

**For Non-Admitted Policies Only:**

The Nonadmitted and Reinsurance Reform Act (NRRA) was enacted into law in July 2010 as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act and becomes effective in July 2011. A number of states have revised their laws and regulations to conform to the new law, and many more have legislation or interpretive guidance pending. The new state laws focus on surplus lines premium taxation and/or other issues addressed by the NRRA. Because of the changing rules and new laws, we may modify or update taxes or other items needed with this policy. You acknowledge that the actual applicable surplus lines taxes and/or fees may therefore be different than those shown on this document, and your acceptance of this constitutes your agreement to pay any additional amount that may be required by the state.



Date: 07/31/2013

ELLIOTT BALDWIN  
AON RISK SERVICES CENTRAL INC  
200 E RANDOLPH ST  
CHICAGO, IL 60601-6436

Re: KOOSHAREM, LLC

Coverage: Employed Lawyers Select Insurance Policy

Policy Number: ELP 5932420-00

Dear ELLIOTT BALDWIN

Zurich  
10 S. Riverside Plaza  
Chicago, IL 60606

In accordance with your instructions and reliance upon the statements made in your application, we are pleased to provide the attached binder for the above captioned insured on behalf of Steadfast Insurance Company, a non-admitted company.

Steadfast Insurance Company is a qualified surplus lines insurer. It is your responsibility to follow the applicable state requirements governing the placement of surplus lines insurance. Please refer to the attached Surplus Lines Information Letter for additional information.

www.zurichna.com  
Phone: 312-496-9520  
Fax: 312-496-9155

The attached binder confirms the limits and coverages mutually agreed to by the insured and the insurance carrier. It further confirms that any other options that may have been offered in the proposal have been declined by the insured.

We trust you will find everything to be in order and issued according to the binding instructions.

If you have any questions please do not hesitate to call me.

Brett Kreiter  
Senior Underwriter  
brett.kreiter@zurichna.com

Attachments:

- Binder Subjectivities
- Binder





## Binder

Re: KOOSHAREM, LLC

Coverage: Employed Lawyers Select Insurance Policy

Policy Number: ELP 5932420-00

1. **Underwriter:** Steadfast Insurance Company
2. **Named Insured:** KOOSHAREM, LLC
3. **Insured Address:** 3820 STATE ST  
SANTA BARBARA, CA 93105-3182  
USA
4. **Policy Period:** 07/31/2013 to 07/31/2014 12:01 a.m. Standard Time at the address stated above
5. **Binder Effective:** 07/31/2013  
  
This binder will be terminated and superseded upon delivery of the formal policy(ies) or certificate(s) issued to replace it.
6. **Schedule of Insurance:**

<b>Aggregate Policy Limit:</b>	\$ 5,000,000 Aggregate each Policy Period for Insuring Clauses A and B combined.
<b>Defense Expenses:</b>	Inside the Limit of Liability
<b>Extended Reporting Period:</b>	1 Year(s) for 100.00% of the annual Policy Premium
<b>Coverage Description:</b>	<b>A. Employed Lawyers Professional Liability Coverage</b>
<b>Coverage Type:</b>	Primary - Claims Made
<b>Retroactive Date:</b>	04/01/2003
<b>Limits of Liability:</b>	\$ 5,000,000 Each Claim
<b>SIR:</b>	\$ N/A Each Claim
<b>Coverage Description:</b>	<b>B. Company Indemnity Coverage</b>
<b>Coverage Type:</b>	Primary - Claims Made
<b>Retroactive Date:</b>	04/01/2003
<b>Limits of Liability:</b>	\$ 5,000,000 Each Claim
<b>SIR:</b>	\$ 25,000 Each Claim
7. **Policy Premium** \$ 12,521.00 Minimum and Deposit Premium  
  
**Terrorism Premium:** \$ Not Applicable - Terrorism Exclusion  
  
**Total Due:** \$ 12,521.00
8. **Minimum Earned Premium:**
  - Not Applicable.
  - The insurance under this binder cannot be cancelled flat.
  - Earned premium must be paid for the time insurance has been in force.
9. **Rate of Adjustment:** FLAT



## Binder

Re: KOOSHAREM, LLC

Coverage: Employed Lawyers Select Insurance Policy

Policy Number: ELP 5932420-00

**10. Premium Due:** Premium in the amount of \$12,521.00 is due and payable within 30 days of the effective date of this binder. The invoice will be mailed separately.

**11. Terms and Conditions:**

Refer to the attached Schedule of Forms and Endorsements

- Applicable forms are subject in all respects to the terms, conditions, exclusions and limitations of the policy(ies) or certificate(s) in current use by the Company, unless otherwise specified.

**12. Subject To:**

- Refer to the attached Binder Subjectivities.

**13. Producer:**

AON RISK SERVICES CENTRAL INC  
200 E RANDOLPH ST  
CHICAGO, IL 60601-6436

**14. Commission:** 15.00%

**15. Date of Binder:** 07/31/2013

**16. Authorized Representative:**

Brett Kreiter

## Schedule of Forms and Endorsements



Re: KOOSHAREM, LLC

Coverage: Employed Lawyers Select Insurance Policy

Policy Number: ELP 5932420-00

The following schedule contains a general description of the coverages provided. For a detailed description of the terms conditions, exclusions and limitations of this insurance you must refer to the applicable policy forms and endorsements identified.

	Title *	Form Number
Policy Form:	Employed Lawyers Select Insurance Policy	U-ELS-100-A CW (02/10)
Endorsement:	Employed Lawyers Select Insurance Policy Declarations	STF-ELS-D-100-A CW (02/10)
	Important Notice - Service of Suit and In Witness Clause	STF-GU-199-B (01/09)
	California Amendatory Endorsement	U-ELS-109-A CA (02/10)

\* The titles of the endorsements are provided for convenience only. Coverage provided pursuant to these endorsements shall be interpreted and applied without regard to such titles.



## Binder Subjectivities

Re: KOOSHAREM, LLC

Coverage: Employed Lawyers Select Insurance Policy

Policy Number: ELP 5932420-00

This binder is subject to the Underwriter's receipt, review and acceptance of the following information.

- Completed, signed and dated Zurich Employed Lawyers main form application or substantially similar competitor main form application. Competitor applications must contain similar information
- written confirmation of no claims or losses relating to employed lawyer cover

<b>To:</b> William Kroupa	<b>From:</b> Steve Wunderling
<b>Company:</b> Aon	<b>Date:</b> 7/30/2013
<b>Tel:</b> 303-639-4106	<b>Tel:</b> 213-833-3127
<b>e-mail:</b> William.Kroupa@aon.com	<b>e-mail:</b> Steve.Wunderling@acegroup.com
<b>Re:</b> Koosharem - Fiduciary	

<b>Named Insured:</b>	<b>Koosharem LLC dba Select Staffing</b>
<b>Insured Address:</b>	<b>3820 State Street Santa Barbara, CA 93105</b>
<b>Line of Coverage:</b>	ACE Advantage Management Protection Fiduciary Liability Policy
<b>Type of Submission:</b>	Renewal of G2364941A 006
<b>Insuring Company:</b>	ACE American Insurance Company
<b>Effective Date:</b>	7/31/2013
<b>Expiration Date:</b>	7/31/2014
<b>Policy Number:</b>	G2364941A 007

Dear William:

I am pleased to offer the attached Binder for **Koosharem LLC dba Select Staffing**. The commission payable for placement of this business is **17.50%**.

Please review this Binder for accuracy and contact ACE USA prior to the effective date of Policy coverage in the event of any inaccuracies in this Binder. If ACE USA does not hear from you prior to the effective date, it will be assumed that this Binder has been accepted as an accurate description of our agreed upon terms of coverage.

Thank you for binding coverage with the ACE USA Companies. If you should have any questions, please feel free to contact me.

Sincerely,



Steve Wunderling  
Assistant Vice President  
ACE Professional Risk

Named Insured: Koosharem LLC dba Select Staffing  
 Policy Number: DON G2364941A 007

The Insurer hereby binds the coverage described below. However, any obligations the Insurer may have under this Binder are conditioned upon each of the following conditions having first been met:

1. The Named Insured has submitted to the Insurer the following documents, and the Insurer has received such documents no later than close of business Prior to Bind:
  - None
2. The Applicant has remitted the premium specified below to the Insurer so that the Insurer receives the premium no later than close of business on the 30th day from the date of this Binder or the Effective Date of this Policy, whichever is later.

**LIMIT and PREMIUM:**

***Fiduciary Liability:***

Aggregate Limit of Liability (including Defense Costs)	Non-Indemnifiable Loss Retention (Each Loss)	Indemnifiable Loss Retention (Each Loss)	TOTAL PREMIUM DUE
\$3,000,000	\$0	\$50,000	\$19,090

**PLEASE NOTE THE FOLLOWING:**

- The Policy includes coverage required by The Terrorism Risk Insurance Act of 2002. The premium for the coverage is \$0.

<b>Policy Form Number:</b>	Dec. Page - PF-18877 (11/05); Policy - PF-18878 (11/05)
<b>Prior or Pending Proceeding Date:</b>	06/01/2007
<b>Extended Reporting Period Premium:</b>	TBD% of the Policy Premium

Named Insured: Koosharem LLC dba Select Staffing  
 Policy Number: DON G2364941A 007

The following Endorsements will be added to the basic contract(s):

ENDORSEMENT TITLE	PF #
Signature Page Endorsement	CC-1K11g (01/11)
Amendatory Endorsement - California	PF-19733 (01/06)
Plan Amended - As Expiring	MS-3796 (06/07)
HIPAA Sub-limit - \$25K	PF-21707 (06/06)
Additional Company with Continuity Date & Prior Act Exclusion "New Koosharem" - 11/25/09 - As Expiring	MS-3797 (03/10)
Amend Conduct Exclusions - Fraud & Personal Profit - As Expiring	PF-28929 (02/10)

**TRIA Endorsements added to basic contract(s):**

Disclosure Pursuant to Terrorism Risk Insurance Act	TRIA12b (01/08)
Cap on Losses from Certified Acts of Terrorism	PF-15026c (01/08)
Trade or Economic Sanctions Endorsement	ALL-21101 (11/06)

**Addendums:**

U.S. Treasury Department's Office of Foreign Assets Control ("OFAC")	
Advisory Notice to Policyholders	PF-17914 (2/05)
Producer Compensation Notice	ALL-20887 (10/06)

**This binder is valid for 30 days from the Effective Date.**

Please read this binder carefully, as the limits, coverage and other terms and conditions may vary significantly from those requested in your submission and/or from the expiring policy. Terms and conditions that are not specifically mentioned in this binder are not included. The terms and conditions of this binder supersede the submitted insurance specifications and all prior quotes and binders. Actual coverage will be provided by and in accordance with the policy as issued.

The insurer is not bound by any statements made in the submission purporting to bind the insurer unless such statement is reflected in the policy or in an agreement signed by someone authorized to bind the insurer.

When signed by the Insurer, the coverage described above is in effect from 12:01 AM (local time at the address shown above) of the Effective Date listed above to 12:01 AM (local time at the address shown above) of the expiration date listed above pursuant to the terms, conditions and exclusions of the Policy form listed above and any Policy endorsements described above. Unless otherwise indicated, this Binder may be canceled by the Insured, or by the Broker on behalf of the Insured, by written notice to the Insurer or by the surrender of this Binder stating when such cancellation shall be effective. Unless otherwise indicated, this Binder may be canceled by the Insurer prior to the Effective Date by sending written notice to the Insured at the address shown above stating when such cancellation shall be effective. Unless otherwise indicated, this Binder may be canceled by the Insurer on or after the Effective Date in the same manner and upon the same terms and conditions applicable to cancellation of the Policy form listed above. If cancellation of the Binder, by or on behalf of either the Insured or the Insurer, is effective after the Effective Date, then the Insurer shall be entitled to the earned premium, on a pro-rata basis, for the covered period. Issuance by the Insurer and acceptance by or on behalf of the Insured of the Policy shall render this Binder void except as indicated below.

Conditions precedent to coverage afforded by this Binder are: (1) receipt, review and acceptance of the information required herein within the stated timeframe; and (2) that no material change in the risk occurs and no

Named Insured: Koosharem LLC dba Select Staffing  
Policy Number: DON G2364941A 007

submission is made to the Insurer of a claim or circumstances that might give rise to a Claim between the date of this Binder indicated above and the Effective Date. If such required information is not received, reviewed and accepted within the stated timeframe, or such material change in the risk is discovered or submission of a claim or circumstance is made, then the proposed insurance coverage will be void ab initio ("from the beginning"). The underwriter, at its sole discretion, may also modify the terms and conditions of the Policy, and/or cancel coverage, pursuant to the terms of the Policy.

Note: If the Insuring Company noted above is either Westchester Surplus Lines Insurance Company or Illinois Union Insurance Company, then this insurance is issued pursuant to the state Surplus Lines laws that the Insured is domiciled. Persons insured by Surplus Lines carriers do not have the protection of the above captioned state's Guaranty Act to the extent of any right of recovery for the obligation of an insolvent unlicensed insurer.

**Any applicable taxes, surcharges or countersignature fees, etc., are in addition to the above bound figures. Your office is responsible for making State Surplus Lines Filings and complying with all applicable laws. Premium Surcharge Notice is attached, if applicable.**

Sincerely,



Steve Wunderling  
Assistant Vice President  
ACE Professional Risk



## WorldSource

---

1200 Abernathy Road NE  
600 Northpark Town Center  
Atlanta, GA 30328

Ph: (770) 671-2088  
Fax: (770) 399-4089  
EMail: brian.dermond@aig.com

Bind Date: September 24, 2013

Broker Contact: Teresita Marill  
Producer: Aon Risk Services Inc. of Florida  
Address: 1001 BRICKELL BAY DRIVE  
SUITE 1100  
MIAMI, FL 33131  
Named Insured: Select Staffing

Policy Number: WS11004748  
Policy Term: 09/25/2013 - 09/25/2014  
Quote Version: 1  
SIC Code: 736304 - Employment Agencies Temporary Help  
Commission: 20%

Dear Teresita:

Thank you for your order. Attached please find your binder and invoice.

This binder does not include all terms, conditions and exclusions of the policies and services described. Please refer to the actual policies and services for complete details of coverage and exclusions. The issuing company for our master policy is the Insurance Company of the State of Pennsylvania.

Payment is due within 15 days from the date of the bill or 30 days from the effective date, whichever is later. If payment is not received within the allotted time on the invoice, this policy will be cancelled.

This binder contains a broad outline of coverage and does not include all terms, conditions and exclusions of the policy(ies) that may be issued to you. The policy(ies) contain the full and complete agreement with regard to coverage. Please review the policy(ies) thoroughly with your broker upon receipt and notify us promptly in writing if you have any questions. In the event of any inconsistency between the binder and the policy, the policy language shall control unless the parties agree to an amendment.

Thanks again for your order.



Brian Dermond  
Assistant Regional Underwriting Manager

## Summary

Summary displays total premium by coverage.

### PREMIUM SUMMARY

Coverage	Total Premium
Foreign Commercial General Liability	\$2,500
Foreign Commercial Auto Liability	\$150
Foreign Voluntary Compensation and Employers Liability	\$2,500
Corporate Kidnap and Ransom/Extortion	\$50
<b>Total Premium (US\$)</b>	<b>\$5,200</b>

### Policy Level and/or Multilevel Coverage Endorsements/Forms

- 83730WR (09/11) Broad Form
- WS83242WR (02/08) Common Conditions and Definitions
- WR1202 Cover Letter
- 84025WR (07/04) Declarations
- WS0287WR (07/10) What to do if a Loss Occurs
- 93640 AMS (03/10) WorldRisk Assistance Card

### Foreign Commercial General Liability

#### Limits of Insurance:

<u>\$2,000,000</u>	Master Control Program Aggregate Limit
<u>\$1,000,000</u>	General Aggregate Limit
<u>\$1,000,000</u>	Products-Completed Operations Aggregate Limit
<u>\$1,000,000</u>	Personal and Advertising Injury Limit
<u>\$1,000,000</u>	Each Occurrence Limit
<u>\$250,000</u>	Damage to Premises Rented To You Limit
<u>\$10,000</u>	Medical Expense Limit

#### Forms/Endorsements

- WS2003WR (07/11) Amendatory Endorsement - Foreign Commercial General Liability
- CRC(12/11) Crisis Response Card
- WS1422WR (12/11) Crisis Response Coverage Extension
- 78990WR (11/03) Employee Benefits Liability Insurance Provides Claims Made Coverage Additional Declarations
- 80995WR (11/03) Exclusion-U.S and Canada Jurisdiction
- 86680WR (09/04) Exclusion-Various Professional Services
- 83238WR (04/06) Foreign CGL Coverage Part
- 84022WR (02/04) Foreign CGL Schedule of Limits
- 79046WR (11/03) Limited Exclusion-Contractors-Professional Liability
- 79062WR (11/03) Professional Liability Exclusion-Electronic Data Processing Services and Computer Consulting or Programming Services
- 79072WR (11/03) Total Pollution Exclusion Endorsement

## Foreign Business Auto Liability And Physical Damage

Covered Autos for (If checked):	Liability	Comprehensive	Collision	Specified Cause(s) of Loss
Owned Private Passenger Autos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Owned Autos-other than Private Passenger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hired Autos	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Nonowned Autos	<input checked="" type="checkbox"/>	N/A	N/A	N/A

### Limits of Insurance - Auto Liability

\$1,000,000 Coverage A: Liability Coverage Limit (any one accident)  
\$10,000 Coverage B: Medical Expense Coverage (each accident limit)

<u>Physical Damage Limits - Coverage C</u>	<u>Limit Each Auto</u>	<u>Deductible Each Auto</u>	<u>Each Loss Limit</u>
Hired Autos	<u>\$10,000</u>	<u>\$1,000</u>	<u>\$10,000</u>

### Forms/Endorsements

- 83241WR (03/04) Foreign Auto Liability & Physical Damage Coverage Part
- 83992WR (11/04) Foreign Auto Liability & Physical Damage Schedule of Limits

## Foreign Voluntary Compensation And Employers Liability

Classification of Employee	Part One - Employee Injury Benefits Insurance	Part One - Supplemental Repatriation Expenses	Part Two - Employers Liability Coverage
U.S. Employee	State of Hire	Covered	Covered
U.S. Employee Traveler	State of Hire	Covered	Covered
Canadian Employee	Province of Hire	Covered	Covered
Canadian Employee Traveler	Province of Hire	Covered	Covered
Third Country National	Not Covered	Not Covered	Not Covered
Local Hire or National	Not Covered	Not Covered	Not Covered

### Limits of Insurance:

\$500,000 Limit of Liability for Part One - Supplemental Repatriation Expense Per Person  
\$1,000,000 Limits of Liability for Part Two - Employers Liability Injury by Accident Each Accident  
\$1,000,000 Limits of Liability for Part Two - Employers Liability Injury by Disease Coverage Part Limit  
\$1,000,000 Limits of Liability for Part Two - Employers Liability Injury by Disease Each Employee

**Business Operation(s) conducted at or from:** Anywhere in the world within the coverage territory

### Forms/Endorsements

- WS0979WR (03/08) Explanation of Assistance Services
- WS84015WR (03/08) Foreign Voluntary Compensation & EL Schedule of Limits
- WS0971WR (03/08) Foreign Voluntary Compensation and Employers Liability Coverage Part
- WS2237WR (09/12) Stated Benefit Endorsement

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## Corporate Kidnap And Ransom/Extortion

### Limits of Insurance

Each Insured Event Limit: \$500,000

Coverage Part Aggregate Limit: \$500,000

#### Each Loss Component Limit:

Ransom Monies	<u>\$100,000</u>
In-Transit/Delivery	<u>\$100,000</u>
Expenses	<u>\$100,000</u>
Consultants Expenses	<u>\$100,000</u>
Judgements, Settlements, and Defense Costs	<u>\$100,000</u>
Death or Dismemberment	<u>\$10,000</u> any one person and _ Each Insured Event

**Deductible:** NIL

### Forms/Endorsements

- 83237WR(02/07) Kidnap & Ransom/Extortion Coverage Part
- 83996WR (02/07) Kidnap & Ransom/Extortion Schedule of Limits
- WS0537 (03/07) KRE Cards
- WS0836WR(05/10) Specifically Excluded Country Endorsement

## Premium Details

Premium Details displays gross premiums by coverage.

### PREMIUM DETAILS

Coverage	Policy Premiums
Foreign Commercial General Liability	\$2,500
Foreign Commercial Auto Liability	\$150
Foreign Voluntary Compensation and Employers Liability	\$2,500
Corporate Kidnap and Ransom/Extortion	\$50
Total Policy Premium (US\$)	\$5,200
Master Policy Minimum Earned Premium	\$5,200
Master Policy Deposit Premium	\$5,200

**Invoice****WorldSource**

175 Water Street, 19th Floor  
New York, NY 10038  
<http://www.aig.com>

**Producer**

Name Aon Risk Services Inc. of Florida

Address 1001 BRICKELL BAY DRIVE

Address SUITE 1100

City, State Zip MIAMI, FL 33131

Attn Teresita Marill

**Insured**

Name Select Staffing

Address 3820 State Street

Address

City, State Zip Santa Barbara, CA 93105

Invoice Date **September 24, 2013**Due Date **October 25, 2013**

Issuing Company Insurance Company Of the State of Pennsylvania

**Notice of Amount Due**

*This amount is due and payable within 15 days of this bill or 30 days from the effective date, whichever is later. If Payment is not received within the time stipulated, this policy will be cancelled.*

Producer Number:	0000006975
Policy Number:	WS11004748
Policy Inception Date:	September 25, 2013
Policy Expiration Date:	September 25, 2014

Gross Premium:	\$5,200
Commission:	(\$1,040)
Insured Taxes:	\$0
Fees:	\$0
<b>TOTAL AMOUNT DUE:</b>	<b>\$4,160</b>

Underwriter Name Brian Dermond Underwriter Phone Number (770) 671-2088

Coverage Foreign Commercial Package

**Payment Instructions**

*Return this notice with your remittance. Indicate any change in address if necessary.*

WIRE TRANSFER	FIRST CLASS MAIL	EXPRESS MAIL
JP Morgan Chase Bank One Chase Plaza New York, NY 10005 ABA# 021-000021 FOR A/C OF: AIG NORTH AMERICA Account # 910-2475804 SWIFT# CHASUS33	WorldSource PO Box 30174 New York, NY 10087-0174	Lockbox Processing 4 Chase Metrotech Center, 7th Floor East Lockbox 11590 Brooklyn, NY 11245

Binder of Insurance

Policy: NPL0055617-00 Eff. Date: July 31, 2013

Binder Period: July 31, 2013 to October 29, 2013



**ARCH SPECIALTY INSURANCE COMPANY**  
(A Nebraska Corporation)

**Home Office Address:**

10909 Mill Valley Road, Suite 210  
Omaha, NE 68154

**Administrative Address:**

1125 Sanctuary Parkway  
Suite 200  
Alpharetta, GA 30009  
(404) 682-3700

**Binder of Insurance**

**Binder Period:** July 31, 2013 - October 29, 2013

**Agent / Broker Contact:** Richard Minor

**Agent / Broker Firm:** AmWins Brokerage of Georgia

**Address:** 3630 Peachtree Road NE  
Suite 1700  
Atlanta, GA 30326

**Phone:** 404-920-3654

**Fax:** 7704341008

**Insured:** Koosharem, LLC dba: Select Staffing

**Address:** 3820 State Street  
Santa Barbara, CA 93105

**Issuing Company:** Arch Specialty Insurance Company (the Company)  
Surplus Lines Policy (non-Admitted)

**Policy Type:** Network Security & Privacy Liability

**Coverage Description:** Staffing Services and Franchisor Services for others including Network Security/Privacy Coverage

**Policy Number:** NPL0055617-00

**Policy Period:** Inception Date July 31, 2013 Expiration Date July 31, 2014  
(12:01 A.M. Standard time at the address of the Insured shown above)

**Retroactive Date:** April 01, 2003 for first \$5,000,000 in Limits of Remedy's Franchisor's E&O;  
June 15th, 2007 for all other E&O coverages and limits in excess of Remedy's  
Franchisor's E&O. July 31, 2010 for Network Security/Privacy Coverage (see  
endorsement)

*Any preceding binder issued by the Company is void in its entirety as of its inception date and replaced by this binder.*

Binder of Insurance

Policy: NPL0055617-00 Eff. Date: July 31, 2013

Binder Period: July 31, 2013 to October 29, 2013

**Limits / Deductibles / Retentions:**

<b>Total Policy Aggregate Limit of Liability:</b>	\$10,000,000 Each Policy Period \$10,000,000 Aggregate Various sublimits and aggregates apply that are part of and not in addition to the \$10,000,000 Policy Aggregate.
<b>Professional Liability:</b>	\$10,000,000 Each Claim \$10,000,000 Aggregate Includes Media Liability
<b>Network Security Liability:</b>	\$10,000,000 Each Claim \$10,000,000 Aggregate
<b>Privacy Violation Liability:</b>	\$10,000,000 Each Claim \$10,000,000 Aggregate
<b>Cyber Extortion Coverage:</b>	\$2,000,000 Each Claim \$2,000,000 Aggregate
<b>Security Breach Notice Coverage:</b>	\$2,000,000 Each Claim \$2,000,000 Aggregate
<b>Regulatory Action Coverage:</b>	\$2,000,000 Each Claim \$2,000,000 Aggregate
<b>Coverage - Crisis Management Coverage:</b>	\$500,000 Each Claim \$500,000 Aggregate
<b>All Coverage Grants Deductible:</b>	\$500,000 Each Claim
<b>Coverage for Certified Acts of Terrorism:</b>	Not Applicable

**Forms / Endorsements:**

06 ML0002 00 01 13	SIGNATURE PAGE (ARCH SPECIALTY)
00 ML0207 00 11 03	MPL & NETWORK SECURITY/PRIVACY COVERAGE POLICY
00 ML0100 00 06 09	MPL & NETWORK SECURITY/PRIVACY DECLARATIONS PAGE
00 ML0065 00 06 07	U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")
06 ML0014 00 03 08	CLAIMS HANDLING PROCEDURES
00 ML0003 00 04 12	SERVICE OF SUIT
00 ML0213 05 11 12	CALIFORNIA NOTICE
00 ML0207 00 11 03	NON-STACKING OF LIMITS ENDORSEMENT WITH HEALTHCARE POLICY #FLP0055603-00
00 ML0207 00 11 03	MPL ENDORSEMENT (W AMENDED "FOR A FEE" LANGUAGE)
00 ML0207 00 11 03	50/50 HAMMER CLAUSE ENDORSEMENT
00 ML0207 00 11 03	PENDING & PRIOR LITIGATION ENDORSEMENT 7/31/2013
00 ML0207 00 11 03	ADD SUBSIDIARY TO DEFINITION OF INSURED ENDORSEMENT
00 ML0207 00 11 03	\$1,000,000/\$1,000,000 SUBLIMIT FOR CONTINGENT BI/PD
00 ML0207 00 11 03	AMEND EXCLUSION LL
00 ML0207 00 11 03	AMEND NOTICE TO SPOECIFIC OFFICER LIST (SUBJECT TO ORG. CHART AND REPORTING STRUCTURES)
00 ML0207 00 11 03	CHOICE OF COUNSEL (SUBJECT TO REVIEW OF LAW FIRMS AND THEY MUST FOLLOW OUR RATES AND LITIGATION GUIDELINES)

**Subject to:**

- Copy of surplus lines license and tax ID number to be used for surplus lines filing, including name and address of the surplus lines broker
- Dated, signed, and completed original Arch mainform application

***Any preceding binder issued by the Company is void in its entirety as of its inception date and replaced by this binder.***



Binder of Insurance

Policy: NPL0055617-00 Eff. Date: July 31, 2013

Binder Period: July 31, 2013 to October 29, 2013

- Details surrounding Hulke Claim and other litigation (conference call will suffice)
- Contract for Staffing Services

**Premium Amount:**

<b>Gross Premium:</b>		\$245,000.00
<b>Commission:</b>	17.50%	\$(42,875.00)
<b>Net Premium:</b>		\$202,125.00
<b>Total Due:</b>		\$202,125.00

**Surplus Lines Agent:** AmWINS Insurance Brokerage of California, LLC  
 1551 North Tustin Avenue  
 Suite 700  
 SANTA ANA, CA 92705

**License No:** 0C01319

This binder will remain in force for ninety (90) days from its effective date unless extended in writing by the Company, or until replaced by the policy. Please read all terms and conditions shown herein carefully.

If this binder is conditioned upon the receipt, review and approval of additional information, all of this additional information must be provided to the Company within thirty (30) days of the effective date of this binder or the Company may, at its sole option, terminate this binder as of its effective date and cancel any policy which was issued pursuant to the binder.

If, between the date of the original submission and the effective date of this binder, there is a material change in any of the information (including but not limited to claims or potential claims) originally submitted or subsequently requested by the Company, the Insured is required to notify the Company immediately. The Company reserves the right to terminate or modify the terms of this binder in the event of a material change in such information.

Payment of premium is due within 30 days of the effective date of this binder. Should the premium not be received by the date due, this binder will be cancelled as of its effective date.

This policy will be issued by a surplus lines insurer. Compliance with applicable laws and payment of the surplus lines premium taxes is the responsibility of the Insured, insurance agent or insurance broker. Applicable taxes and fees are not included in the premium due for the insurance coverage bound. It is the responsibility of the Agent/ Broker firm to provide the Company with the name, license number and a copy of the surplus lines broker's surplus lines license in the state in which the Insured is located (for New Jersey business, please also provide the Surplus Lines Transaction number). It is the responsibility of the Agent/ Broker firm to conform with the Laws and Regulations of the applicable jurisdictions, including but not limited to, payment of surplus lines premium taxes, procuring of affidavits and compliance with surplus lines laws.

Signature: \_\_\_\_\_

Authorized by: Glen Manjos

***Any preceding binder issued by the Company is void in its entirety as of its inception date and replaced by this binder.***



BINDER ISSUED: 31-Jul-2013

Aon Risk Insurance Services West - Denver, CO  
William Kroupa  
1900 16th St  
Ste 1000  
Denver, CO 80202-5229

## BINDER

Re: Koosharem, LLC dba Select Staffing  
CRIME INSURANCE POLICY Binder  
Policy Number: W14012130101

We are pleased to offer the following conditional Binder for the above captioned account as per the quotation dated 26-Jul-2013.

Receipt, review and acceptance in writing by the underwriter of the following additional information must occur before issuing a policy.

1. Details surrounding loss; discovery, how the perpetrator was able to carry on scheme
2. What has the Insured done post-loss to mitigate against another loss
3. Signed and dated version of the submitted Application (with no changes in underwriting information)

Insurer: Syndicate 2623/623 at Lloyd's. (Non-Admitted)

Product: CRIME INSURANCE POLICY  
Policy Form: BICCR00020411

Insured: Koosharem, LLC dba Select Staffing  
Insured Address: 3820 State Street  
Santa Barbara, CA 93105

Policy Period: From: 31-Jul-2013 To: 31-Jul-2014 Both dates at 12:01 a.m. Local Time at the Insured's Address

Commission: 15.00%

This insurance is through a surplus lines insurer on whose behalf we are authorized to act. Compliance with applicable laws including filings and payment of taxes and fees is the responsibility of the insured, the insurance agent or insurance broker. Please advise the license number of the surplus lines broker or surplus agent making the filing.

The above requested items must be received by the underwriter for review by the above specified date, and acknowledged in writing by the underwriter as acceptable in form and substance. If the above requested items are not received by the underwriter by the specified date, then the Underwriters will have the right to:

- a. consider this binder null and void ab initio (as if it never existed) and have no effect; or
- b. issue the Policy with the addition of any additional terms, conditions and exclusions as deemed necessary by the underwriter in its sole discretion. In the event the policy is issued pursuant to this paragraph b., any such additional terms, conditions or exclusions will be deleted effective as of policy inception when and if the items are received and reviewed by the underwriter and found to be acceptable in form and substance.

A condition precedent to coverage afforded by this conditional Binder is that no material change in the risk occurs and no submission is made to the Insurer of a claim or circumstances that might give rise to a claim between the date of this conditional Binder and the inception of proposed Policy Period.

INSURED: Koosharem, LLC Select Staffing

Premiums must be remitted by the due date on the invoice.

This conditional Binder is valid through ninety (90) days from the date of this document.

For other questions, please speak with our underwriters.

Thank you for purchasing insurance with us.

Juliet White  
Beazley Insurance Services  
CA License Number 0G55497  
1270 Avenue of the Americas, Suite 1200  
New York, NY 10020  
t: (646) 943-5916  
c: (646) 378 4039  
e: juliet.white@@beazley.com

INSURED: Koosharem, LLC Select Staffing

Premium: \$144,333

		Limit of Liability	Deductible
Insuring Clause A:	Employee Dishonesty	\$10,000,000 each loss	\$100,000 each loss
Insuring Clause B:	Forgery or Alteration	\$10,000,000 each loss	\$100,000 each loss
Insuring Clause C:	On Premises	\$10,000,000 each loss	\$100,000 each loss
Insuring Clause D:	In Transit	\$10,000,000 each loss	\$100,000 each loss
Insuring Clause E:	Money Orders and Counterfeit Paper Currency Fraud	\$10,000,000 each loss	\$100,000 each loss
Insuring Clause F:	Computer Fraud and Funds Transfer Fraud	\$10,000,000 each loss	\$100,000 each loss
Insuring Clause G:	Client Property Coverage	\$10,000,000 each loss	\$100,000 each loss
Insuring Clause H:	Credit Card Coverage	\$1,000,000 each loss	\$25,000 each loss
Insuring Clause I:	Expense Coverage Aggregate	\$50,000 aggregate limit of liability for the Policy Period	No deductible shall apply to Insuring Clause I.

If "Not Covered" is listed opposite any Insuring Clause above, there shall be no coverage under such Insuring Agreement under this Policy and any references thereto in the Policy shall be deemed deleted.

No Deductible shall apply to any loss involving any Employee Benefit Welfare or Pension Plans.

#### Coverage Terms and Conditions

Choice of Law: New York

Endorsements Effective at Inception:

- |     |                   |  |
|-----|-------------------|--|
| 1.  | E03337 112011 ed. | Delete Exclusion A.20. (Correction Endorsement)  |
| 2.  | SCHEDULE2013      | Lloyd's Security Schedule 2013   |
| 3.  | LSW1147D          | Notice   |
| 4.  | NMA1256           | Nuclear Incident Exclusion Clause-Liability-Direct (Broad) (U.S.A.)  |
| 5.  | NMA1477           | Radioactive Contamination Exclusion Clause-Liability-Direct (U.S.A.)   |
| 6.  | E02804 032011 ed. | Sanction Limitation and Exclusion Clause   |
| 7.  | NMA2918           | War and Terrorism Exclusion Endorsement  |
| 8.  | E02882 032012 ed. | Amend Cancellation Notification  |
|     |                   | • Notice Period (# Days): 90   |
| 9.  | E04190 102012 ed. | Amend Definition of Employee to Include Employees on Military Leave,<br>Former or Retired Employees as Consultants |
| 10. | BSLCR05220407     | Loss Discovered Conversion   |
| 11. | E04183 102012 ed. | Scheduled Loss Exclusion   |

INSURED: Koosharem, LLC dba Select Staffing

Endorsements Effective at Inception:

Losses

Claim noticed under ACE policy period 2012-2013



**ACE INA Excess & Surplus  
Insurance Services, Inc.**

455 Market Street, 5<sup>th</sup> Floor  
San Francisco, CA 94105  
CA Agency License No. 0594384

To:  
**William Kroupa**

Company:  
**Aon**

Tel:  
**303-639-4106**

e-mail:  
**William.Kroupa@aon.com**

Re: Koosharem - D&O

From:  
**Steve Wunderling**

Date:  
**7/30/13**

Tel:  
**213-833-3127**

e-mail:  
**Steve.Wunderling@acegroup.com**

**Account:** Koosharem LLC dba Select Staffing  
**Insured Address:** 3820 State Street  
Santa Barbara, CA 93105  
**Line of Coverage:** Ace Express Private Company Management Indemnity Package  
**Insuring Company:** Illinois Union Insurance Company  
**Effective Date:** 7/31/2013  
**Expiration Date:** 7/31/2014  
**Policy Number:** G24999385 005

Please advise your client that AESIS is offering this quote as a representative of its affiliated surplus lines insurance company, Illinois Union Insurance Company (Illinois Union). AESIS is not acting on behalf of your client and does not seek placements in other surplus lines markets.

Dear William,

We are pleased to offer the attached binder. The commission payable for placement of this business is 17.50%.

Please review this Binder for accuracy and contact ACE prior to the effective date of Policy coverage in the event of any inaccuracies to this binder. If ACE does not hear from you prior to the effective date, it will be assumed that this binder has been accepted as an accurate description of our agreed upon terms of coverage.

Thank you for binding coverage with ACE. If you should have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Calnon'.

Christopher Calnon  
On behalf of Steve Wunderling  
Assistant Vice President  
Professional Risk

*One of the ACE Group of Insurance & Reinsurance Companies*

Revised 10/12

The Insurer hereby binds the coverage described below. However, any obligations the Insurer may have under this binder are conditioned upon each of the following conditions having first been met:

1. The Applicant has submitted to the Insurer the following documents, and the Insurer has received and accepted such documents no later than close of business prior to binding:

~~a. None~~

2. The Applicant has remitted the premium specified below to the Insurer so that the Insurer receives the premium no later than close of business on the 30th day from the date of this Binder or the Effective Date of this policy, whichever is later.

**Directors & Officers and Company Coverage Section  
Separate Limit**

Limit of Liability Aggregate for all Loss	Additional Side A Limit*	Maximum Aggregate	Retention each Claim		
			Insuring Clause 1	Insuring Clause 2	Insuring Clause 3
\$5,000,000	None	\$5,000,000	0	\$150,000	N/A

\*Side A limit applicable to Loss under Insuring Clause A1 only

Continuity Date: 6/8/2001 with respect to the Limit of Liability to \$4,000,000

7/31/2010 with respect to that part of the Limit of Liability in excess of \$4,000,000

**Taxes, Surcharges, Discovery/Run-Off Period:**

**PLEASE NOTE THE FOLLOWING:**

- If this Policy includes coverage for certified acts of terrorism, the premium for the coverage is set forth above.
- \*Any applicable taxes, surcharges or countersignature fees, etc. are in addition to the above quoted figures. Your office is responsible for making State Surplus Lines Filings and complying with all applicable laws. Premium Surcharge Notice is attached, if applicable.

**Discovery Period:**

- |                    |                             |
|--------------------|-----------------------------|
| 1. One (1) Year    | @TBD% of the annual premium |
| 2. Two (2) Years   | @TBD% of the annual premium |
| 3. Three (3) Years | @TBD% of the annual premium |

**Run-Off Period:**

- |                    |                             |
|--------------------|-----------------------------|
| 1. One (1) Year    | @TBD% of the annual premium |
| 2. Two (2) Years   | @TBD% of the annual premium |
| 3. Three (3) Years | @TBD% of the annual premium |
| 4. Four (4) Years  | @TBD% of the annual premium |
| 5. Five (5) Years  | @TBD% of the annual premium |
| 6. Six (6) Years   | @TBD% of the annual premium |

**Total Amount Due\*: \$ 250,026**

**The following Endorsements will be added to the basic contract(s):**

ENDORSEMENT TITLE	PF #
ACE Express Private Company Management Indemnity Package - Declarations	PF-15190b (06/10))
ACE Express Private Company Management Indemnity Package - General Terms and Conditions	PF-15191 (12/08)
ACE Express Private Company Management Indemnity Package - Directors and Officers Coverage Section	PF-15193 (12/08)

Signature Page Endorsement	LD-5S23h (07/10)
Service of Suit Endorsement	XS-1U96e (02/06)
California Surplus Lines Notification	SL-17888 (01/09)
Amend Bodily Injury-Property Damage Exclusion – As Expiring	PF-30162 (07/10)
Specified Matter Exclusion – As Expiring Plus the addition of the following:	
• Farnam Street Financial, Inc. - Claim # JY12J0503866	
• Valenzuela, Luz Carmen – Claim # JY13J015003X	
• Grace Bay Holdings II, LLC – Claim # JY13J01503X	
• Seeley, Dorothy A. – Claim JY12J0675312	
• Alliance Insulation, Inc.- Claim JY12J0683848	PF-15341 (08/04)
Professional Services Exclusion – General Professional Services with	
Shareholder Carveout – As Expiring	PF-27192 (05/09)
Amend Subsidiary – As Expiring but amended to 10% Threshold	MS-3633 (07/13)
Derivative Investigation Sub-limit of Liability Endorsement - \$150,000 – As Expiring	PF-27965 (09/09)
Anti-Trust Exclusion (Absolute) – New	PF-37264 (04/12)
Additional Company with Continuity Date & Prior Act Exclusion – As Expiring	MS-3637 (3/10)
Amend Conduct Exclusions – As Expiring	PF-30163 (07/10)
Non-Duty – D&O – As Expiring	PF-29492 (04/10)
Amend Run-Off Coverage – As Expiring	PF-30206 (07/10)
Fully Earned Premium/Non-Cancellable – As Expiring	PF-32721 (01/11)
Remove Entity Coverage – As Expiring	PF-29759 (06/10)
Absolute Contract Exclusion – New	PF-16294 (08/04)

**TRIA Endorsements added to basic contract(s):**

Disclosure Pursuant to Terrorism Risk Insurance Act	TRIA12b (01/08)
Cap on Losses from Certified Acts of Terrorism	PF-15026c (01/08)

**Addendums:**

Trade Or Economic Sanctions Endorsement	ALL-21101 (11/06)
U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") Advisory Notice to Policyholders	PF-17914 (2/05)
Producer Compensation Notice	ALL-20887 (10/06)

**This binder is valid for 30 days from the Effective Date.**

Please read this binder carefully, as the limits, coverage and other terms and conditions may vary significantly from those requested in your submission and/or from the expiring policy. Terms and conditions that are not specifically mentioned in this binder are not included. The terms and conditions of this binder supersede the submitted insurance specifications and all prior quotes and binders. Actual coverage will be provided by and in accordance with the policy as issued.

The insurer is not bound by any statements made in the submission purporting to bind the insurer unless such statement is reflected in the policy or in an agreement signed by someone authorized to bind the insurer.

When signed by the Insurer, the coverage described above is in effect from 12:01 AM (local time at the address shown above) of the Effective Date listed above to 12:01 AM (local time at the address shown above) of the Expiration Date listed above pursuant to the terms, conditions and exclusions of the policy form listed above and any policy endorsements described above. Unless otherwise indicated, this Binder may be canceled by the Insured, or by the Broker on behalf of the Insured, by written notice to the Insurer or by the surrender of this Binder stating when such cancellation shall be effective. Unless otherwise indicated, this Binder may be canceled by the Insurer prior to the Effective Date by sending written notice to the Insured at the address shown above stating when such cancellation shall be effective. Unless otherwise indicated, this Binder may be canceled by the Insurer on or after the Effective Date in the same manner and upon the same terms and conditions applicable to cancellation of the policy form listed above. If cancellation of the Binder, by or on behalf of either the Insured or the Insurer, is effective after the Effective Date, then the Insurer shall be entitled to the earned premium, on a pro-rata basis, for the



covered period. Issuance by the Insurer and acceptance by or on behalf of the Insured of the policy shall render this binder void except as indicated below.

Conditions precedent to coverage afforded by this binder are: (1) receipt, review and acceptance of the information required herein within the stated timeframe; and (2) that no material change in the risk occurs and no submission is made to the Insurer of a claim or circumstances that might give rise to a claim between the date of this binder indicated above and the Effective Date. If such required information is not received, reviewed and accepted within the stated timeframe, or such material change in the risk is discovered or submission of a claim or circumstance is made, then the proposed insurance coverage will be void ab initio ("from the beginning").

Sincerely,

A handwritten signature in dark ink, appearing to read 'C. Calnon', is positioned above the printed name and title.

Christopher Calnon  
On behalf of **Steve Wunderling**  
Assistant Vice President  
Professional Risk



**ace usa**

## Premium Surcharges

If the issuing company indicated on the quotation/quotation/binder is either ACE American Insurance Company or Westchester Fire Insurance Company, the following surcharges will apply in addition to the premium. Some exemptions apply. Premium surcharges are subject to change at the anniversary dates of multiyear policies paid in annual installments. Collection and remittance of premium surcharges for surplus lines policies, if applicable, are the responsibility of the surplus lines broker.

### Florida Insureds

- Florida Hurricane Catastrophe Fund 1.3%

### Kentucky Insureds

- Premium Surcharge 1.8%
- Local Government Premium Tax Varies by municipality

### New Jersey Insureds

- NJ Property-Liability Insurance Guaranty Association 0.9%

### West Virginia Insureds

- Premium Surcharge 0.55%

### All Other Insureds

There are currently no premium surcharges in your state for this line of business. This is subject to change at the anniversary dates of multiyear policies paid in annual installments.



**ACE INA Excess & Surplus  
Insurance Services, Inc.**

455 Market Street, 5<sup>th</sup> Floor  
San Francisco, CA 94105  
CA Agency License No. 0594384

To:  
**William Kroupa**

Company:  
**Aon**

Tel:  
**303-639-4106**

e-mail:  
**William.Kroupa@aon.com**

Re: Koosharem - EPL

From:  
**Steve Wunderling**

Date:  
**7/30/13**

Tel:  
**213-833-3127**

e-mail:  
**Steve.Wunderling@acegroup.com**

**Account:** Koosharem LLC dba Select Staffing  
**Insured Address:** 3820 State Street  
Santa Barbara, CA 93105  
**Line of Coverage:** Ace Express Private Company Management Indemnity Package  
**Insuring Company:** Illinois Union Insurance Company  
**Effective Date:** 7/31/2013  
**Expiration Date:** 7/31/2014  
**Policy Number:** G24999427 005

Please advise your client that AESIS is offering this quote as a representative of its affiliated surplus lines insurance company, Illinois Union Insurance Company (Illinois Union). AESIS is not acting on behalf of your client and does not seek placements in other surplus lines markets.

Dear William,

We are pleased to offer the attached binder. The commission payable for placement of this business is 17.50%.

Please review this Binder for accuracy and contact ACE prior to the effective date of Policy coverage in the event of any inaccuracies to this binder. If ACE does not hear from you prior to the effective date, it will be assumed that this binder has been accepted as an accurate description of our agreed upon terms of coverage.

Thank you for binding coverage with ACE. If you should have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Calnon'.

Christopher Calnon  
On behalf of **Steve Wunderling**  
Assistant Vice President  
Professional Risk

*One of the ACE Group of Insurance & Reinsurance Companies*

Revised 10/12

The Insurer hereby binds the coverage described below. However, any obligations the Insurer may have under this binder are conditioned upon each of the following conditions having first been met:

1. The Applicant has submitted to the Insurer the following documents, and the Insurer has received and accepted such documents no later than close of business prior to binding:

a. ~~None~~

2. The Applicant has remitted the premium specified below to the Insurer so that the Insurer receives the premium no later than close of business on the 30th day from the date of this Binder or the Effective Date of this policy, whichever is later.

**Employment Practices Coverage Section  
Separate Limit**

Limit of Liability Aggregate for all Loss	Additional Limit for Costs Charges & Expenses	Maximum Aggregate	Retention	
			Each Employment Practice Claim	Each Third Party Claim
\$5,000,000	None	\$5,000,000	\$1,000,000	\$1,000,000

Third Party Coverage Yes ☒ No ☐

Continuity Date: 12/23/2003 with respect to the Limit of Liability to \$3,000,000

7/26/2006 with respect to that part of the Limit of Liability in excess of \$3,000,000

**Taxes, Surcharges, Discovery/Run-Off Period:**

**PLEASE NOTE THE FOLLOWING:**

- If this Policy includes coverage for certified acts of terrorism, the premium for the coverage is set forth above.
- \*Any applicable taxes, surcharges or countersignature fees, etc. are in addition to the above quoted figures. Your office is responsible for making State Surplus Lines Filings and complying with all applicable laws. Premium Surcharge Notice is attached, if applicable.

**Discovery Period:**

- |                    |                             |
|--------------------|-----------------------------|
| 1. One (1) Year    | @TBD% of the annual premium |
| 2. Two (2) Years   | @TBD% of the annual premium |
| 3. Three (3) Years | @TBD% of the annual premium |

**Run-Off Period:**

- |                    |                             |
|--------------------|-----------------------------|
| 1. One (1) Year    | @TBD% of the annual premium |
| 2. Two (2) Years   | @TBD% of the annual premium |
| 3. Three (3) Years | @TBD% of the annual premium |
| 4. Four (4) Years  | @TBD% of the annual premium |
| 5. Five (5) Years  | @TBD% of the annual premium |
| 6. Six (6) Years   | @TBD% of the annual premium |

**Total Amount Due\*: \$ 225,212**

**The following Endorsements will be added to the basic contract(s):**

ENDORSEMENT TITLE	PF #
ACE Express Private Company Management Indemnity Package - Declarations	PF-15190b (06/10)
ACE Express Private Company Management Indemnity Package - General Terms and Conditions	PF-15191 (12/08)
ACE Express Private Company Management Indemnity Package -	PF-15192 (12/08)

Employment Practices Coverage Section	
Signature Page Endorsement	LD-5S23h (07/10)
Service of Suit Endorsement	XS-1U96e (02/06)
California Surplus Lines Notification	SL-17888 (01/09)
Amend Bodily Injury Exclusion – As Expiring	MS-3800 (7/09)
Specified Matter Exclusion – EPL- As Expiring	PF-32712 (01/11)
Non Duty – EPL (Panel) – New	PF-39430 (12/12)
Amend Notice (Semi-Annual Bordereau) – As Expiring	MS-3802 (8/09)
Amend Subsidiary – As Expiring but amended to 10% Threshold	MS-3803 (7/13))
Amend Run-Off Coverage – As Expiring	PF-30206 (07/10)
Professional Employment Organization Endorsement – As Expiring	MS-3806 (8/09)
Additional Company with Continuity Date & Prior Act Exclusion – As Expiring	MS-3810 (3/10)
Amend Conduct Exclusions – As Expiring	PF-27955 (09/09)
Fully Earned Premium/Non-Cancellable – As Expiring	PF-32721 (01/11)
Amend Third Party Wrongful Act – As Expiring	MS-3805 (8/09)
Specified Party Exclusion (Individual) – EPL - Frederick Pachon – New	PF-37699 (05/12)

**TRIA Endorsements added to basic contract(s):**

Disclosure Pursuant to Terrorism Risk Insurance Act	TRIA12b (01/08)
Cap on Losses from Certified Acts of Terrorism	PF-15026c (01/08)

**Addendums:**

Trade or Economic Sanctions Endorsement	ALL-21101 (11/06)
U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") Advisory Notice to Policyholders	PF-17914 (2/05)
Producer Compensation Notice	ALL-20887 (10/06)

**This binder is valid for 30 days from the Effective Date.**

Please read this binder carefully, as the limits, coverage and other terms and conditions may vary significantly from those requested in your submission and/or from the expiring policy. Terms and conditions that are not specifically mentioned in this binder are not included. The terms and conditions of this binder supersede the submitted insurance specifications and all prior quotes and binders. Actual coverage will be provided by and in accordance with the policy as issued.

The insurer is not bound by any statements made in the submission purporting to bind the insurer unless such statement is reflected in the policy or in an agreement signed by someone authorized to bind the insurer.

When signed by the Insurer, the coverage described above is in effect from 12:01 AM (local time at the address shown above) of the Effective Date listed above to 12:01 AM (local time at the address shown above) of the Expiration Date listed above pursuant to the terms, conditions and exclusions of the policy form listed above and any policy endorsements described above. Unless otherwise indicated, this Binder may be canceled by the Insured, or by the Broker on behalf of the Insured, by written notice to the Insurer or by the surrender of this Binder stating when such cancellation shall be effective. Unless otherwise indicated, this Binder may be canceled by the Insurer prior to the Effective Date by sending written notice to the Insured at the address shown above stating when such cancellation shall be effective. Unless otherwise indicated, this Binder may be canceled by the Insurer on or after the Effective Date in the same manner and upon the same terms and conditions applicable to cancellation of the policy form listed above. If cancellation of the Binder, by or on behalf of either the Insured or the Insurer, is effective after the Effective Date, then the Insurer shall be entitled to the earned premium, on a pro-rata basis, for the covered period. Issuance by the Insurer and acceptance by or on behalf of the Insured of the policy shall render this binder void except as indicated below.

Conditions precedent to coverage afforded by this binder are: (1) receipt, review and acceptance of the information required herein within the stated timeframe; and (2) that no material change in the risk occurs and no submission is made to the Insurer of a claim or circumstances that might give rise to a claim between the date of this binder indicated above and the Effective Date. If such required information is not received, reviewed and accepted within the stated timeframe, or such material change in the risk is discovered or submission of a claim or circumstance is made, then the proposed insurance coverage will be void ab initio ("from the beginning").

Sincerely,

A handwritten signature in dark ink, appearing to read 'C. Calnon', is positioned above the printed name and title.

Christopher Calnon  
On behalf of **Steve Wunderling**  
Assistant Vice President  
Professional Risk

**ace usa****Premium Surcharges**

If the issuing company indicated on the quotation/quotation/binder is either ACE American Insurance Company or Westchester Fire Insurance Company, the following surcharges will apply in addition to the premium. Some exemptions apply. Premium surcharges are subject to change at the anniversary dates of multiyear policies paid in annual installments. Collection and remittance of premium surcharges for surplus lines policies, if applicable, are the responsibility of the surplus lines broker.

**Florida Insureds**

- Florida Hurricane Catastrophe Fund 1.3%

**Kentucky Insureds**

- Premium Surcharge 1.8%
- Local Government Premium Tax Varies by municipality

**New Jersey Insureds**

- NJ Property-Liability Insurance Guaranty Association 0.9%

**West Virginia Insureds**

- Premium Surcharge 0.55%

**All Other Insureds**

There are currently no premium surcharges in your state for this line of business. This is subject to change at the anniversary dates of multiyear policies paid in annual installments.



## CHUBB GROUP OF INSURANCE COMPANIES

3630 Peachtree Road N.E., Suite 1500  
Atlanta, GA 30326-1276

Telephone (404) 266-4000  
Facsimile (404) 264-6840

### *REVISED*

March 27, 2014

Koosharem LLC DBA Select Staffing  
In care of AON Risk Services, Inc. of Florida  
Licensed Producer: Courtney Trebing  
1001 Brickell Bay #1100  
Miami, FL 33131

RE: Koosharem LLC DBA Select Staffing

Policy Type	Policy Number	Policy Term	Underwriting Company
EXCESS	7986-88-94	03/31/2014 – 04/30/2015	Federal Insurance Company

Dear Courtney:

Thank you for the order on the above referenced account.

Coverage has been bound on this account. Premium is due as noted. Please include on your March account current to be paid by May 15, 2014. The Commission Rate also applies to the premium charge for Optional **Terrorism** Coverage.

“Terrorism” refers to terrorism losses covered by the Terrorism Risk Insurance Act of the United States of America (15 USC 6701 note). Please refer to the Important Notice to Policyholders which outlines both the Federal Government’s and the Insurance Company’s obligation of payment under the Terrorism Risk Insurance Act.

This binder does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from offering or providing insurance. To the extent any such prohibitions apply, this binder is void ab initio.

This information is intended for producers that are properly licensed and authorized in at least one of the writing companies that comprise the Chubb Group of Insurance Companies (Chubb).

If you are not a licensed and authorized Chubb producer, please direct this communication to the person in your office that holds such designations and contact Chubb to update the contact information for this policy.

### **CONDITIONS**

This binder is subject to the following conditions. Failure to comply with these conditions may result in any policy bound or issued being cancelled.

*1. Receipt and acceptable review within 90 days of the effective date of our policy of the*



**EXCESS INSURANCE**

Policy Number: 7986-88-94  
 Company: Federal Insurance Company  
 Effective Date: March 31, 2014 to April 30, 2015

<u>Policy Type</u>	<u>Premium</u>	<u>Commission</u>	<u>Payment Options</u>
Excess Insurance	\$58,253 (Excludes Terrorism)	0%	Agency Bill/ Prepaid

<u>Limits</u>	
\$25,000,000	Other Aggregate Limit (as applicable)
\$25,000,000	Products Completed Operations Aggregate Limit
\$25,000,000	Each Occurrence Limit

<u>Excess Of</u>	
\$25,000,000	Aggregate Limit - not including primary coverage limits
\$25,000,000	Each Occurrence Limit - not including primary coverage limits

**RATING EXPOSURES**

This binder is based upon the following information. A change in any of the exposure units before our policy inception may result in an adjustment to our premium.

Domestic Revenues/Sales	\$1,922,341,111
Number of Employees	18,500

**UNDERLYING POLICIES**

This binder is based upon the following information. A change in any of the following information before or during our policy period may result in an adjustment to our premium and/or our policy terms.

<u>COVERAGE/ CARRIER</u>	<u>LIMIT</u>	
CONTROLLING NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.		
Policy No: TBD	Policy Period: From: 03/31/2014 To: 04/30/2015	
	\$25,000,000 Each Occurrence Limit	
	\$25,000,000 Products Completed Operations Aggregate Limit	
	\$25,000,000 Aggregate Limit (where applicable)	

*Until their policy limits are exhausted, all underlying policies must provide unlimited defense in addition to the limits shown above unless specifically noted.*

*All underlying policies must use an occurrence/offense trigger unless specifically noted.*

*An exception to the above-stated defense and trigger requirements is Employee Benefits Liability, which is commonly written on a Claims Made basis with defense expenses included within the limits of liability.*

*All underlying carriers must be rated BBB or better by Standard & Poor's and A- VI or better by A.M. Best.*

This binder is subject to the standard policy terms and conditions set forth in the contract noted below. We reserve the right to amend our policy based upon a full review of underlying policies' terms and conditions.

The following endorsements will be attached to the policy.

<b>POLICY FORMS</b>		
99-10-0732	12-07	IMPORTANT NOTICE TO POLICYHOLDERS-TRIPRA
99-10-0792	09-04	IMPORTANT NOTICE - OFAC
99-10-0872	06-07	AOD IMPORTANT POLICYHOLDER NOTICE
07-02-2270	02-09	EXCESS LIABILITY - SL DECLARATIONS
07-02-1273	08-11	CALIFORNIA CANCELLATION
07-02-1351	12-97	CHUBB EXCESS LIABILITY INSURANCE-SL CANCELLAT
07-02-1989	01-04	COMPLIANCE WITH APPLICABLE TRADE SANCTIONS
07-02-2174	01-13	INFO LAWS INCL UNAUTH OR UNSOLIC COMMUNI EXCL
07-02-2248	01-08	ASBESTOS EXCLUSION
07-02-1642	01-01	NAMED INSURED
07-02-1950	12-07	<b>EXCLUSION OF CERTIFIED ACTS OF TERRORISM</b>
07-02-2182	01-14	<b>POST-TRIA CONDITIONAL EXCLUSION OF TERRORISM</b>

*Please note – Since Terrorism coverage is being rejected, we must have a copy of the Rejection Notice signed and returned to us before the policy can be released.*

Actual coverage is limited to the terms and conditions of the policy as issued.

***Controlling Underlyer Insurance and all underlying Excess Liability layers' policies including the declaration pages and all endorsements.***

This binder outlines the extent of coverage we will provide on this risk. Coverage is subject to the terms and conditions of the policy as issued. This binder is valid for 30 days from the date of this letter.

Thank you for choosing Federal Insurance Company for your Commercial Excess Liability coverage. Chubb is an internationally recognized leader in Excess & Umbrella underwriting. Our financial strength, coverages and services offer many advantages to our insureds.

We look forward to providing superior service and coverage to you and your insured.

Sincerely,

Carole Czajkoski  
Senior Underwriting Officer  
Casualty  
(404) 266-4156

SR #  
140328 1841802



Howard Marcus  
Assistant Vice President  
11680 Great Oaks Way, Suite 500  
Alpharetta, GA 30022

## Property Binder

Issued 5/24/2013 Valid through 7/31/2013

Please review this binder carefully as its terms and conditions supercede any terms and conditions that are proposed in the submission or elsewhere.

<b>Policy Number:</b>	MAB752968-13
<b>Named Insured:</b>	Koosharem LLC
	And/or any owned, controlled, associated, affiliated, joint venture, or any subsidiary companies or corporations as now or may hereafter be constituted, as their respective rights and interests may appear.
	3820 State Street SANTA BARBARA, CA 93105
<b>Producer:</b>	Teresita Amelia Maril Aon Risk Services, Inc. of Florida [Miami] 1001 Brickell Bay Drive, Suite 1100 Miami, FL 33131
<b>Policy Period:</b>	June 1, 2013 through June 1, 2014 (12:01 AM local standard time)
<b>Covered Locations:</b>	Except as specifically provided elsewhere, coverage applies to locations identified on the Statement of Values on file with the company.
<b>Perils Covered:</b>	Risk of direct physical loss or damage to covered property except as excluded within the policy.
<b>Property Covered:</b>	Real and Personal Property owned by the Insured including Real and Personal Property of Others in the Insured's care, custody or control of which the Insured is legally liable to insure.
<b>Policy Territory:</b>	United States of America, the District of Columbia, the U.S. Virgin Islands, Puerto Rico, and Canada
<b>Issuing Company:</b>	AXIS Insurance Company - Admitted Coverage
<b>Policy Form:</b>	AXIS Premier Property Form - GUA0106-001
<b>Limits of Liability:</b>	<del>\$70,000,000</del> Loss Limit per occurrence at locations as reported on the latest Statement of Values on file with the Company. Any location shown on the SOV reported at \$500,000 or less is limited to no more than \$500,000 per occurrence.
<b>Sub-Limits of Liability:</b>	All are per Occurrence and are part of, not in addition to, the Limits of Liability stated above. Sub-limits will be applied per policy form.
Accounts Receivable	\$1,000,000
Business Interruption	\$25,000,000
Civil Authority	4 Week(s) not to exceed \$1,000,000
Contingent Business Interruption	\$250,000
Debris Removal	\$5,000,000 or 25% of the combined amount of covered direct physical damage and Time Element loss, whichever is greater.



Howard Marcus  
Assistant Vice President  
11680 Great Oaks Way, Suite 800  
Alpharetta, GA 30022

## Property Binder

Issued 5/24/2013 Valid through 7/31/2013

<b>Sub-Limits of Liability:</b>	All are per Occurrence and are part of, not in addition to, the Limits of Liability stated above. Sub-limits will be applied per policy form.
Demolition & Increased Cost of Construction	\$1,000,000
Earthquake	
As respects all loss, damage or expenses caused by or resulting from physical damage to Locations in Alaska, Hawaii and Puerto Rico which is caused by or results from Earthquake	\$2,500,000 Annual Aggregate
As respects all loss, damage or expenses caused by or resulting from physical damage to Locations in the Pacific Northwest Earthquake Territory which is caused by or results from Earthquake	\$2,500,000 Annual Aggregate
As respects all loss, damage or expenses caused by or resulting from physical damage to Locations in the New Madrid Earthquake Territory which is caused by or results from Earthquake	\$2,500,000 Annual Aggregate
As respect to all loss, damage or expenses caused by or resulting from physical damage to Real Property only at 3820 State Street, Santa Barbara, CA., which is caused by or resulting from Earthquake. All other coverage for California Earthquake is excluded.	\$3,500,000
As respects all loss, damage or expenses caused by or resulting from physical damage to all other Locations which is caused by or results from Earthquake	\$2,500,000 Annual Aggregate
Maximum as respects all loss, damage or expenses caused by or resulting from physical damage to all Locations which is caused by or results from Earthquake	\$3,500,000 Annual Aggregate
Electronic Data Processing Equipment Breakdown	\$500,000
Electronic Data Processing Media Breakdown	\$500,000
Equipment Breakdown Endorsement	\$50,000,000
Time Element	\$25,000,000
Extra Expense	Included in Equipment Breakdown Sub-Limit
Ammonia Contamination	\$100,000
Consequential Damage	\$100,000
Expediting Expense	\$100,000



Howard Marcus  
Assistant Vice President  
11680 Great Oaks Way, Suite 500  
Alpharetta, GA 30022

## Property Binder

Issued 5/24/2013 Valid through 7/31/2013

<b>Sub-Limits of Liability:</b>	All are per Occurrence and are part of, not in addition to, the Limits of Liability stated above. Sub-limits will be applied per policy form.
Hazardous Substance	\$100,000
Service Interruption - Property Damage	\$500,000
Service Interruption - Time Element	Included in Service Interruption - Property Damage
Water Damage	\$100,000
Expediting Expense	\$250,000
Extended Period of Indemnity	60 Day(s)
Extra Expense	\$1,000,000
Fine Arts	\$100,000
Fire Extinguishing Service Charge	\$25,000
Flood	
As respects all loss, damage or expenses caused by or resulting from physical damage to Locations wholly or partially in a High Hazard Flood Zone which is caused by or results from Flood	No Coverage
As respects all loss, damage or expenses caused by or resulting from physical damage to all other Locations which is caused by or results from Flood	\$2,500,000 Annual Aggregate
Maximum as respects all loss, damage or expenses caused by or resulting from physical damage to all Locations which is caused by or results from Flood	\$2,500,000 Annual Aggregate
Ingress / Egress	4 Week(s) not to exceed \$1,000,000
Limited Coverage for Mold, Fungi, Wet or Dry Rot and Bacteria:	\$10,000 Annual Aggregate
Leasehold Interest	\$250,000
Miscellaneous Unnamed Locations	\$500,000
Newly Acquired Property	\$1,000,000 90 Day(s) Reporting
Ordinary Payroll Expense	30 Day(s)
Personal Property of Employees	\$25,000
Pollutant Cleanup and Removal	\$25,000 Annual Aggregate
Professional Fees	\$100,000
Property in the Course of Construction	\$500,000
Property in Transit	\$100,000
Loss of Rental Value	Included
Research & Development	No Coverage
Service Interruption	\$1,000,000
Trees and Shrubs	\$10,000
Unintentional Errors and Omissions	\$500,000
Valuable Papers	\$1,000,000



Howard Marcus  
Assistant Vice President  
11680 Great Oaks Way, Suite 800  
Alpharetta, GA 30022

## Property Binder

Issued 5/24/2013 Valid through 7/31/2013

<b>Sub-Limits of Liability:</b>	All are per Occurrence and are part of, not in addition to, the Limits of Liability stated above. Sub-limits will be applied per policy form.
Earthquake Sprinkler Leakage per occurrence and annual aggregate	\$1,000,000
CALIFORNIA Earthquake limited to Real Property Only at 3820 State Street, Santa Barbara, CA	\$3,500,000

<b>Deductibles:</b>	
For each and every loss or damage to covered property to all Locations, except as specifically stated below	\$10,000
<b>Earthquake:</b>	
As respects all loss, damage or expenses caused by or resulting from physical damage to Locations in California, Alaska, Hawaii or Puerto Rico which is caused by or results from Earthquake.	5% of the 100% Value of Property Insured. 5% of the Full 12 Months Time Element Values. The combined deductible for Property Damage and Time Element shall be subject to a minimum of \$250,000 in any one Occurrence.
As respects all loss, damage or expenses caused by or resulting from physical damage to Locations in the Pacific Northwest Earthquake Territory which is caused by or results from Earthquake.	2% of the 100% Value of Property Insured. 2% of the Full 12 Months Time Element Values. The combined deductible for Property Damage and Time Element shall be subject to a minimum of \$250,000 in any one Occurrence.
As respects all loss, damage or expenses caused by or resulting from physical damage to Locations in the New Madrid Earthquake Territory which is caused by or results from Earthquake.	2% of the 100% Value of Property Insured. 2% of the Full 12 Months Time Element Values. The combined deductible for Property Damage and Time Element shall be subject to a minimum of \$250,000 in any one Occurrence.
As respects all loss, damage or expenses caused by or resulting from physical damage to all other Locations which is caused by or results from Earthquake.	\$100,000
<b>Flood:</b>	
As respects all loss, damage or expenses caused by or resulting from physical damage to Locations wholly or partially located in a High Hazard Flood Zone which is caused by or results from Flood.	No Coverage
As respects all loss, damage or expenses caused by or resulting from physical damage to all other Locations which is caused by or results from Flood.	\$100,000
<b>Named Windstorm:</b>	



Howard Marcus  
Assistant Vice President  
11680 Great Oaks Way, Suite 500  
Alpharetta, GA 30022

## Property Binder

Issued 5/24/2013 Valid through 7/31/2013

<b>Deductibles:</b>	
As respects all loss, damage or expenses caused by or resulting from physical damage to Locations in Florida, Hawaii or Tier 1 Windstorm Areas which is caused by or results from the peril of wind from any Named Storm.	5% of the 100% Value of the Property Insured. 5% of the Full 12 Months Time Element Values. The combined deductible for Property Damage and Time Element shall be subject to a minimum of \$250,000 in any one Occurrence.
As respects all loss, damage or expenses caused by or resulting from physical damage to Locations in Puerto Rico or U.S. Virgin Islands which is caused by or results from the peril of wind from any Named Storm.	5% of the 100% Value of the Property Insured. 5% of the Full 12 Months Time Element Values. The combined deductible for Property Damage and Time Element shall be subject to a minimum of \$250,000 in any one Occurrence.
<b>Miscellaneous:</b>	
Property in Transit	\$10,000
Service Interruption	24 Hours
Earthquake Sprinkler Leakage	\$100,000
<b>Equipment Breakdown</b>	
Property Damage	\$10,000
TIME ELEMENT	24 Hours
EXTRA EXPENSE	Included with Time Element
Service Interruption	24 Hours
Waiting Period	For the purposes of applying Accident to Utility Object coverage, if any, the Waiting Period is 24 hours.
<b>Valuation:</b>	
Real Property	The lesser cost to repair, rebuild or replace and as per Policy Form.
Raw Stock, Supplies, Other Merchandise Not Manufactured by Insured	Replacement Cost
Stock in Process	Value of raw stock and labor expended, plus the proper proportion of overhead charges.
Finished Stock	Regular cash selling price, less discounts and charges per the Policy Form.
Mobile or Contractors Equipment; Motor Vehicles	Actual Cash Value
All Other Personal Property	See Policy Form
Electronic Data Processing Media	Cost of blank Electronic Data Processing Media plus the cost of copying Electronic Data and Electronic Computer Programs from back-up or from originals of the previous generation.
Time Element	Actual Loss Sustained
<b>Equipment Breakdown Inspections:</b>	Jurisdictionally required inspections of pressure vessels, electrical and/or mechanical equipment are included in the coverage and service provided. Please provide a list of contacts for inspections to Travelers Insurance Company as soon as possible. If you should have an immediate need, please contact Travelers Insurance Company at 1-800-425-4119.
<b>Cancellation Clause:</b>	Sixty (60) days notice of cancellation, except ten (10) days for non-payment of premium.





Howard Marcus  
Assistant Vice President  
11680 Great Oaks Way, Suite 500  
Alpharetta, GA 30022

## Property Binder

Issued 5/24/2013 Valid through 7/31/2013

<b>Terrorism:</b>	<p>You have accepted our offer for coverage for "acts of terrorism" as defined in the Terrorism Risk Insurance Act, as amended (the "Act"). By accepting this binder, you acknowledge and agree: (1) that you received the Policyholder Disclosure notice notifying you that any losses resulting from such "acts of terrorism" under your policy coverage may be partially reimbursed by the United States Government, may be subject to a \$100 Billion cap that may reduce your coverage and that you have been notified of the portion of the premium attributable to such coverage, (2) all terms and conditions in our policy still apply (2) in consideration for such coverage, you have agreed to pay the additional premium shown on this binder; and (3) failure to pay such additional premium will result in cancellation of your policy.</p> <p>Endorsement IL 09 52 03 08 and AXIS NON-US TERRORISM EXCLUSION 01.07 apply.</p>
<p align="center"><b>NOTICE TO BROKER</b></p> <p align="center"><b>MANDATORY POLICYHOLDER DISCLOSURE</b></p> <p align="center"><b>RE: TERRORISM INSURANCE COVERAGE</b></p> <p>We are required by the Terrorism Risk Insurance Act, as amended (the "Act"), to provide policyholders with clear and conspicuous disclosures. This notice must be provided at the time of offer, purchase and renewal of the policy.</p> <p>We have provided you with a notice that meets the Act's requirements. You are instructed to deliver a copy of this notice to our prospective insured when you forward our quote.</p>	
<b>Annual Premium:</b>	
Property Premium	\$101,699
TRIA Premium	\$2,606
Total Premium	\$104,305
Surcharges	Any surcharges, taxes or fees would be additional.
Total values for rating purposes	\$71,307,454
<b>Commission:</b>	15.00 %
<b>Financial Information - AXIS Capital Holdings</b>	<p>"A XV" Rating by A.M. Best "A+" Rating by Standard &amp; Poor's \$5.4 Billion in Shareholders' Equity as of December 31, 2011</p>
<b>Premium Payment:</b>	Premium is due 30 days from the effective date of the policy.



Howard Marcus  
Assistant Vice President  
11680 Great Oaks Way, Suite 500  
Alpharetta, GA 30022

## Property Binder

Issued 5/24/2013 Valid through 7/31/2013

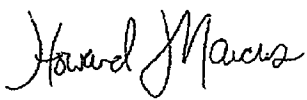
<b>Payment Address:</b>	<b>Lockbox Address:</b> AXIS Insurance Company PO Box 932745 Atlanta, GA 31193-2745 <b>Overnight Address:</b> Wells Fargo Bank Attn: Lockbox 932745 3585 Atlanta Ave. Hapeville, GA 30354 <b>Wire Transfer:</b> Wells Fargo Bank, N.A. Atlanta, GA ABA: 121000248 Account Name: AXIS U.S. Insurance Account Number: 2000015141499 Reference: Koosharem LLC (MAB752968/01/2013) <i>If you have any problems with getting a wire through, please contact Wells Fargo at 800/521-5006</i>
<b>Claim Reporting:</b>  <b>Work Hours:</b> 8:30 to 4:30 EST	<b>Please Notify:</b>  AXIS U.S. INSURANCE  During business hours of 8:30 am EST to 4:30 pm EST. <b>Mailing Address</b> PO Box 4470 Alpharetta, GA 30023  <b>Shipping Address</b> 11680 Great Oaks Way Suite 500 Alpharetta, GA 30022  PH (678) 746-9400 FAX (678) 746-9315 Toll Free Fax (866) 770-5629 EMAIL USClaimNoticeATL@axiscapital.com  After business hours Please contact Cunningham Lindsey at 1-800-621-5410.
<b>Additional Comments:</b>	ADMITTED PAPER – AXIS Insurance Company is admitted paper.



Howard Marcus  
Assistant Vice President  
11680 Great Oaks Way, Suite 500  
Alpharetta, GA 30022

## Property Binder

Issued 5/24/2013 Valid through 7/31/2013

	<p>Regards,</p>  <p>Howard Marcus, Assistant Vice President 11680 Great Oaks Way Suite 500 Alpharetta, GA, 30022 Phone: 678-746-9488</p>
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Howard Marcus  
Assistant Vice President  
11680 Great Oaks Way, Suite 500  
Alpharetta, GA 30022

## Property Binder

Issued 5/24/2013 Valid through 7/31/2013

### Definitions of AXIS Retail Property Terms

<b>Flood</b>	The term "Flood" shall be held to mean a general and temporary condition of partial or complete inundation of normally dry land areas from (1) the rising or overflow of inland or tidal waters, (2) the unusual and rapid accumulation of run off of surface waters from any source, or (3) mud slide (i.e., mud-flow), meaning a river or flow or liquid mud proximately caused by flooding as defined in (1) above or by the accumulation of water under the ground (4) water that backs up from a sewer or drain. Each loss by flood shall constitute a single claim hereunder; provided, if more than one flood shall occur within any period of 72 hours during the term of this Policy, such floods shall be deemed to be a single flood.
<b>High Hazard Flood Zone</b>	<p><b>High Hazard Flood Zone means</b></p> <ol style="list-style-type: none"> <li>1. areas which at the time of loss or damage have been designated by the Federal Emergency Management Agency to be in a Special Flood Hazard Area (SFHA) , or</li> <li>2. areas outside the United States which are equivalent to 1. above.</li> </ol> <p><b>Special Flood Hazard Area (SFHA) means</b> an area having special flood, mudflow, or flood-related erosion hazards, and shown on a Flood Hazard Boundary Map or a Flood Insurance Rate Map as Zone A, AO, A1-A30, AE, A99, AH, AR, AR/A, AR/AE, AR/AH, AR/AO, AR/A1-A30, V1-V30, VE, or V.</p>
<b>Earthquake</b>	<p><b>Earthquake means</b> any natural or man-made earth movement (except mudslide or mud flow caused by accumulation of water on or under the ground) including, but not limited to earthquake and resultant earthquake sprinkler leakage, volcanic action, landslide, subsidence or tsunami, regardless of any other cause or event contributing concurrently or in any other sequence of loss.</p> <p>Notwithstanding anything in the above to the contrary, to the extent mudslide or mud flow caused by accumulation of water on or under the ground is caused by or results from a tsunami, it shall be considered to be Earthquake as defined in this quotation.</p>
<b>New Madrid Earthquake Territory</b>	The following counties within these states.
	ARKANSAS: Clay, Craighead, Crittenden, Cross, Greene, Independence, Jackson, Lawrence, Lee, Mississippi, Monroe, Phillips, Poinsett, Prairie, Randolph, St. Francis, White, Woodruff
	ILLINOIS: Alexander, Franklin, Jackson, Johnson, Massac, Monroe, Perry, Pope, Pulaski, Randolph, Union, Washington, Williamson
	KENTUCKY: Ballard, Calloway, Carlisle, Crittenden, Fulton, Graves, Hickman, Livingston, Lyon, Marshall, McCracken
	MISSISSIPPI: DeSoto, Marshall, Tate, Tunica
	MISSOURI: Bollinger, Butler, Cape Girardeau, Carter, Dunklin, Iron, Madison, Mississippi, New Madrid, Pemiscot, Perry, Reynolds, Ripley, St. Francis, St. Genevieve, Scott, Stoddard, Wayne
	TENNESSEE: Crockett, Dyer, Fayette, Gibson, Hardeman, Haywood, Henry, Lake, Lauderdale, Obion, Shelby, Tipton, Weakley



Howard Marcus  
Assistant Vice President  
11680 Great Oaks Way, Suite 500  
Alpharetta, GA 30022

## Property Binder

Issued 5/24/2013 Valid through 7/31/2013

<b>Named Storm</b>	A storm or weather disturbance that is named by the National Weather Service or other recognized authority. Such storm or weather disturbance includes all weather phenomenon associated with or occurring in conjunction with the storm or weather disturbance, including, but not limited to, Flood, wind, hail, sleet, tornadoes, hurricane or lightning. Such storm or weather disturbance shall also include storm or weather disturbance occurring during the 72 hours immediately following the time when such storm or weather disturbance has been downgraded, meaning that the storm or weather disturbance is no longer considered by the weather services or authorities described above to be a hurricane, typhoon, tropical storm or cyclone.
<b>Occurrence</b>	<p>All covered loss, damage, or a sequence of losses or damages, casualties or disasters arising from a single event or catastrophe. When the term applies to loss or losses from the perils of Earthquake, Flood, Named Storm, wind, hurricane, tornado, cyclone, hail, riot, riot attending a strike, civil commotion, or vandalism and malicious mischief, a single event or catastrophe shall be construed to be all losses arising during a continuous period of seventy-two (72) hours. When filing proof of loss, the Insured may elect the moment at which the seventy-two (72) hour period shall be deemed to have commenced, which shall not be earlier than when the first loss to the covered property occurs.</p> <p>However, the Company shall not be liable hereunder for any loss or damage:</p> <ol style="list-style-type: none"> <li>1. occurring before this Policy becomes effective; or</li> <li>2. arising from an Occurrence which is in progress at the time this Policy becomes effective, even if such loss or damage occurs after this Policy becomes effective; or</li> <li>3. occurring after the expiration of this Policy, except loss or damage arising from an Occurrence in progress at the time this Policy expires.</li> </ol>
<b>Pacific Northwest Earthquake Territory</b>	The following counties within the following state.
	WASHINGTON: Clallam, Grays Harbor, Island, Jefferson, King, Kitsap, Lewis, Mason, Pierce, San Juan, Skagit, Snohomish, Thurston, Whatcom
<b>Tier 1 Windstorm Areas</b>	All Locations that are in the following counties, parishes and independent cities including barrier islands within these states.
	ALABAMA: Baldwin, Mobile
	GEORGIA: Bryan, Camden, Chatham, Glynn, Liberty, McIntosh
	LOUISIANA: Cameron, Iberia, Jefferson, Lafourche, Orleans, Plaquemines, St. Bernard, St. Martin, St. Mary, St. Tammany, Terrebonne, Vermillion
	MISSISSIPPI: Hancock, Harrison, Jackson
	NORTH CAROLINA: Beaufort, Brunswick, Camden, Carteret, Chowan, Craven, Currituck, Dare, Hyde, Jones, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrrell, Washington
	SOUTH CAROLINA: Beaufort, Berkeley, Charleston, Colleton, Georgetown, Horry, Jasper
	TEXAS: Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jackson, Jefferson, Kennedy, Kleberg, Matagorda, Nueces, Refugio, Orange, San Patricio, Willacy
	VIRGINIA: Accomack, Gloucester, Isle of Wight, James City, Lancaster, Matthews, Middlesex, Northampton, Northumberland, Surry, York and Independent Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach
<b>100% Value of the Property Insured</b>	100% value of the property insured at the time of loss or damage at the Locations where the physical damage occurred.



Howard Marcus  
Assistant Vice President  
11680 Great Oaks Way, Suite 500  
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## Property Binder

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Full 12 Months Time Element Values	full 12 months Time Element values that would have been earned in the 12 month period following the occurrence by use of the facilities at the Location where the physical damage occurred and all other Locations where Time Element loss ensues.
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Howard Marcus  
Assistant Vice President  
11680 Great Oaks Way, Suite 500  
Alpharetta, GA 30022

## Property Binder

Issued 5/24/2013 Valid through 7/31/2013

### Disclosure Notice Regarding Calculation of Return Premium In Event of Cancellation

The insurance policy for which you are making application provides for refunding premium on a basis other than pro-rata if you cancel the policy. Calculation of the return premium at less than pro-rata represents a penalty charged on unearned premium. If you cancel the policy, the premium refund will be 90% of the amount that would have been refunded on a pro-rata basis.



Howard Marcus  
Assistant Vice President  
11680 Great Oaks Way, Suite 500  
Alpharetta, GA 30022

## Property Binder

Issued 5/24/2013 Valid through 7/31/2013

### **POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE**

Coverage for acts of terrorism is included in your policy. You are hereby notified that an "act of terrorism", as defined in Section 102(1) of the Terrorism Risk Insurance Act, as amended (the "Act"), means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is \$2,606 and does not include any charges for the portion of losses covered by the United States government under the Act.

### **NOTICE TO BROKER**

### **MANDATORY POLICYHOLDER DISCLOSURE RE: TERRORISM INSURANCE COVERAGE**

We are required by the Terrorism Risk Insurance Act, as amended (the "Act"), to provide policyholders with clear and conspicuous disclosures. This notice must be provided at the time of offer, purchase and renewal of the policy.

We have provided you with a notice that meets the Act's requirements. You are instructed to deliver a copy of this notice to our prospective insured when you forward our quote.

Includes copyrighted material 2007 National Association of Insurance Commissioners  
PURCH DISCL



**EXCESS CASUALTY, A DIVISION OF AIG**

Date: March 27, 2014

175 WATER ST  
7TH FLOOR  
NEW YORK, NY 10038

AON CONSULTING INC  
199 WATER STREET  
NEW YORK, NY 10038



Attention To: COURTNEY TREBING  
Phone: 212-479-3627  
Fax:  
Email: COURTNEY.TREBING@AON.COM

**RE: Umbrella Liability with CrisisResponse Binder for KOOSHAREM LLC DBA SELECT STAFFING**

Dear COURTNEY:

We are pleased to advise that coverage is bound for the captioned account according to the following terms:

**Insured Address:** 3820 STATE ST  
SANTA BARBARA, CA 93105

**Policy Period:** From: March 31, 2014 To: April 30, 2015  
(At 12:01 A.M., standard time, at the address of the Insured stated above)

**Carrier:** NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.

**Policy Form:** 80517 (11/09) and attachments

**Policy Number:** 20562473 **Renewal Of:** 11566777

**Limits:** A. \$25,000,000 Each Occurrence  
B. \$25,000,000 General Aggregate in accordance with Section IV. Limits of Insurance  
C. \$25,000,000 Products/Completed Operations Aggregate in accordance with Section IV. Limits of Insurance  
D. \$250,000 CrisisResponse Limit of Insurance  
E. \$50,000 Excess Casualty CrisisFund Limit of Insurance

**SIR:** \$25,000 **Commission:** 0%

**Policy Premium:** \$277,000.00

**Taxes / Surcharges / Fees:** N/A / N/A / N/A

*Taxes, Surcharges, and Fees are in addition to the above stated Policy Premium*

**Billing Payment:** Prepaid

**Audit:** Exposure Base: Flat Rated  
Estimated Annual Exposure: Flat Rated  
Rate Basis: Flat Rated  
Rate: Flat Rated

AHB001  
Page 1

SR #  
100408  
140328 184 2208

**Subject To:**

1. Subject to receipt and review of all underlying quotes that have an effective date of 3/31/14.

**Terms and Conditions:**

1. Premium Payment is due within thirty (30) days of the effective date.
2. Primary carrier must be rated A - VII or better by A.M. Best.

**For a complete description of coverage, please review the Policy's Terms, Definitions, Conditions, and Exclusions. Please note that the Policy is amended by the following Attachments.**

**Attachments:**

- SCHEDULE OF UNDERLYING, Form #UNDSCH (05/99)
- POLICYHOLDER DISC - NOTICE OF TERRORISM INS COVG , Form #96556 (01/08)
- UMB PRIME DEC, Form #80518 (11/09)
- CRISISRESPONSE COVERAGE ENHANCEMENT ENDORSEMENT , Form #94621 (05/07)
- VIOLATION OF ECONOMIC OR TRADE SANCTIONS COND. AM , Form #99497 (06/08)
- Duties in the Event of an Occurrence, Claim, or Su , Form #83687 (09/11)
- COVERAGE TERRITORY ENDT. , Form #89644 (07/05)
- CALIFORNIA AMENDATORY ENDORSEMENT , Form #52133 (03/07)
- AMENDATORY ENDORSEMENT (VARIOUS PROVISIONS) , Form #86533 (02/07)
- AMENDMENT OF DEFINITION OF NAMED INSURED ENDT. (AM , Form #95578 (09/07)
- CA. CANCEL AND NONRENEWAL AMEND. ENDT. , Form #81589 (10/04)
- CROSS SUITS EXCLUSION PRIME , Form #80411 (01/04)
- EMP.LIAB.STOP-GAPLMT.ENDT , Form #82616 (05/06)
- EMPLOYEE BENEFITS LIAB LIMIT (CM) , Form #83073 (09/03)
- EMPLOYERS LIAB.LIMIT. ENDT. , Form #83071 (11/03)
- FOR. LIAB. LMT. ENDT.(APP. TO SPEC. CTYS) , Form #83078 (05/09)
- FUNGUS EXCLUSION ENDT, Form #82449 (06/03)
- INDUSTRIAL AID AIRCRAFT LIMITATION ENDORSEMENT , Form #81912 (10/08)
- KNOWLEDGE OF OCCURRENCE ENDT. , Form #87222 (12/04)
- LEAD EXCLUSION ENDORSEMENT , Form #86471 (02/06)

- Law Governing Insurability Endt (Most Favorable Ju , Form #107252 (11/10)
- MED PROF SERVICES (GOOD SAMARITAN) , Form #83086 (09/03)
- NAMED PERIL AND TIME ELEMENT POLL. SIR END. PCOH V , Form #89470 (06/05)
- NON-CONCURRENCY END'T , Form #81581 (02/03)
- NOTICE OF OCCURRENCE , Form #80454 (07/02)
- PRODS COMPLETED OPS HZRD LIMIT PRIME , Form #83858 (01/04)
- PROFESSIONAL LIABILITY EXCLUSION ENDORSEMENT , Form #83093 (05/05)
- RADIOACTIVE MATTER EXCL , Form #83094 (09/03)
- SILICA EXCLUSION ENDT , Form #80479 (02/03)
- Omnibus Joint Ventures, Partnerships, and LLC Endt , Form #103501 (11/09)
- RETAINED LIMIT AMENDATORY ENDT. , Form #81583 (04/07)
- SCHEDULE OF UNDERLYING INSURANCE , Form #MNSCPT (03/14)
- INDIANA POLLUTION , Form #MNSCPT (03/14)
- BUSINESS CONTINUITY , Form #MNSCPT (03/14)
- Uninsured/Underinsured Motorists Coverage Endorsement , Form #82610 (11/09)
- TERRORISM EXCLUSION - CERTIFIED ACTS , Form #MNSCPT (03/14)

This binder letter is predicated upon the understanding that the submitted information is accurate, the Loss information includes total incurred losses ground up and that the losses have not been capped. The terms and Conditions of this acceptance of risk of Umbrella or Excess coverage may be amended should there be discovery of a material change to the submitted information.

This binder contains only a general description of coverages provided. For a detailed description of the terms of a policy, you must refer to the policy itself.

**\*\*\*IMPORTANT - POLICY ISSUANCE VERIFICATION\*\*\***

Our policy will be issued based upon the information displayed in this document. We ask that you thoroughly review this information (including the Name Insured and Address) to ensure it is correct. Your careful review, and timely advice if correction is needed, will help us to provide you with an accurate policy at time of issuance.

This binder includes certain information regarding the terms and conditions of the policy. If there is any conflict between the terms and conditions stated in this binder and the terms and conditions of the policy when issued, the terms and conditions of the policy shall govern.

Thank you for selecting AIG for your business. Please call with any questions you may have.

Best regards,

DANIEL RUSS

Phone: 212-458-9991

Fax:

Email: DANIEL.RUSS@AIG.COM

**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM INSURANCE COVERAGE**

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury--in concurrence with the Secretary of State, and the Attorney General of the United States--to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is , and does not include any charges for the portion of losses covered by the United States government under the Act.

**ENDORSEMENT No.**

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**CrisisResponse Coverage Enhancement Endorsement**


This policy is amended as follows:

It is understood and agreed that in every instance in which the phrase "CrisisResponse Sublimit of Insurance" is referenced in this policy and/or its endorsements, the phrase "CrisisResponse Limit of Insurance" shall be substituted.

**Section IV. LIMITS OF INSURANCE**, Paragraph I. is deleted in its entirety and replaced by the following:

- I. The **CrisisResponse Limit of Insurance** is the most we will pay for all **CrisisResponse Costs** under this policy, regardless of the number of **Crisis Management Events** first commencing during the **Policy Period**. This **CrisisResponse Limit of Insurance** will be in addition to the applicable Limit of Insurance.

All other terms, conditions, definitions and exclusions of this policy remain unchanged.



Christopher G. Kopser

Authorized Representative  
or Countersignature (Where Applicable)

**ENDORSEMENT No.**

**This endorsement, effective 12:01 AM:**

**Forms a part of policy no:**

**Issued to:**

**By:**

**Commercial Umbrella Liability Policy With CrisisResponse®**

**Violation of Economic or Trade Sanctions Condition Amendment Endorsement**

This policy is amended as follows:

**Section VI. CONDITIONS, Paragraph R. Violation of Economic or Trade Sanctions is deleted in its entirety.**

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.



\_\_\_\_\_  
Christopher G. Kopser  
Authorized Representative  
or Countersignature (Where Applicable)

**ENDORSEMENT No.**

**This endorsement, effective 12:01 AM:**

**Forms a part of policy no:**

**Issued to:**

**By:**

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Duties in the Event of an Occurrence, Claim or Suit and  
Schedule A -Approved Crisis Management Firms**

Solely as respects coverage provided by **Section II INSURING AGREEMENT - CRISISRESPONSE<sup>SM</sup> AND EXCESS CASUALTY CRISIS FUND<sup>®</sup>**, the following conditions are added to Section VI. Conditions, Paragraph G. Duties in the Event of an Occurrence, Claim or Suit :

You must report any **Crisis Management Event** to us within twenty-four (24) hours of the time that a **Key Executive** first becomes aware of an **Occurrence** that gives rise to a **Crisis Management Event** or as soon as practicable to be eligible for the advancement of **CrisisResponse Costs** and the payment of **Crisis Management Loss**.


**Notice of a Crisis Management Event** may be given by calling 1-877-244-3100. If notice is given by telephone, written notice will be given as soon as practicable thereafter. Written notice should include:

1. how, when and where the **Crisis Management Event** is taking or took place;
2. the names and addresses of any injured persons and any witnesses; and
3. the nature and location of any injury or damage arising out of the **Crisis Management Event**.

Written notice should be mailed, e-mailed, or delivered to:

AIG Claims, Inc.  
Excess Casualty Claims Department  
Segmentation Unit  
175 Water Street, 22<sup>nd</sup> Floor  
New York, NY 10038  
Fax: (866) 743-4376  
E-mail: [excessfnol@AIG.com](mailto:excessfnol@AIG.com)

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.



Christopher G. Kopser

Authorized Representative or  
Countersignature (Where Applicable)



## **SCHEDULE A**

**THE FOLLOWING PUBLIC RELATIONS FIRMS ARE APPROVED CRISIS RESPONSE VENDORS:**

<b>FIRM ADDRESS</b>	<b>CONTACT INFORMATION</b>	<b>EMERGENCY TELEPHONE</b>	<b>SERVICES OFFERED</b>
<b>Abernathy MacGregor Group, Inc.</b>			
501 Madison Avenue New York, NY 10022	<b>Rhonda Barnat</b> (212) 371-5999 Office (917) 912-6378 Cell (212) 752-0723 Fax (646) 478-8740 Home <a href="mailto:rb@abmac.com">rb@abmac.com</a>	(917) 912-6378	Public Relations, Crisis Management and Threat & Vulnerability Assessment.
611 W. Sixth Street, Suite 1880 Los Angeles, CA 90017	<b>Ian D. Campbell</b> (213) 630-6550 Office (213) 422-7958 Cell (213) 489-3443 Fax (818) 957-5650 Home (818) 541-0954 Home Fax <a href="mailto:idc@abmac.com">idc@abmac.com</a>	(818) 750-4392 (917) 940-3476	
<b>Ann Barks Public Relations (Southeastern United States)</b>			
896 Cross Gates Boulevard Slidell, LA 70461	<b>Ann W. Barks</b> (985) 847-0750 Direct (985) 290-8304 Cell <a href="mailto:abarkspr@bellsouth.net">abarkspr@bellsouth.net</a>	(985) 290-8304	Public Relations and Crisis Management.
<b>Bright Light Marketing Group (Hawaii Only)</b>			
1001 Bishop Street, Suite 900 Honolulu, Hawaii 96813-3429	<b>Charlene Lo Chan</b> (808) 275-3007 Direct (808) 524-6441 Office (808) 781-7733 Cell (808) 524-8115 Fax <a href="mailto:charlene@brightlightmarketing.com">charlene@brightlightmarketing.com</a>		Public Relations and Crisis Management.
<b>Dix &amp; Eaton</b>			
Dix & Eaton 200 Public Square Suite 1400 Cleveland, OH 44114-2316	<b>Matt Barkett</b> (216) 241-3073 Direct (216) 241-0405 Office (216) 780-7800 Cell <a href="mailto:mbarkett@dix-eaton.com">mbarkett@dix-eaton.com</a>	(216) 241-3073	Public Relations. Crisis Management and Threat & Vulnerability Assessment.
	<b>Gary Pratt</b> (216) 241-4613 Direct (216) 241-0405 Office (440) 477-1278 Cell <a href="mailto:gpratt@dix-eaton.com">gpratt@dix-eaton.com</a>		

FIRM ADDRESS	CONTACT INFORMATION	EMERGENCY TELEPHONE	SERVICES OFFERED
<b>Edelman</b>			
200 E. Randolph Street Chicago, IL 60601	<b>Harlan Loeb</b> (312) 240-2624 Direct (312) 240-3000 Office (312) 240-2900 Fax (312) 927-5632 Cell <a href="mailto:harlan.loeb@edelman.com">harlan.loeb@edelman.com</a>	(312) 927-8424	Public Relations. Crisis Management and Threat & Vulnerability Assessment.
	<b>Jenifer Giller</b> (312) 240-3000 Office (312) 233-1272 Cell (312) 240-2900 Fax <a href="mailto:jenifer.giller@edelman.com">jenifer.giller@edelman.com</a>		
<b>Fleishman-Hilliard International Communications, Inc.</b>			
John Hancock Center 200 East Randolph St. Chicago, IL 60601	<b>David Saltz</b> (312) 751-3530 Direct (312) 751-8878 Office (312) 729-3630 Cell (312) 751-8191 Fax <a href="mailto:david.saltz@fleishman.com">david.saltz@fleishman.com</a>		Public Relations. Crisis Management and Threat & Vulnerability Assessment.
	<b>Rick Fox</b> (617) 729-3734 Direct (312) 286-4983 Cell (312) 751-8191 Fax <a href="mailto:rick.fox@fleishman.com">rick.fox@fleishman.com</a>		
<b>Levick Strategic Communications, LLC</b>			
1900 M Street NW Washington, D.C. 20036	<b>Gene Grabowski</b> (202) 973-1351 Direct (202) 270-6560 Cell (202) 973-1301 Fax <a href="mailto:ggrabowski@levick.com">ggrabowski@levick.com</a>	(202) 270-6560	Public Relations. Crisis Management and Threat & Vulnerability Assessment.
	<b>Jason Maloni</b> (202) 973-1335 Direct (202) 834-9677 Cell <a href="mailto:jason.maloni@levick.com">jason.maloni@levick.com</a>		

FIRM ADDRESS	CONTACT INFORMATION	EMERGENCY TELEPHONE	SERVICES OFFERED
<b>Lexicon Communications Corp.</b>			
520 Bellmore Way Pasadena, CA 91103	<b>Steven B. Fink</b> (626) 683-9333 Direct (626) 253-1519 Cell (626) 449-7659 Fax <a href="mailto:sfink@lexiconcorp.com">sfink@lexiconcorp.com</a>	(626) 683-9333	Public Relations. Crisis Management and Threat & Vulnerability Assessment.
<b>Marsh, Inc. (Reputational Risk &amp; Crisis Management Group)</b>			
1166 Avenue of the Americas New York, NY 10036	<b>Tracy Knippenburg Gillis</b> (212) 345-3886 Direct (516) 661-0308 Cell (516) 536-5845 Other (212) 948-8638 Fax <a href="mailto:tracy.knippenburggillis@marsh.com">tracy.knippenburggillis@marsh.com</a>	(877) 246-2774	Public Relations. Crisis Management and Threat & Vulnerability Assessment.
345 California Street Suite 1300 San Francisco, California 94104	<b>Simon R. Baker</b> (415) 743-8648 Direct (415) 367-5707 Cell <a href="mailto:robert.wilkerson@marsh.com">robert.wilkerson@marsh.com</a>		
<b>O'Neill &amp; Associates</b>			
31 New Chardon St. Boston, Massachusetts 02114	<b>Andrew M. Paven</b> (866) 989-4321 Toll Free (617) 646-1000 Office (617) 646-1290 Fax <a href="mailto:apaven@oneillandassociates.com">apaven@oneillandassociates.com</a>		Public Relations. Crisis Management and Threat & Vulnerability Assessment.
<b>rbb Public Relations</b>			
355 Alhambra Circle, Suite 800 Miami, Florida 33134	<b>Bruce S. Rubin</b> (305) 448-2640 Direct (305) 807-2704 Cell (305) 448-5027 Fax <a href="mailto:bruce.rubin@rbbpr.com">bruce.rubin@rbbpr.com</a>		Public Relations. Crisis Management
<b>Robinson, Lerer &amp; Montgomery</b>			
1345 Avenue of the Americas 4 <sup>th</sup> Floor New York, NY 10105	<b>Michael Gross</b> (646) 805-2003 Direct (646) 805-2000 Office (917) 853-0620 Cell (718) 788-5281 Home <a href="mailto:mgross@rlmnet.com">mgross@rlmnet.com</a>  <b>Patrick S. Gallagher</b> (646) 805-2007 Direct (646) 805-2000 Office (917) 328-9333 Cell (646) 805-2829 Fax (914) 232-4256 Home <a href="mailto:pgallagher@rlmnet.com">pgallagher@rlmnet.com</a>	(646) 805-2000	Public Relations. Crisis Management and Threat & Vulnerability Assessment.

FIRM ADDRESS	CONTACT INFORMATION	EMERGENCY TELEPHONE	SERVICES OFFERED
<b>Sard Verbinnen &amp; Co.</b>			
630 Third Avenue, 9 <sup>th</sup> Floor New York, NY 10017	<b>George Sard</b> (212) 687-8080 Office (212) 687-8344 Fax <a href="mailto:gsard@sardverb.com">gsard@sardverb.com</a>	(917) 750-4392	Public Relations. Crisis Management and Threat & Vulnerability Assessment.
475 Sansome Street, Suite 1750 San Francisco, CA 94111	<b>Paul Kranhold</b> (415) 618-8750 Office (415) 568-9580 Fax <a href="mailto:pkranhold@sardverb.com">pkranhold@sardverb.com</a>		
<b>Sitrick and Company, Inc.</b>			
655 Third Avenue, 22 <sup>nd</sup> Floor New York, NY 10017	<b>Jeffrey S. Lloyd</b> (212) 660-6393 Direct (212) 573-6100 Office (310) 963-2850 Cell (212) 573-6165 Fax <a href="mailto:jeff_lloyd@sitrick.com">jeff_lloyd@sitrick.com</a>	(310) 358-1011	Public Relations. Crisis Management and Threat & Vulnerability Assessment.
1840 Century Park East, Suite 800 Los Angeles, CA 90067	<b>Michael S. Sitrick</b> (310) 788-2850 Direct (310) 788-2855 Fax <a href="mailto:mike_sitrick@sitrick.com">mike_sitrick@sitrick.com</a>		
<b>The Torrenzano Group</b>			
The Lincoln Building 60 East 42 <sup>nd</sup> Street, Suite 2112 New York, NY 10165-2112	<b>Richard Torrenzano</b> (212) 681-1700 Ext. 111 Direct (212) 681-6961 Fax <a href="mailto:richard@torrenzano.com">richard@torrenzano.com</a>		Public Relations. Crisis Management and Threat & Vulnerability Assessment.
	<b>Edward A. Orgon</b> (212) 681-1700 Ext. 102 Direct (917) 539-4000 Cell (212) 681-6961 Fax <a href="mailto:ed@torrenzano.com">ed@torrenzano.com</a>		

## THE FOLLOWING NON-PUBLIC RELATIONS FIRMS ARE APPROVED CRISIS RESPONSE VENDORS:

FIRM ADDRESS	CONTACT INFORMATION	EMERGENCY TELEPHONE	SERVICES OFFERED
<b>ANS Rehab Consulting, LLC</b>			
305 Tallwood Lane, Green Brook, New Jersey 08812	<b>Nicole Denson</b> (908) 279-7532 Main Office (908) 822-0422 Fax (646) 584-7885 Cell <a href="mailto:nicole@ansrehabconsulting.com">nicole@ansrehabconsulting.com</a>	(888) 552-5378	Psychological Counseling, Medical Case Management, Medical Cost Projection and Containment.
	<b>Anthony Sambucini</b> (908) 822-9322 Direct (908) 822-0422 Fax (908) 720-8644 Cell <a href="mailto:anthony@ansrehabconsulting.com">anthony@ansrehabconsulting.com</a>		
<b>Bill Tibbo &amp; Associates</b>			
411 Borland Court Newmarket, Ontario L3X 1E4	<b>Bill Tibbo</b> (888) 355-9788 Toll Free (416) 716-8057 Cell <a href="mailto:bill@billtibbo.com">bill@billtibbo.com</a>		Psychological Counseling, Medical Case Management, Medical Cost Projection and Containment.
	<b>Ross McPhail</b> (905) 830-0291 Office (905) 868-4174 Cell <a href="mailto:ross@billtibbo.com">ross@billtibbo.com</a>		
<b>Coventry Health Care, Inc.</b>			
3200 Highland Ave. Downers Grove, IL 60515	<b>Michael Lacroix</b> (914) 223-4463 Cell (786) 513-7690 Fax <a href="mailto:jxlacroix@cvty.com">jxlacroix@cvty.com</a>	(888) 552-5378	Psychological Counseling, Medical Case Management, Medical Cost Projection and Containment.
<b>Cunningham Lindsey US (f/k/a GAB Robbins North America, Inc.)</b>			
560 Peoples Plaza, Suite 215 Neward, Delaware 19702	<b>Gail Oliver</b> (302) 838-1684 Direct (302) 521-4985 Cell (302) 838-1685 Fax <a href="mailto:goliverg@cl-na.com">goliverg@cl-na.com</a>	(800) 621-5410	Claims, Investigative Appraisal, Emergency Claims and Loss Call Center Operations.

FIRM ADDRESS	CONTACT INFORMATION	EMERGENCY TELEPHONE	SERVICES OFFERED
<b>D.A.R., Inc.</b>			
4 Iris Drive Scarborough, Maine 04074	David W. Hunt (207) 415-0735 Direct (207) 883-0493 Home (207) 883-2436 Fax <a href="mailto:dhunt12348@aol.com">dhunt12348@aol.com</a>	(207) 415-0735	Crisis Management, Global Investigative Services, Access to National & International Intelligence Agencies, Crisis Management, Threat and Vulnerability Assessment.
<b>Lanny J. Davis &amp; Associates, LLC</b>			
600 13th Street, NW Suite 600 Washington, DC 20005	Lanny J. Davis (202) 756-8211 Direct (202) 737-1141 Fax <a href="mailto:ldavis@lannyjdavis.com">ldavis@lannyjdavis.com</a>		Legal Crisis Communications, Media Strategy, Public Advocacy, Legal & Regulatory Issues, and Crisis Management.
	Maddie Melendez (202) 756-8293 Direct <a href="mailto:mmelendez@lannyjdavis.com">mmelendez@lannyjdavis.com</a>		
<b>Lombardi Associates</b>			
277 Fairfield Road, Suite 305A Fairfield, NJ 07004	Anthony Nastasi (973) 271-8928 Direct (800) 550-0095 Office (310) 552-9052 Fax <a href="mailto:anthony.nastasi@lombardiassociates.com">anthony.nastasi@lombardiassociates.com</a>	(877) 715-2440	Psychological Counseling, Medical Case Management, Medical Cost Projection and Containment.
	Jennifer Wolfe (803) 917-9948 Direct		
<b>Meagher &amp; Geer, P.L.L.P.</b>			
33 S. Sixth Street, Suite 4400 Minneapolis, MN 55402	Russell D. Melton (612) 371-1317 Direct (612) 338-0661 Office (612) 338-8384 Fax (612) 964-1882 Cell <a href="mailto:rmelton@meagher.com">rmelton@meagher.com</a>	(612) 347-9118	Crisis Management and Threat & Vulnerability Assessment.

FIRM ADDRESS	CONTACT INFORMATION	EMERGENCY TELEPHONE	SERVICES OFFERED
<b>Patton Boggs, LLP</b>			
2550 M Street, NW Washington, DC 20007	Thomas M. Keane (202) 457-7540 Direct (202) 256-1289 Cell (202) 457-6315 Fax <a href="mailto:tkeane@pattonboggs.com">tkeane@pattonboggs.com</a>		Legal & Regulatory Issues, Public Relations and Crisis Management.
<b>T. J. Russo Consultants (Nationwide)</b>			
99 Hillside Avenue, Suite X Williston Park, NY 11596	Michael W. Russo (516) 294-8644 Ext. 15 Direct (516) 456-3900 After Hours (516) 456-3900 Cell (516) 747-1009 Fax <a href="mailto:mwrusso123@aol.com">mwrusso123@aol.com</a>	(516) 456-3900	Fire Investigation and Analysis Services.

ENDORSEMENT No.

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**COVERAGE TERRITORY ENDORSEMENT**

*This endorsement modifies insurance provided under the following:*

Payment of loss under this policy shall only be made in full compliance with all United States of America economic or trade sanction laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").



Christopher G. Kopser

Authorized Representative



ENDORSEMENT No.

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

CALIFORNIA AMENDATORY ENDORSEMENT

Wherever used in this endorsement: 1) "Insurer" mean the insurance company which issued this policy; and 2) "Named Insured", "First Named Insured", and "Insured" mean the Named Corporation, Named Entity, Named Organization, Named Sponsor, Named Insured, or Insured stated in the declarations page; and 3) "Other Insured(s)" means all other persons or entities afforded coverage under the policy.

The following is added any supersedes any provision to the contrary:

CANCELLATION

The First Named Insured shown in the declarations may cancel the policy by mailing or delivering to the Insurer advance written notice of cancellation.

If the policy has been in effect for more than sixty (60) days or if it is a renewal, effective immediately, the Insurer may not cancel the policy unless such cancellation is based on one or more of the following reasons:

- (1) Nonpayment of premium, including payment due on a prior policy issued by the Insurer and due during the current policy term covering the same risks.
- (2) A judgment by a court or an administrative tribunal that the named Insured has violated any law of this state or of the United States having as one of its necessary elements an act which materially increases any of the risks insured against.
- (3) Discovery of fraud or material misrepresentation by either of the following: a) The Insured or Other Insured(s) or his or her representative in obtaining the insurance; or b) The named Insured or his or her representative in pursuing a claim under the policy.
- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by the named Insured or Other Insured(s) or a representative of same, which materially increase any of the risks insured against.
- (5) Failure by the named Insured or Other Insured(s) or a representative of same to implement reasonable loss control requirements which were agreed to by the Insured as a condition of policy issuance or which were conditions precedent to the use by the Insurer of a particular rate or rating plan if the failure materially increases any of the risks insured against.
- (6) A determination by the commissioner that the loss of, or changes in, an insurer's reinsurance covering all or part of the risk would threaten the financial integrity or solvency of the Insurer.
- (7) A determination by the commissioner that a continuation of the policy coverage could place the Insurer in violation of the laws of this state or the state of its domicile or that the continuation of coverage would threaten the solvency of the Insurer.
- (8) A change by the named Insured or Other Insured(s) or a representative of same in the activities or property of the commercial or industrial enterprise which results in a material added risk, a materially increased risk or a materially changed risk, unless the added, increased, or changed risk is included in the policy.

Notice of cancellation shall be delivered or mailed to the producer of record and the named Insured at least thirty (30) days prior to the effective date of cancellation. Where cancellation is for nonpayment of premium or fraud, notice shall be given no less than ten (10) days prior to the effective date of cancellation.

CONDITIONAL RENEWAL AND NONRENEWAL

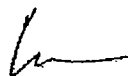
If the Insurer decides not to renew the policy, or to increase the deductible, reduce the limits, eliminate coverages or raise premium more than 25%, the Insurer shall mail or deliver to the producer of record and the named Insured notice of nonrenewal at least sixty (60) days but no more than 120 days prior to the end of the policy period. The notice shall contain the reason for nonrenewal of the policy.

A notice of nonrenewal shall not be required in the following situations:

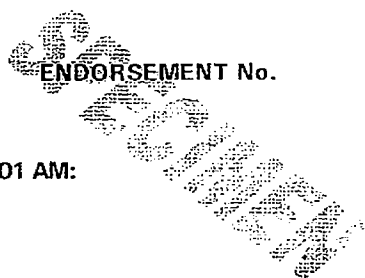
- (1) If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between the Insurer and a member of the insurance group.
- (2) If the policy has been extended for 90 days or less, provided that notice has been given in accordance with the nonrenewal notice requirements noted above.
- (3) If the Named Insured has obtained replacement coverage, or has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- (4) If the policy is for a period of no more than 60 days and the Insured is notified at the time of issuance that it will not be renewed.
- (5) If the First Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
- (6) If the Insurer has made a written offer to the First Named Insured, in accordance with timeframes shown above to renew the policy under changed terms or conditions or at an increased premium rate.

If the Insurer fails to give timely notice, the policy of insurance shall be continued, with no change in its terms or conditions, for a period of 60 days after the Insurer gives notice.

All other terms, conditions and exclusions of the policy remain the same.



\_\_\_\_\_  
Christopher G. Kopser  
Authorized Representative



This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy With CrisisResponse®**

**Amendatory Endorsement  
(Various Provisions)**

This policy is amended as follows:

**Section IV. LIMITS OF INSURANCE**, Paragraph E. is deleted and replaced by the following:

- E. Subject to Paragraphs B and C above, the most we will pay for damages under this policy on behalf of any person or organization to whom you are obligated by written **Insured Contract** to provide insurance such as is afforded by this policy is the lesser of the Limits of Insurance shown in Item 3 of the Declarations or the Limits of Insurance required in such written **Insured Contract**.

**Section V. EXCLUSIONS**, Paragraphs A. and C. are deleted and replaced by the following:

**A. Aircraft and Watercraft**

This insurance does not apply to **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance, use or entrustment to others of any aircraft or watercraft owned or operated by or rented or loaned to any **Insured**. Use includes operation and loading and unloading.

This exclusion applies even if the claims against any **Insured** allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that **Insured**, if the **Occurrence** which caused the **Bodily Injury** or **Property Damage** involved the ownership, maintenance, use or entrustment to others of any aircraft or watercraft that is owned or operated by or rented or loaned to any **Insured**.

This exclusion does not apply to:

1. a watercraft you do not own that is:
  - a. less than 26 feet long; and
  - b. not being used to carry persons or property for a charge;
2. **Industrial Aid Aircraft**, if an endorsement providing coverage for such **Industrial Aid Aircraft** is attached to this policy;
3. marine liability, if an endorsement providing coverage for such marine liability is attached to this policy; or
4. **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance, use or entrustment to others of any aircraft or watercraft owned or operated by or rented or loaned to any **Insured** if coverage for such **Bodily Injury** or **Property Damage** is provided by **Scheduled Underlying Insurance**.

Coverage under this policy for such **Bodily Injury** or **Property Damage** will follow the terms, definitions, conditions and exclusions of **Scheduled Underlying Insurance**, subject to the **Policy Period**, **Limits of Insurance**, premium and all other terms, definitions, conditions and exclusions of this policy. Provided, however, that coverage provided by this policy will be no broader than the coverage provided by **Scheduled Underlying Insurance**.

**C. Contractual Liability**

This insurance does not apply to any liability for which the **Insured** is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

1. that the **Insured** would have in the absence of a contract or agreement; or
2. assumed in an **Insured Contract**, provided **Bodily Injury** or **Property Damage** occurs subsequent to the execution of the **Insured Contract**. Solely for the purposes of liability assumed in an **Insured Contract**, reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an **Insured** are deemed to be damages because of **Bodily Injury** or **Property Damage** and included in the **Limits of Insurance** of this policy, provided:
  - a. liability to such party for, or for the cost of, that party's defense has also been assumed in the same **Insured Contract**; and
  - b. such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this policy applies are alleged.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.



---

Christopher G. Kopser  
Authorized Representative  
or Countersignature (Where Applicable)

**ENDORSEMENT No.**

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Amendment of Definition of Named Insured Endorsement  
(Amendment of Definition R)  
(Acquired Entities)**

**TO THE EXTENT ANY PROVISION OF THIS ENDORSEMENT CONFLICTS WITH ANY PROVISION OF THE POLICY OR ANY OF ITS OTHER ENDORSEMENTS, THE PROVISIONS OF THIS ENDORSEMENT WILL SUPERSEDE.**

This policy is amended as follows:

**Section VII. DEFINITIONS**, Paragraph R., is deleted in its entirety and replaced by the following:

**R. Named Insured means:**

1. any person or organization listed in Item 1 of the Declarations, and any company that is your subsidiary as of the effective date of this policy and any company you own or control as of the effective date of this policy.
2. any organization newly acquired, controlled or formed by you during the **Policy Period** that meets all the following conditions is automatically a **Named Insured**, but only as respects **Occurrences** taking place after you acquire, take control or form such organization:
  - (a) such organization's operations are not materially different from your operations prior to your acquisition, control or formation; and
  - (b) such organization's sales do not exceed one hundred million dollars (\$100,000,000) for the prior twelve months.
3. any organization newly acquired, controlled or formed by you during the **Policy Period** that:
  - (a) is materially different from your operations prior to your acquisition, control or formation; or
  - (b) exceeds one hundred million dollars (\$100,000,000) in sales for the prior twelve months,is automatically a **Named Insured**, but only for sixty (60) days from the date you acquire, take control or form such organization during the **Policy Period** and only as respects **Occurrences** taking place after you acquire, take control or form such organization.

During this sixty (60) day period, you shall provide us with sufficient underwriting material to evaluate the continuation of coverage of such organization.

As respects paragraphs 2. and 3., above, we may make an additional premium charge for any additional organizations you acquire, form or take control of during the period of this policy.

You agree that any organization to which paragraphs 2. and 3. above apply, will be required to be included as an **Insured** under applicable **Scheduled Underlying Insurance**. If you fail to comply with this requirement, coverage under this policy will apply as though the organization was included as an **Insured**, under the highest applicable limit of **Scheduled Underlying Insurance**. Except however, this requirement shall not apply to coverage listed in any Schedule of Retained Limits that may be attached to this policy.

All other terms, conditions, definitions and exclusions of this policy remain unchanged.



---

Christopher G. Kopser  
Authorized Representative  
or Countersignature (Where Applicable)

**ENDORSEMENT No.**

**This endorsement, effective 12:01 AM:**

**Forms a part of policy no:**

**Issued to:**

**By:**

**Commercial Umbrella Liability Policy With CrisisResponse®**

**California Cancellation and Nonrenewal Amendatory Endorsement**

This policy is amended as follows:

I. **Section VI. CONDITIONS, D. Cancellation**, is deleted in its entirety and replaced by the following:

**D. Cancellation**

1. You may cancel this policy. You must mail or deliver advance written notice to us stating when the cancellation is to take effect.
2. New Policies in Effect for Sixty (60) Days or Less:

We may cancel this policy. If we cancel because of non-payment of premium, we must mail to you not less than ten (10) days advance written notice stating when the cancellation is to take effect. If we cancel for any other reason, we must mail to you not less than thirty (30) days advance written notice stating when the cancellation is to take effect. Mailing that notice to you at your mailing address shown in Item 1 of the Declarations shall be sufficient to prove notice. Such notice will include the reason or reasons for cancellation.

3. New Policies in Effect for More Than Sixty (60) Days and Any Renewal Policy:

We may not cancel this policy unless the cancellation is based on one or more of the following reasons:

- a. Nonpayment of premium, including payment due on a prior policy issued by us and due during the Policy Period covering the same risks;
- b. A judgment by a court or an administrative tribunal that you have violated any law of this state or of the United States having as one of its necessary elements an act which materially increases any of the risks insured against;
- c. Discovery of fraud or material misrepresentation by either of the following:
  - i. You or other Insureds or your representative in obtaining this policy; or
  - ii. You or your representative in pursuing a claim under this policy.
- d. Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or other Insureds or a representative of same, which materially increase any of the risks insured against;
- e. Failure by you or other Insureds or a representative of same to implement reasonable loss control requirements which were agreed to by you as a condition of policy issuance or which were conditions precedent to the use by us of a particular rate or rating plan if the failure materially increases any of the risks insured against;

- f. A determination by the commissioner that the loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency;
- g. A determination by the commissioner that a continuation of this policy's coverage could place us in violation at the laws at this state or the state of our domicile or that the continuation of coverage would threaten our solvency;
- h. A change by you or other Insureds or a representative of same in the activities or property of the commercial or industrial enterprise which results in a materially added risk, a materially increased risk or a materially changed risk, unless the added, increased or changed risk is included in this policy;
- i. A material change in limits, type or scope of coverage or exclusions in **Scheduled Underlying Insurance**;
- j. Cancellation or nonrenewal of any **Scheduled Underlying Insurance** where such insurance is not replaced without lapse; or
- k. A reduction in financial rating or grade of one or more insurers issuing any **Scheduled Underlying Insurance** based on an evaluation obtained from a recognized financial rating organization.

If we cancel because of non-payment of premium or fraud, we must mail or deliver to you and to the producer of record not less than ten (10) days advance written notice stating when the cancellation is to take effect. If we cancel for any of the other reasons listed above, we must mail or deliver to you and to the producer of record not less than thirty (30) days advance written notice stating when the cancellation is to take effect. Mailing that notice to you at your mailing address shown in Item 1. of the Declarations will be sufficient to prove notice. Such notice will include the reason or reasons for cancellation.

- 4. The Policy Period will end on the day and hour stated in the cancellation notice.
- 5. If we cancel, final premium will be calculated pro rata based on the time this policy was in force. Final premium will not be less than the pro rata share of the Minimum Premium as shown in Item 6 of the Declarations.
- 6. If you cancel, final premium will be more than pro rata; it will be based on the time this policy was in force and increased by our short rate cancellation table and procedure. Final premium will not be less than the short rate share of the Minimum Premium as shown in Item 6 of the Declarations.
- 7. Premium adjustment may be made at the time of cancellation or as soon as practicable thereafter but the cancellation will be effective even if we have not made or offered any refund due you. Our check or our representative's check, mailed or delivered, shall be sufficient tender of any refund due you.
- 8. The first **Named Insured** in Item 1 of the Declarations shall act on behalf of all other **Insureds** with respect to the giving and receiving of notice of cancellation and the receipt of any refund that may become payable under this policy.

II. **Section VI. CONDITIONS** is amended to include the following additional provision:

**Nonrenewal**

If we decide not to renew this policy, we shall mail or deliver to the producer of record and to you at the mailing address shown in the policy a notice of nonrenewal at least sixty (60) days, but no more than one hundred twenty (120) days prior to the end of the Policy Period. The notice shall contain the reason or reasons for nonrenewal of this policy.



III. Section VI. CONDITIONS is amended to include the following additional provision:

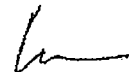
**Increase in Premium, Reduction in Limits or Change in Conditions of Coverage**

If this policy has been in effect for more than sixty (60) days or if this policy is a renewal, effective immediately no increase in premium, reduction in limits, or change in the conditions of coverage shall be effective during the policy period unless based upon one of the following reasons:

1. Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards by you or other Insureds which materially increase any of the risks or hazards insured against;
2. Failure by you or other Insureds to implement reasonable loss control requirements which were agreed to by you as a condition of policy issuance or which were conditions precedent to the use by us of a particular rate or rating plan, if the failure materially increases any of the risks insured against;
3. A determination by the commissioner that loss of or changes in our reinsurance covering all or part of the risk covered by the policy would threaten our financial integrity or solvency unless the change in the terms or conditions or rate upon which the premium is based is permitted; or
4. A change by you or other Insureds in the activities or property of the commercial or industrial enterprise which results in a materially added risk, a materially increased risk, or a materially changed risk, unless the added, increased, or changed risk is included in this policy.

Written notice shall be mailed or delivered to the producer of record and to you at the mailing address shown in this policy at least thirty (30) days prior to the effective date of any increase, reduction or change.

All other terms, definitions, conditions and exclusions of this policy remain unchanged.



Christopher G. Kopser

Authorized Representative  
or Countersignature (in States Where Applicable)

ENDORSEMENT No.

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Cross Suits Exclusion Endorsement**


This policy is amended as follows:

**Section V. EXCLUSIONS** is amended to include the following exclusion:

**Cross Suits**

This insurance does not apply to **Bodily Injury, Property Damage, or Personal Injury and Advertising Injury** to a **Named Insured** that is caused, in whole or in part, by any other **Named Insured**.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

  
\_\_\_\_\_  
Christopher G. Kopser  
Authorized Representative  
or Countersignature (Where Applicable)

ENDORSEMENT No.

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Employers' Liability / Stop Gap Limitation Endorsement**

This policy is amended as follows:

**Section V. EXCLUSIONS** is amended to include the following additional exclusion:

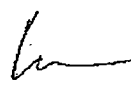
**Employers' Liability**

This insurance does not apply to **Bodily Injury** to any employee of the **Insured** arising out of and in the course of the employee's employment by the **Insured**.

However, if insurance for such **Bodily Injury** is provided by a policy listed in the **Scheduled Underlying Insurance**:

1. The above exclusion shall not apply; and
2. Coverage under this policy for such **Bodily Injury** will follow the terms, definitions, conditions and exclusions of **Scheduled Underlying Insurance**, subject to the **Policy Period**, **Limits of Insurance**, **premium** and all other terms, definitions, conditions and exclusions of this policy. Provided, however, that coverage provided by this policy will be no broader than the coverage provided by **Scheduled Underlying Insurance**.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

  
\_\_\_\_\_  
Christopher G. Kopser  
Authorized Representative  
or Countersignature (Where Applicable)

**ENDORSEMENT No.**

This endorsement, effective 12:01 AM:

Forms a part of policy no.:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Employee Benefits Liability Limitation Claims Made Version Endorsement**

**NOTICE:** Please read this endorsement carefully. This endorsement provides coverage on a claims made basis. Except to the extent as may otherwise be provided herein, the coverage of this insurance is generally limited to liability for only those claims that are first made during the Policy Period and reported in writing to us.

This policy is amended as follows:

**Section V. EXCLUSIONS** is amended to include the following additional exclusion:

**Employee Benefits Liability**

This insurance does not apply to any liability arising out of:

1. any violation of any of the responsibilities, obligations or duties imposed upon fiduciaries by ERISA or any similar law regarding workers' compensation, unemployment insurance, Social Security or any government-mandated disability benefits; or
2. any act, error or omission committed by or on behalf of the Insured solely in the performance of one or more of the following administrative duties or activities:
  - a. giving counsel to employees with respect to a Plan;
  - b. interpreting a Plan;
  - c. handling of records in connection with a Plan;
  - d. effecting enrollment, termination or cancellation of employees under a Plan; or
  - e. any claim against an Insured solely by reason of his, her or its status as an administrator, the Plan or you as sponsor of the Plan.

However, this exclusion will not apply only if and to the extent that coverage for such liability is provided by **Scheduled Underlying Insurance**.

Solely as respects this endorsement, this policy will only provide coverage for a Claim made against the Insured during the **Policy Period**:

- a) If the insurance provided by **Scheduled Underlying Insurance** provides coverage for Occurrences occurring on or after a specified Retroactive Date for a claim for damages because of **Bodily Injury, Property Damage, Personal Injury or Advertising Injury** first made in writing against any Insured in accordance with Paragraph b) below during the **Policy Period** or any Extended Reporting Period we provide and written notice is received by us during the **Policy Period** or Extended Reporting Period (if applicable).

b) A Claim by any person or organization seeking damages will be deemed to have been made at the earlier of the following times:

1. When notice of such Claim is received and recorded by any Insured in writing and reported to us during the Policy Period or any applicable extended reporting period; or
2. When we make settlement in accordance with Paragraph a) above.

Notwithstanding the above, this insurance shall not apply to:

1. any Claim alleging or arising out of an Occurrence committed on or after the Retroactive Date set forth in the Schedule Underlying Insurance, if the Insured, an officer, manager in your risk management, insurance or legal department or an employee who was authorized by you to give or receive notice of an Occurrence, knew as of the Continuity Date shown above that such Occurrence could result in a Claim.
2. any Claim alleging or arising out the same Occurrence or series of continuous, repeated or related Occurrences or alleging the same or similar facts, alleged or contained in any Claim which has been reported, or any Occurrence of which notice has been given, under any policy of which this policy is a renewal, replacement or succeeds in time.
3. any Claim alleging or arising out of any Claim or Suit pending as of the Continuity Date; or alleging or arising out of or relating to any fact, circumstance, situation or Occurrence alleged in such Claim or Suit.

If Scheduled Underlying Insurance does not contain a Continuity Date, the Continuity Date will be the Retroactive Date.

Coverage under this policy for such liability will follow the terms, definitions, conditions and exclusions of Scheduled Underlying Insurance, subject to the Policy Period, Limits of Insurance, premium and all other terms, definitions, conditions and exclusions of this policy. Provided, however, that coverage provided by this policy will be no broader than the coverage provided by Scheduled Underlying Insurance.

Section VII. DEFINITIONS is amended to include the following additional definitions:

**Claim** means a written demand upon the Insured for compensatory damages or services and shall include the service of Suit or institution of arbitration proceedings against the Insured.

**ERISA** means the Employee Retirement Income Security Act of 1974 (including amendments relating to the Consolidated Omnibus Budget Reconciliation Act of 1985), and including any amendment or revisions thereto, or any similar common or statutory law of the United States, Canada or any state or jurisdiction anywhere in the world to which a Plan is subject.

**Plan** means any plan, fund or program established anywhere in the world, regardless of whether it is subject to regulation under Title 1 of ERISA or meets the requirements for qualification under Section 401 of the Internal Revenue Code of 1986, as amended and which is:

1. a welfare plan, as defined in ERISA or any similar law regarding workers' compensation, unemployment insurance, Social Security or any government-mandated disability benefits;
2. a pension plan as defined in ERISA or any similar law regarding workers' compensation, unemployment insurance, Social Security or any government-mandated disability benefits; or
3. a combination of 1. and 2. above.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

  
Christopher G. Kopser

Authorized Representative  
or Countersignature (Where Applicable)

ENDORSEMENT No.

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Employers' Liability Limitation Endorsement**

This policy is amended as follows:

**Section V. EXCLUSIONS** is amended to include the following additional exclusion:

**Employers' Liability**

This insurance does not apply to **Bodily Injury** to any employee of the **Insured** arising out of and in the course of the employee's employment by the **Insured**.

However, if insurance for such **Bodily Injury** is provided by a policy listed in the **Scheduled Underlying Insurance**:

1. This exclusion shall not apply; and
2. Coverage under this policy for such **Bodily Injury** will follow the terms, definitions, conditions and exclusions of **Scheduled Underlying Insurance**, subject to the **Policy Period**, Limits of Insurance, premium and all other terms, definitions, conditions and exclusions of this policy. Provided, however, that coverage provided by this policy will be no broader than the coverage provided by **Scheduled Underlying Insurance**.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.



\_\_\_\_\_  
Christopher G. Kopser  
Authorized Representative  
or Countersignature (Where Applicable)

ENDORSEMENT No.

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Foreign Liability Limitation Endorsement  
(With Total Terrorism Exclusion Applicable To Specified Countries)**

This policy is amended as follows:

**Section V. EXCLUSIONS** is amended to include the following additional exclusion:

**Foreign Liability**

This insurance does not apply to **Bodily Injury, Property Damage, or Personal Injury and Advertising Injury** that occurs outside the United States of America, its territories and possessions, Puerto Rico and Canada.

However, if insurance for such **Bodily Injury, Property Damage, or Personal Injury and Advertising Injury** is provided by a policy listed in the **Scheduled Underlying Insurance**:

1. This exclusion shall not apply; and
2. Coverage under this policy for such **Bodily Injury, Property Damage, or Personal Injury and Advertising Injury** will follow the terms, definitions, conditions and exclusions of **Scheduled Underlying Insurance**, subject to the **Policy Period, Limits of Insurance, premium and all other terms, definitions, conditions and exclusions of this policy**. Provided, however, that coverage provided by this policy will be no broader than the coverage provided by **Scheduled Underlying Insurance**.

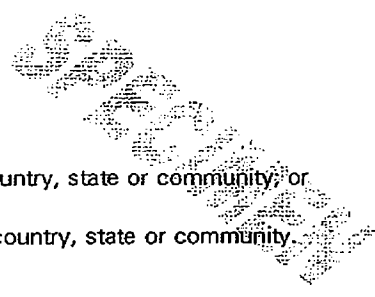
Notwithstanding 1. and 2. above, this insurance does not apply to **Loss, injury, damage, claim or Suit**, arising directly or indirectly as a result of or in connection with **Terrorism** that occurs in the following countries:

Afghanistan, Algeria, Iraq, Mali, Pakistan, Philippines, Somalia, Syria, and Yemen.

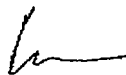
It is understood that to the extent any coverage may otherwise be provided for these above listed countries under this policy or any of its endorsements, the provisions of this exclusion will supercede.

**Section VII. DEFINITIONS** is amended to include the following additional definition:

**Terrorism** means the use or threatened use of force or violence against person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in any connection with any organization, government, power, authority or military force, when the effect is to intimidate, coerce or harm:

- 
1. A government;
  2. The civilian population of a country, state or community; or
  3. To disrupt the economy of a country, state or community.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.



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Christopher G. Kopser  
Authorized Representative or  
Countersignature (Where Applicable)



ENDORSEMENT No.

This endorsement, effective 12:01 AM:

Forms a part of policy no.:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Fungus Exclusion Endorsement**

This policy is amended as follows:

**Section V. EXCLUSIONS** is amended to include the following additional exclusion:

This insurance does not apply to:

**Bodily Injury, Property Damage or Personal Injury and Advertising Injury** or any other loss, injury, damage, cost or expense, including, but not limited to, losses, costs or expenses related to, arising from or associated with clean-up, remediation, containment, removal or abatement, caused directly or indirectly, in whole or in part, by:

- a. Any **Fungus(i), Molds(s)**, mildew or yeast, or
- b. Any **Spore(s)** or toxins created or produced by or emanating from such **Fungus(i), Mold(s)**, mildew or yeast, or
- c. Any substance, vapor, gas, or other emission or organic or inorganic body or substance produced by or arising out of any **Fungus(i), Mold(s)**, mildew or yeast, or
- d. Any material, product, building component, building or structure, or any concentration of moisture, water or other liquid within such material, product, building component, building or structure, that contains, harbors, nurtures or acts as a medium for any **Fungus(i), Mold(s)**, mildew, yeast, or **Spore(s)** or toxins emanating therefrom.

Paragraphs a., b., c. and d. above apply regardless of any other cause, event, material, product and/or building component that contributed concurrently or in any sequence to that loss, injury, damage, cost or expense.

It is understood that to the extent any coverage may otherwise be provided under this policy or any of its endorsements, the provisions of this exclusion will supercede.

**Section VII. DEFINITIONS** is amended to include the following additional definitions:

**Fungus(i)** includes, but is not limited to, any of the plants or organisms belonging to the major group Fungi, lacking chlorophyll, and including molds, rusts, mildews, smuts and mushrooms.

**Mold(s)** includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce molds.

**Spore(s)** means any dormant or reproductive body produced by or arising or emanating out of any **Fungus(i), Mold(s)**, mildew, plants, organisms or microorganisms.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

  
Christopher G. Kopser

\_\_\_\_\_  
**Authorized Representative**  
or Countersignature (Where Applicable)

**ENDORSEMENT No.**

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Industrial Aid Aircraft Limitation Endorsement**

This policy is amended as follows:

**ITEM 3. LIMITS OF INSURANCE** of the **DECLARATIONS** is amended to include the following additional Self-Insured Retention:

\$100,000,000 **Industrial Aid Aircraft Self-Insured Retention/Each Occurrence.** (As respects claims and Suits seeking damages for **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance, or use of any **Industrial Aid Aircraft** owned or operated by or rented or loaned to any **Insured**. Use includes operation and loading and unloading).

For the purpose of this endorsement only, **Section III. DEFENSE PROVISIONS**, Paragraphs A. 1. and A. 2., and D. are deleted in their entirety, and paragraph A. is replaced by the following:

We will have no duty to defend any **Suit** against the **Insured** until the **Industrial Aid Aircraft Self-Insured Retention** is exhausted by payment of **Loss**. We will, however, have the right, but not the duty, to participate in the defense of any **Suit** and the investigation of any claim to which this policy may apply. If we exercise this right, we will do so at our own expense.

**Section IV. LIMITS OF INSURANCE**, is amended to include the following additional provision:

The **Industrial Aid Aircraft Self-Insured Retention** applies whether or not there is any available **Scheduled Underlying Insurance** or **Other Insurance**. If there is **Scheduled Underlying Insurance** or **Other Insurance** applicable to the **Loss**, amounts received through such **Scheduled Underlying Insurance** or **Other Insurance** for payment of the **Loss** may be applied to reduce or exhaust the **Industrial Aid Aircraft Self-Insured Retention**. However, in no event will amounts received through such **Scheduled Underlying Insurance** or **Other Insurance** for the payment of **Defense Expenses** reduce the **Industrial Aid Aircraft Self-Insured Retention**.

The **Industrial Aid Aircraft Self-Insured Retention** will not be reduced by **Defense Expenses**.

For the purpose of this endorsement only and solely with respect to any and all references to aircraft, **Section V. EXCLUSIONS**, Paragraph A. is deleted in its entirety and replaced by the following:

**A. Aircraft**

This insurance does not apply to **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance, use, or entrustment to others of any aircraft owned or operated by or rented or loaned to any **Insured**. Use includes operation and loading and unloading.

This exclusion applies even if the claims against any **Insured** allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that **Insured**, if the **Occurrence** which

caused the **Bodily Injury or Property Damage** involved the ownership, maintenance, use or entrustment to others of any aircraft that is owned or operated by or rented or loaned to any **Insured**.

This exclusion does not apply to **Bodily Injury or Property Damage** arising out of the ownership, maintenance, or use of any **Industrial Aid Aircraft** owned or operated by or rented or loaned to any **Insured**. Use includes operation and loading and unloading.

It is understood that any and all references to watercraft in **Section V. EXCLUSIONS**, Paragraph A. remains unchanged, unless amended by separate endorsement.

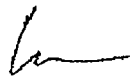
For the purpose of this endorsement only, **Section VII. DEFINITIONS** is amended to include the following additional definitions:

**Defense Expenses** means any payment allocated to a specific **Loss**, claim or **Suit** for its investigation, settlement or defense, including but not limited to:

1. attorney's fees and all other investigation, loss adjustment and litigation expenses;
2. premiums on bonds to release attachments;
3. premiums on appeal bonds required by law to appeal any claim or **Suit**;
4. costs taxed against the **Insured** in any claim or **Suit**;
5. pre-judgment interest awarded against the **Insured**; and
6. interest that accrues after entry of judgment.

**Industrial Aid Aircraft** means aircraft with a maximum passenger capacity of twenty (20) persons (including crew) used solely for business travel of employees of the **Insured** and their non fee paying passenger guests.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.



Christopher G. Kopser  
Authorized Representative or  
Countersignature (Where Applicable)

ENDORSEMENT No.

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

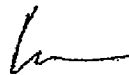
**Commercial Umbrella Liability Policy with CrisisResponse®**

**Knowledge of Occurrence Endorsement**

This policy is amended as follows:

Notwithstanding any provision(s) in this Policy to the contrary, and solely as respects any loss reporting requirements under this Policy, it is understood that knowledge of **Occurrence** by the agent, servant or employee of the **Insured** or any other person shall not in itself constitute knowledge by the **Insured**, unless the Risk Manager or Risk Management Department received notice from said agent, servant, employee or any other person.

All other terms, definitions, conditions and exclusions remain unchanged.



Christopher G. Kopser

Authorized Representative  
or Countersignature (Where Applicable)

**ENDORSEMENT No.**

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Lead Exclusion Endorsement**

This policy is amended as follows:

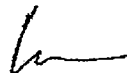
**Section V. EXCLUSIONS** is amended to include the following additional exclusion:

**Lead**

This insurance does not apply to any liability arising out of lead or the lead content of products.

It is understood that to the extent any coverage may otherwise be provided under this policy or any of its endorsements, the provisions of this exclusion will supersede.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.



\_\_\_\_\_  
Christopher G. Kopser

**Authorized Representative**  
or Countersignature (Where Applicable)

ENDORSEMENT No.

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy With CrisisResponse®**

**Law Governing Insurability of Punitive or Exemplary Damages Endorsement  
(Most Favorable Jurisdiction)  
(California)**

Solely with respect to claims for punitive and exemplary damages brought in federal or state court other than a California state court, this policy is amended as follows:

**Section VI. CONDITIONS** is amended to include the following additional provision:

**Law Governing Insurability of Punitive or Exemplary Damages**

Punitive or exemplary damages that are awarded against an **Insured** in a judgment that also awards compensatory damages covered by this policy shall be covered where insurable under applicable law, subject to all other terms, conditions, definitions, and exclusions of this policy (including but not limited to Exclusion K, "Expected or Intended Injury").

The law of the jurisdiction most favorable to the insurability of punitive or exemplary damages shall govern the interpretation of coverage for such damages under this policy, provided that such jurisdiction is a jurisdiction other than California and either:

1. has a substantial relationship to
  - a. the Insured,
  - b. the Suit in which the punitive or exemplary damages were awarded,
  - c. the conduct or loss for which punitive or exemplary damages were imposed or awarded; or
2. is the state in which we are incorporated or we have our principal place of business, or where this insurance contract was made.

Coverage for such punitive or exemplary damages shall be subject to, and not in addition to, the Limits of Insurance set forth in Item 3. of the Declarations.

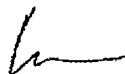
Notwithstanding the above, this policy does not provide coverage for civil or criminal fines or penalties imposed by any federal, state or local governmental body or authority. For the purpose of this provision, "federal, state, or local governmental body or authority" shall not include a court of law.

**Section VII. DEFINITIONS**, Paragraph BB. Self Insured Retention, is amended to include the following additional provision:

However, with respect to punitive or exemplary damages that would not have been insurable under this policy without the "Law Governing Insurability of Punitive or Exemplary Damages Endorsement," Self-Insured Retention means the amount of the applicable limits of all **Scheduled Underlying Insurance**

that would have applied to such damages if they were not deemed to be uninsurable under such Scheduled Underlying Insurance.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.



---

Christopher G. Kopser  
Authorized Representative or  
Countersignature (Where applicable)

ENDORSEMENT No.

This endorsement, effective 12:01 AM:

Forms a part of policy no.:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Medical Professional Services Exclusion Endorsement  
(With Good Samaritan Acts Exception)**

This policy is amended as follows:

**Section V. EXCLUSIONS** is amended to include the following additional exclusion:

**Medical Professional Services**

This insurance does not apply to any liability arising out of the rendering of, or the failure to render, **Medical Professional Services**.

This exclusion does not apply to **Good Samaritan Acts**.

**Section VII. DEFINITIONS** is amended to include the following additional definitions:

**Good Samaritan Acts** means those **Medical Professional Services** performed by or on behalf of the **Insured**, without remuneration, in rendering emergency treatment at the scene of an accident or medical crisis, away from **Insured's** facilities.

**Medical Professional Services** means:

1. Furnishing of professional health care services including, but not limited to, medical, surgical, dental or nursing services;
2. Furnishing of food, beverages, drugs, medications, supplies or appliances in connection with professional health care services;
3. Postmortem handling of human bodies; or
4. Services by any person as a member of a formal accreditation or similar professional board or committee of the **Insured**, or as a person charged with the duty of executing directives of any such board or committee.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

  
Christopher G. Kopser

---

**Authorized Representative  
or Countersignature (Where Applicable)**



**ENDORSEMENT No.**

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Named Peril and Time Element Pollution  
Self-Insured Retention Endorsement  
(Products-Completed Operations Hazard Version)**

This policy is amended as follows:

**Section V. EXCLUSIONS, Paragraph Q. Pollution** is deleted in its entirety and replaced by the following:

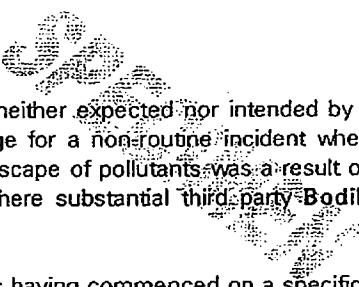
**Pollution**

This insurance does not apply to:

1. Any Bodily Injury, Property Damage or Personal Injury and Advertising Injury arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants** anywhere at any time;
2. Any loss, cost or expense arising out of any request, demand, order or statutory or regulatory requirement that the **Insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **Pollutants**; or
3. Any loss, cost or expense arising out of any claim or Suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of **Pollutants**.

However, Paragraph 1 of this exclusion will not apply to **Bodily Injury** or **Property Damage** arising out of:

- i. Any discharge, dispersal, seepage, migration, release or escape of **Pollutants** directly or indirectly caused by fire, explosion, lightning, windstorm, vandalism or malicious mischief, riot or civil commotion, flood, earthquake, automatic sprinkler leakage, collision or upset of an **Auto** or **Mobile Equipment** or aircraft; or
- ii. Any discharge, dispersal, seepage, migration, release or escape of **Pollutants** and included within the **Products-Completed Operations Hazard** provided that **Your Product** or **Your Work** has not at any time been:
  - (a) discarded, dumped, abandoned, thrown away; or
  - (b) transported, handled, stored, treated, disposed of or processed as waste;by anyone; or
- iii. Any discharge, dispersal, seepage, migration, release or escape of **Pollutants** that meets all of the following conditions:

- 
- (a) It was accidental and neither expected nor intended by the Insured. This condition would not serve to deny coverage for a non-routine incident where such discharge, dispersal, seepage, migration, release or escape of pollutants was a result of an attempt by the Insured to mitigate or avoid a situation where substantial third party Bodily Injury or Property Damage could occur;
  - (b) It was demonstrable as having commenced on a specific date during the Policy Period;
  - (c) Its commencement became known to the Insured within (20) calendar days;
  - (d) Its commencement was reported in writing to us within (80) calendar days of becoming known to any officer of the Insured; any manager in your risk management, insurance or legal department; any employee who was authorized by you to give or receive notice of an Occurrence, claim or Suit; or any Insured authorized or responsible to report the commencement; and
  - (e) Reasonable effort was expended by the Insured to terminate the discharge, dispersal, seepage, migration, release or escape of Pollutants as soon as conditions permitted.

However, nothing contained in this endorsement will operate to provide any coverage with respect to:

- i. Any site or location principally used by the Insured, or by others on the Insured's behalf, for the handling, storage, disposal, dumping, processing or treatment of waste material;
- ii. Any fines or penalties;
- iii. Any clean up loss, cost or expense arising out of any governmental request, demand, order or statutory or regulatory requirement. However, this provision iii will not apply to third party clean up loss, cost or expense otherwise covered by this endorsement that are also the subject of a governmental request, demand, order or statutory or regulatory requirement;
- iv. Acid rain or acid runoff;
- v. Clean-up, removal, containment, treatment, detoxification or neutralization of Pollutants situated on premises which the Insured owns, rents or occupies at the time of the actual discharge, dispersal, seepage, migration, release or escape of said Pollutants; or
- vi. Any Bodily Injury, Property Damage or Personal Injury and Advertising Injury, or any loss, cost or expense arising out of any discharge, dispersal, seepage, migration, release or escape of Pollutants in knowing violation of or non compliance with governmental permits.

For the purpose of this endorsement only, the SELF-INSURED RETENTION in ITEM 5. of the DECLARATIONS, is amended to include the following additional provision:

\$1,000,000 Each Occurrence (As respects all damages arising out of any discharge, dispersal, seepage, migration, release or escape of Pollutants covered under this endorsement). This Self-Insured Retention will not be reduced by Defense Expenses.

The above Self-Insured Retention applies whether or not there is any available Scheduled Underlying Insurance or Other Insurance. If there is Scheduled Underlying Insurance or Other Insurance applicable to a Loss, amounts received through such Scheduled Underlying Insurance or Other Insurance for payment of the Loss may be applied to reduce or exhaust the above Self-Insured Retention if such policies were purchased by the Named Insured to specifically apply as underlying insurance to this policy. However, in no event will amounts received through such Scheduled Underlying Insurance or Other Insurance for the payment of Defense Expenses reduce the above Self-Insured Retention.

For the purpose of this endorsement only, **Section III. DEFENSE PROVISIONS** Paragraphs A. and D. are deleted in their entirety and Paragraph A. is replaced by the following:


We will have no duty to defend any **Suit** against the **Insured** until the above Self-Insured Retention is exhausted by payment of **Loss**. We will, however, have the right, but not the duty, to participate in the defense of any **Suit** and the investigation of any claim to which this endorsement may apply. If we exercise this right, we will do so at our own expense.

For the purpose of this endorsement only, **Section VII. DEFINITIONS** is amended to include the following additional definition:

**Defense Expenses** means a payment allocated to defend a specific **Suit**, including but not limited to:

1. Attorneys' fees and all other investigation, loss adjustment and litigation expenses;
2. Premiums on bonds to release attachments;
3. Premiums on appeal bonds required by law to appeal any claim or **Suit**;
4. Court costs taxed against the **Insured** in any **Suit**;
5. Pre-judgment interest awarded against the **Insured**; and
6. Interest that accrues after entry of judgment.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.



---

Christopher G. Kopser  
Authorized Representative  
or Countersignature (Where Applicable)

ENDORSEMENT No.

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Non-Concurrence Endorsement**

This policy is amended as follows:

**Section IV. LIMITS OF INSURANCE**, is amended to include the following additional provision:

If any of the policy periods of **Scheduled Underlying Insurance**, (including any renewals and replacements thereof) apply nonconcurrently with the **Policy Period** of this policy, and in the event of reduction or exhaustion of the aggregate limit(s) of the underlying policy(ies) by payment of damages taking place during the policy period of such underlying policy(ies), we will:

1. In the event of reduction, pay in excess of the reduced underlying limits of insurance; or
2. In the event of exhaustion of the underlying limits of insurance, continue in force as underlying insurance;

subject to the definitions, conditions and exclusions of the applicable underlying policy(ies).

Coverage under this policy, however, applies only to **Bodily Injury, Property Damage, or Personal Injury and Advertising Injury** that takes place during the **Policy Period** of this policy.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

  
Christopher G. Kopser

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**Authorized Representative  
or Countersignature (Where Applicable)**

ENDORSEMENT No.

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

Commercial Umbrella Liability Policy with CrisisResponse<sup>SM</sup>

**Notice of Occurrence**

This policy is amended as follows:

Section VI. CONDITIONS, Paragraph G. Duties in the Event of an Occurrence, Claim or Suit is amended to include the following provision:

5. Your failure to give first report of a claim to us will not invalidate coverage under this policy if the loss was inadvertently reported to another Insurer. However, you will report any such Occurrence to us within a reasonable time once you become aware of such error.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.



Christopher G. Kopser

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Authorized Representative  
or Countersignature (Where Applicable)

ENDORSEMENT No.

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Products-Completed Operations Hazard Limitation Endorsement**

This policy is amended as follows:

**Section V. EXCLUSIONS** is amended to include the following additional exclusion:

**Products-Completed Operations Hazard**

This insurance does not apply to any liability arising out of the **Products-Completed Operations Hazard**.

However, if insurance for such liability is provided by a policy listed in the **Scheduled Underlying Insurance**:

1. This exclusion shall not apply; and
2. Coverage under this policy for such liability will follow the terms, definitions, conditions and exclusions of **Scheduled Underlying Insurance**, subject to the **Policy Period**, Limits of Insurance, premium and all other terms, definitions, conditions and exclusions of this policy. Provided, however, that coverage provided by this policy will be no broader than the coverage provided by **Scheduled Underlying Insurance**.

It is understood that to the extent any coverage may otherwise be provided under this policy or any of its endorsements, the provisions of this exclusion will supercede.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.



Christopher G. Kopser

Authorized Representative  
or Countersignature (Where Applicable)

ENDORSEMENT No.

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Professional Liability Exclusion Endorsement**

This policy is amended as follows:

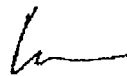
**Section V. EXCLUSIONS** is amended to include the following additional exclusion:

**Professional Liability**

This insurance does not apply to any liability arising out of any act, error, omission, malpractice or mistake of a professional nature committed by the Insured or any person for whom the Insured is legally responsible.

It is understood this exclusion applies even if the claims against any Insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that Insured.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.



---

Christopher G. Kopser  
Authorized Representative  
or Countersignature (Where Applicable)

**ENDORSEMENT No.**

This endorsement, effective 12:01 AM:

Forms a part of policy no.:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Radioactive Matter Exclusion Endorsement**

This policy is amended as follows:

**Section V. EXCLUSIONS** is amended to include the following additional exclusion:

**Radioactive Matter**

This insurance does not apply to any liability arising out of radioactive matter or any form of radiation.

It is understood that to the extent any coverage may otherwise be provided under this policy or any of its endorsements, the provisions of this exclusion will supercede.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

  
Christopher G. Kopser

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**Authorized Representative**  
or Countersignature (Where Applicable)



**ENDORSEMENT No.**

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Silica Exclusion Endorsement**

This policy is amended as follows:

**Section V. EXCLUSIONS** is amended to include the following additional exclusion:

This insurance does not apply to:

Any liability arising out of **Silica**, **Silica fiber(s)** or **Silica Dust** or any product(s) containing **Silica**, **Silica fiber(s)** or **Silica Dust**.

**Section VII. DEFINITIONS** is amended to include the following additional definitions:

**Silica means:**

1. The substance commonly known as **Silica**; and
2. Any substance or product which has the same or substantially similar chemical formulation, structure or function as **Silica**, by whatever name manufactured, formulated, structured, sold or distributed.

**Silica Dust means:**

1. Dust comprising of **Silica** only; and
2. Dust comprising of **Silica** mixed with other dust or fiber(s) including, but not limited to, asbestos fibers.

It is understood that to the extent any coverage may otherwise be provided under this policy or any of its endorsements, the provisions of this exclusion will supercede.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Christopher G. Kopser

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**Authorized Representative**  
or Countersignature (Where Applicable)

**ENDORSEMENT No.**

**This endorsement, effective 12:01 AM:**

**Forms a part of policy no:**

**Issued to:**

**By:**

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Omnibus Joint Ventures, Partnerships, and LLC Endorsement**

**TO THE EXTENT THE TERMS OF THIS ENDORSEMENT CONFLICT WITH ANY OTHER TERMS OR CONDITIONS OF THIS POLICY OR ITS ENDORSEMENTS, THE TERMS OF THIS ENDORSEMENT SHALL SUPERSEDE.**

This policy is amended as follows:

**Section IV. LIMITS OF INSURANCE** is amended to include the following additional provisions:

The insurance afforded by this policy shall apply to the **Named Insured's** interest in any joint venture, partnership, or limited liability company in which it has an interest, but only to the extent of the **Named Insured's** liability arising from such interest. Notwithstanding the above, where the **Named Insured** is obligated by contract or agreement to name such joint venture, partnership or liability company as an **Insured** under this policy, the above shall not apply.

**Section VII. DEFINITIONS**, Paragraph M. is amended to include the following additional provisions:

Where any **Named Insured** is obligated by contract or agreement to provide insurance such as is afforded by this policy to any of the following entities:

- a. a joint venture and/or any of its members;
- b. a partnership, and/or any of its partners;
- c. a limited liability company, and/or any of its members;

such entity and its members and partners, as applicable, are **Insureds** but only with respect to the conduct of such entity. Additionally, in no event shall the insurance so afforded by this paragraph have limits of liability greater than, or coverage broader than, the limits of liability and coverage otherwise afforded by this policy.

**Section VII. DEFINITIONS**, Paragraph R. **Named Insured**, is amended to include the following additional provisions:

**Named Insured** shall include:

- 1.) as of the inception date of this policy, any joint venture, partnership, or limited liability company owned 100% by any single or combination of **Named Insureds**; and
- 2.) after the inception date of this policy, any joint venture, partnership, or limited liability company where such created organization solely comprises operations which were part of the **Named Insured** prior to the date of such creation and where such newly created organization continues to operate in a similar fashion as the **Named Insured** prior to the date of such creation.

**Section V. EXCLUSIONS** is amended to include the following additional exclusion:

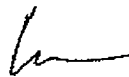
This insurance does not apply to any liability arising out of a joint venture, partnership, or limited liability company for any **Occurrence** that took place before the **Named Insured** acquired, joined or formed the joint venture, partnership, or limited liability company.

**Section VII. DEFINITIONS**, Paragraph Z., is amended to include the following additional provision:

This policy does not recognize erosion or exhaustion of the limits of any applicable **Scheduled Underlying Insurance** due to scaling of limits provisions relating to any joint venture, partnership, or limited liability company.

The insurance afforded under this endorsement shall not be subject to any requirement of **Section VII. Paragraph M.** that a joint venture, partnership, or limited liability company be shown as a **Named Insured** in the **Declarations**.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.



Christopher G. Kopser

Authorized Representative or  
Countersignature (Where Applicable)

**ENDORSEMENT No.**

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

**Commercial Umbrella Liability Policy with CrisisResponse®**

**Retained Limit Amendatory Endorsement**

This policy is amended as follows:

Solely as respects coverages listed in the Schedule of Retained Limits, the following shall apply:

1. The **DECLARATIONS, ITEM 5. SELF INSURED RETENTION** is deleted in its entirety.
2. **Section IV. LIMITS OF INSURANCE**, Paragraphs B., G., H. and M. are deleted in their entireties and replaced by the following:
  - B. The General Aggregate Limit is the most we will pay for all damages covered under this policy except:
    1. damages included within the **Products-Completed Operations Hazard**; and
    2. damages because of **Bodily Injury or Property Damage** to which this insurance applies, caused by an **Occurrence** and resulting from the ownership, maintenance or use of an **Auto**.
  - G. If the total applicable Retained Limit(s) listed in the Schedule of Retained Limits are reduced or exhausted by payment of **Loss** to which this policy applies, we will:
    1. in the event of reduction, pay in excess of the remaining underlying **Retained Limits**; or
    2. in the event of exhaustion of the underlying **Retained Limits**, continue in force as underlying insurance.
  - H. **Defense Expenses** will be in addition to the applicable Limits of Insurance of this policy. Provided, however, that if the amount of applicable **Retained Limit** over which this policy applies immediately in excess is specifically designated in the Schedule of Retained Limits as including **Defense Expenses**, then solely with respect to coverage afforded by this policy that is subject to such Retained Limit, such **Defense Expenses** will reduce the applicable Limits of Insurance of this policy.
  - M. We will not make any payment under this policy unless and until the total applicable **Retained Limit(s)** have been exhausted by the payment of **Loss** to which this policy applies and any applicable **Other Insurance** have been exhausted.

When the amount of **Loss** has been determined by an agreed settlement or a final judgment, we will promptly pay on behalf of the **Insured** the amount of such **Loss** falling within the terms of this policy. An agreed settlement means a settlement and release of liability signed by us, the **Insured** and the claimant or the claimant's legal representative.
3. **Section III. DEFENSE PROVISIONS**, Paragraph A. is deleted in its entirety and replaced by the following:
  - III. **DEFENSE PROVISIONS**
    - A. We will have the right and duty to defend any **Suit** against the **Insured** that seeks damages for **Bodily Injury, Property Damage or Personal Injury and Advertising Injury** covered by this policy, even if

the Suit is groundless, false or fraudulent when the applicable limits listed in the Schedule of Retained Limits have been exhausted by payment of Loss to which this policy applies.

If we are prevented by law or statute from assuming the obligations specified under this provision, we will pay any expenses incurred with our consent.

4. Section V. EXCLUSIONS, Paragraphs I.1., I.2., I.3., and M. are deleted in their entireties.
5. Section V. EXCLUSIONS, Paragraph Q. is amended as follows:

The last two sentences of Paragraph Q. are deleted and the clause "However, Paragraph 1 of this exclusion will not apply if coverage for such Bodily Injury or Property Damage as is described in subparagraphs 1) through 6) below is provided by Scheduled Underlying Insurance:", is deleted in its entirety and replaced by the following:

However, this exclusion will not apply as described in subparagraphs 1) through 6) below.

provided, however, that the above amendments to Section V. EXCLUSIONS, Paragraph Q., do not apply if a separate endorsement attached to this policy deletes and replaces Section V. EXCLUSIONS, Paragraph Q.

6. Section VII. DEFINITIONS is amended to include the following additional definition:

**Defense Expenses** mean payment(s) allocated to the investigation, settlement or defense of a specific loss, claim or Suit, including but not limited to:

1. Attorney's fees and all other investigation, loss adjustment and litigation expenses;
2. Premiums on bonds to release attachments;
3. Premiums on appeal bonds required by law to appeal any claim or Suit;
4. Costs taxed against the Insured in any claim or Suit;
5. Pre-judgment interest awarded against the Insured; and
6. Interest that accrues after entry of judgment.

7. Section VII. DEFINITIONS, Paragraph D., subparagraph 1. is deleted and replaced by the following:

1. damages covered by this policy that are in excess of the Retained Limit; and

8. Section VII. DEFINITIONS, Paragraph M. is amended to include the following additional subparagraph:

8. Any person or organization to whom you become obligated to include as an additional insured under this policy, as a result of any contract or agreement you enter into which requires you to furnish insurance to that person or organization of the type provided by this policy, but only with respect to liability arising out of your operations, including Your Work and Your Product, or premises owned by or rented to you. However, the insurance provided will not exceed the lesser of:

- a. The coverages and Limits of Insurance of this policy, or
- b. The coverage and Limits of Insurance required by said contract or agreement.

However, no such person or organization is an Insured by virtue of this provision 8. of this Paragraph M. of Section VII. if such person or organization is a partnership, joint venture or limited liability company of which the Named Insured is a partner or member, or is a partner or member of such partnership, joint venture or limited liability company.

9. Section VII. DEFINITIONS, the phrase "Notwithstanding any of the above:" and subparagraphs a. and b. thereunder appearing at the end of Paragraph M. are deleted in their entireties and replaced by the following:

Notwithstanding any of the above provisions 1 through 7. of this Paragraph M. of Section VII., no person or organization is an **Insured** with respect to the conduct of any current, past or newly formed partnership, joint venture or limited liability company that is not designated as a **Named Insured** in Item 1 of the Declarations.

10. Section VII. DEFINITIONS, Paragraph P. is deleted in its entirety and replaced by the following:

P. Loss means those sums actually paid as judgments or settlements, provided, however, that if the applicable **Retained Limit** is specifically designated in the Schedule of Retained Limits as including **Defense Expenses**, then Loss shall include such **Defense Expenses**.

11. Section VII. DEFINITIONS, Paragraph R. is deleted in its entirety and replaced by the following:

R. **Named Insured** means:

1. any person or organization designated in Item 1 of the Declarations;
2. as of the inception date of this policy, any organization in which you maintain an interest of more than fifty percent (50%) as of the effective date of this policy, provided that coverage provided to such organization under this paragraph does not apply to any **Bodily Injury** or **Property Damage** that occurred or any **Personal Injury and Advertising Injury** that was caused by an **Occurrence** that was committed before you acquired or formed such organization or after you ceased to maintain an interest of more than fifty percent (50%) in such organization; and
3. after the inception date of this policy, any organization, except for a partnership, joint venture or limited liability company, that you acquire or form during the **Policy Period** in which you maintain an interest of more than fifty percent (50%), provided that:
  - a. coverage provided to such organization under this paragraph does not apply to any **Bodily Injury** or **Property Damage** that occurred or any **Personal Injury and Advertising Injury** that was caused by an **Occurrence** that was committed before you acquired or formed such organization or after you ceased to maintain an interest of more than fifty percent (50%) in such organization; and
  - b. you give us prompt notice after you acquire or form such organization.

Subject to the provisions of Paragraphs 3a. and 3b. above, a partnership, joint venture or limited liability company that you acquire or form during the **Policy Period** may be added as an **Insured** only by a written endorsement that we make a part of this policy.

We may, at our option, make an additional premium charge for any organization that you acquire or form during the **Policy Period**.

12. Section VII. DEFINITIONS, Paragraph Z. is deleted in its entirety and replaced by the following:

Z. **Retained Limit** means the applicable limit(s) listed in the Schedule of Retained Limits.

The **Retained Limit(s)** listed in the Schedule of Retained Limits will apply whether or not there is any available **Scheduled Underlying Insurance** or **Other Insurance**. If there is **Scheduled Underlying Insurance** or **Other Insurance** applicable to a Loss, amounts received through such **Scheduled Underlying Insurance** or **Other Insurance** for payment of the Loss may be applied to reduce or exhaust the **Retained Limit**. Furthermore:

- a. If the applicable **Retained Limit** is specifically designated in the Schedule of Retained Limits as including **Defense Expenses**, then amounts received through **Scheduled Underlying Insurance** or **Other Insurance** providing coverage to the **Insured** for the payment of **Defense Expenses** shall reduce the **Retained Limit**.
- b. If the applicable **Retained Limit** is not specifically designated in the Schedule of Retained Limits as including **Defense Expenses**, then amounts received through **Scheduled**

**Underlying Insurance or Other Insurance** providing coverage to the Insured for the payment of **Defense Expenses** shall not reduce the **Retained Limit**.

13. **Section VI. CONDITIONS**, Paragraphs A. and C. are deleted in their entireties and replaced by the following:

**A. Appeals**

If the Insured or the Insured's underlying insurers do not appeal a judgment in excess of the total applicable **Retained Limit(s)**, we may elect to do so. If we appeal, we will be liable for, in addition to the applicable Limits of Insurance of this policy, all court costs, expenses incurred and interest on that amount of any judgment which does not exceed the applicable Limits of Insurance of this policy incidental to such an appeal.

**C. Bankruptcy or Insolvency**

Your bankruptcy, insolvency or inability to pay or the bankruptcy, insolvency or inability to pay of any of your underlying insurers will not relieve us from the payment of **Loss** covered by this policy. But under no circumstances will such bankruptcy, insolvency or inability to pay require us to drop down, replace or assume any obligation within a **Retained Limit**.

14. If another endorsement attached to this policy states specifically that the provisions therein supercede any other terms, definitions, conditions, and exclusions of any language in this policy or its endorsements, then the provisions of such other endorsement apply irrespective of anything to the contrary in the provisions of this endorsement. In all other cases, the provisions of this endorsement apply notwithstanding anything to the contrary in the other terms, definitions, conditions, and exclusions terms and conditions of this policy.

All other terms, definitions, conditions and exclusions remain unchanged.



Christopher G. Kopser

**Authorized Representative**  
or Countersignature (Where Applicable)

**Schedule of Retained Limits**

**Coverage(s)**

**Retained Limit(s)**

AUTO LIABILITY

\$1,000,000

COMBINED SINGLE LIMIT

DEFENSE EXPENSES ARE  
IN ADDITION TO THE LIMIT



ENDORSEMENT NO.

This endorsement, effective 12:01 AM:

Forms a part of policy no.:

Issued to:

By:

#### SCHEDULE OF UNDERLYING INSURANCE

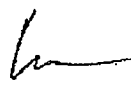
TYPE OF POLICY OR COVERAGE	INSURER, POLICY NO. AND POLICY PERIOD	LIMITS
GENERAL LIABILITY (Designated Projects)	ACE American Insurance Company 04/30/13 04/30/14	\$1,000,000 Each Occurrence \$5,000,000 General Aggregate \$1,000,000 Products & Completed Ops Aggregate \$1,000,000 Personal Injury & Advertising Injury  Defense Expenses are in addition to the limit
GENERAL LIABILITY (Colorado Springs Utilities Contract Syncreon Technology USA LLC Source Right Solutions)	ACE American Insurance Company 03/31/13 03/31/14	\$1,000,000 Each Occurrence \$5,000,000 General Aggregate \$1,000,000 Products & Completed Ops. Aggregate  Defense Expenses are in addition to the limit
FOREIGN GENERAL LIABILITY	Insurance Company of State of PA Occurrence 09/25/13 09/25/14	\$1,000,000 Each Occurrence \$1,000,000 General Aggregate \$1,000,000 Products & Completed Ops Aggregate  Defense Expenses are in addition to the limit
FOREIGN AUTOMOBILE LIABILITY	Insurance Company	\$1,000,000 Any one Accident

**ENDORSEMENT NO.** (Continued)

of State of PA  
09/25/13  
09/25/14

EMPLOYERS LIABILITY (WI)	ACE American Insurance Company 04/30/13 04/30/14	<p>Defense Expenses are in addition to the limit</p> <p>\$1,000,000 Bodily Injury by Each Accident \$1,000,000 Bodily Injury by Each Disease \$1,000,000 Bodily Injury by Each Employee</p> <p>Defense Expenses are in addition to the limit</p>
EMPLOYERS LIABILITY (AOS)	ACE American Insurance Company 03/31/14 03/31/15	<p>\$1,000,000 Bodily Injury by Each Accident \$1,000,000 Bodily Injury by Each Disease \$1,000,000 Bodily Injury by Each Employee</p> <p>Defense Expenses are in addition to the limit</p>
FOREIGN EMPLOYERS LIABILITY	Insurance Company of State of PA 09/25/13 09/25/14	<p>\$1,000,000 Each Accident \$1,000,000 Bodily Injury by Disease (each Employee) \$1,000,000 Bodily Injury by Disease (Policy Limits)</p> <p>Defense Expenses are in addition to the limit</p>
EMPLOYEE BENEFITS LIABILITY	ACE American Insurance Company 04/30/13 04/30/14	<p>\$1,000,000 Each Occurrence \$1,000,000 Aggregate</p> <p>Defense Expenses are in addition to the limit</p>

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

  
\_\_\_\_\_  
Christopher G. Kopser  
Authorized Representative  
or countersignature (where required by law)

ENDORSEMENT NO.

This endorsement, effective 12:01 AM:

Forms a part of policy no.:

Issued to:

By:

**Endorsement #**

This endorsement effective 12:01 a.m. forms a part of

Policy No. issued to

By:

**INDIANA AMENDATORY ENDORSEMENT  
(Definition of Pollutants)**

When a claim or Suit is brought against an Insured in the state of Indiana and/or Indiana law applies, this policy is amended as follows:

The definition of Pollutants in this policy or in any endorsement to this policy is deleted in its entirety and replaced with the following:

**Pollutants** means any solid, liquid, gaseous, bacterial, fungal, electromagnetic, thermal or other substance that can be toxic or hazardous, cause irritation to animals or persons and/or cause contamination to property and the environment including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Specific examples identified as pollutants include, but are not limited to, diesel, kerosene, and other fuel oils, gasoline, butane, propane, natural gas, and other fuels, brake fluid, transmission fluid, and other hydraulic fluids, ethylene glycol, methyltertbutylether (MTBE), methanol, ethanol, isopropyl alcohol, and propylene glycol, and other fuel and antifreeze additives, grease, tar, petroleum distillates, and other petroleum products and petroleum hydrocarbons, carbon monoxide, and other exhaust gases, stoddard solvent, mineral spirits, and other solvents, chromium compounds, emulsions/emulsifiers, naphtha tetrachloroethylene (PCE), perchloroethylene (PERC), trichloroethylene (TCE), methylene chloroform, and other dry cleaning chemicals, methyl isobutyl ketone, methyl ethal ketone, n-butyl acetate, 2-butoxyethanol, hexylene glycol, peroxides, freon, polychlorinated biphenyl (PCB), CFC113, chlorofluorocarbons, chlorinated hydrocarbons, adhesives, pesticides, insecticides, barium, 1,2-Dichloroethylene, ethylene dichloride, dichloromethane, methylene chloride, ethylbenzene, lead, Mercury, Selenium, sulfate, xylene, silica, sewage, and industrial waste materials, and all substances,

**ENDORSEMENT NO.** (Continued)

constituents, derivatives or degradative byproducts, or additives specifically listed, identified, or described by one or more of the following references:

- i. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) Priority List Hazardous Substances (1997 and all subsequent editions);
- ii. Agency for Toxic Substances And Disease Registry ToxFAQs™;
- iii. Clean Air Act's List of 188 Air Toxics And Diesel Particulate Matter;
- iv. U.S. Environmental Protection Agency EMCI Chemical References Complete Index;
- v. U.S. Environmental Protection Agency Persistent, Bioaccumulative, and Toxic Chemicals List;
- vi. Indiana Department of Environmental Management, Remediation Closure Guide, March 22, 2012 edition, Table A-6 Screening Level Summary Table - 2012; and
- vii. Indiana Department of Environmental Management, Risk Integrated System of Closure Technical Guide, Default Closure Tables, January 31, 2006 Appendix 1 (Revised May 1, 2009)

Substances identified as examples above or by the referenced lists also include materials or substances to be discarded, recycled, reconditioned or reclaimed.


This definition of **Pollutants** applies whether or not such solid, liquid, gaseous, bacterial, fungal, electromagnetic or thermal irritant or contaminant or substance is your product or products used by you or for you, and/or is an integral part of or incidental to your business, operations, premises, site or locations or has any function in your business, operations, premises, site or locations.

For the purpose of this endorsement, **Suit, Insured and Pollutants** shall have the applicable meaning, in accordance with the terms of this policy, whether or not such term is in quotation marks or bolded.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

Authorized Representative or  
Countersignature (Where Applicable)

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

  
\_\_\_\_\_  
Christopher G. Kooser  
Authorized Representative  
or countersignature (where required by law)

**ENDORSEMENT NO.**

**This endorsement, effective 12:01 AM:**

**Forms a part of policy no.:**

**Issued to:**

**By:**

**Endorsement #**

**This endorsement effective 12:01 am.**

**Forms a part of policy no.:**

**Issued to:**

**By:**

**Commercial Umbrella Liability Policy with CrisisResponseSM**

**Business Continuity Endorsement**

**This policy is amended as follows:**

**Section VI. CONDITIONS, Paragraph D. Cancellation is amended to include the following provision to the end thereof:**

Notwithstanding the foregoing, in the event of a State of Emergency, as declared by a local, state, or federal authority provided with the power to make such a declaration, that was caused by natural disaster that inhibits communication by regular mail, email, telephone or in person between the Named Insured and its broker and/or the insurance company providing this insurance and the broker at the time of policy expiration, then this policy may be extended for up to thirty (30) calendar days from the expiration of the Policy Period at the request of either the Named Insured or its broker, for an additional pro rata premium. Such extension will be cancelled automatically retroactive to its inception if the additional premium or proof of payment thereof is not received by the Insurer within thirty (30) calendar days following the request of either the Named Insured or its broker

If the policy is extended via this endorsement, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance of this policy. Nothing in this Endorsement will operate to increase or reinstate the Insurer's Limits of Insurance as stated in the Declarations.

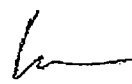
This endorsement may be executed up to ten (10) days after the State of Emergency by either the Named Insured or its broker.

All other terms, conditions, definitions, and exclusions of this policy remain unchanged.

**ENDORSEMENT NO.** (Continued)

\_\_\_\_\_  
Authorized Representative or  
Countersignature (where required)

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

  
\_\_\_\_\_  
Christopher G. Kopser  
Authorized Representative  
or countersignature (where required by law)

**ENDORSEMENT No.**

This endorsement, effective 12:01 AM:

Forms a part of policy no:

Issued to:

By:

Commercial Umbrella Liability Policy with CrisisResponse®

**Uninsured/Underinsured Motorists Coverage Endorsement****THIS ENDORSEMENT APPLIES TO A COVERED AUTO REGISTERED OR PRINCIPALLY GARAGED IN THE FOLLOWING STATE(S) (where indicated by an "X")**

The DECLARATIONS ITEM 3. LIMITS OF INSURANCE is amended to include the following additional provisions:

**Applicable Uninsured/Underinsured Each Occurrence Limit(s)**

<b>X</b>	<b>VERMONT</b>	<b>\$100,000 Bodily Injury and Property Damage Combined Single Limit</b>
----------	----------------	--

And, if Uninsured/Underinsured Motorist Coverage has been selected under this policy:**Applicable Uninsured/Underinsured Each Occurrence Limit(s)**

	<b>FLORIDA</b>	<b>\$ Bodily Injury</b>
	<b>WEST VIRGINIA</b>	<b>\$ Bodily Injury and Property Damage Combined Single Limit</b>

And, if Uninsured/Underinsured Motorist Coverage has not been rejected under this policy:**Applicable Uninsured/Underinsured Each Occurrence Limit(s)**

<b>X</b>	<b>LOUISIANA</b>	<b>\$25,000,000 Bodily Injury Limit</b>
<b>X</b>	<b>NEW HAMPSHIRE</b>	<b>\$25,000,000 Bodily Injury Limit</b>
	<b>WISCONSIN</b>	<b>\$ Bodily Injury and Property Damage Combined Single Limit</b>

**Uninsured/Underinsured Motorists Retained Limit** **\$1,000,000****INSURING AGREEMENT****Section 1. INSURING AGREEMENT - COMMERCIAL UMBRELLA LIABILITY** is amended to include the following additional provisions:

1. We will pay all sums in excess of the **Uninsured/Underinsured Motorists Retained Limit** the Insured is legally entitled to recover as compensatory damages from the owner or operator of:
  - a. An **Uninsured Motor Vehicle** as defined in Definition 4.a., 4.b. and 4.c. of this endorsement because of **Bodily Injury** sustained by the Insured, or **Property Damage** and caused by an **Occurrence**, and
  - b. An **Uninsured Motor Vehicle** as defined in Definition of 4.d. of this endorsement because of **Bodily Injury** sustained by any Insured, or **Property Damage**.

The owner's or operator's liability for these damages must result from the ownership, maintenance or use of the Uninsured Motor Vehicle.

2. We will pay under this coverage only if a., b., or c. below applies:
  - a. The limits of any applicable liability bonds or policies of the Uninsured Motor Vehicle have been exhausted by judgments or payments (Not applicable where the Uninsured/Underinsured Motorist laws of Louisiana apply);
  - b. The submission of claims exceeds the limits of liability under any applicable Bodily Injury bonds or policies (Applicable only where the Uninsured/Underinsured Motorists laws of Louisiana apply); or
  - c. A tentative settlement has been made between an Insured and the insurer of the vehicle described in paragraph b. of the definition of Uninsured Motor Vehicle of this endorsement and we:
    - 1) Have been given prompt written notice of such settlement; and
    - 2) Advance payment to the Insured in an amount equal to the tentative settlement within 90 days (30 days where the Uninsured/Underinsured Motorist laws of Florida apply; 60 days where the Uninsured/Underinsured Motorist laws of West Virginia apply; as soon as practicable where the Uninsured/Underinsured Motorist laws of Louisiana apply) after receipt of notification.
3. Any judgment for damages arising out of a Suit brought without our written consent is not binding upon us (Not applicable where the Uninsured/Underinsured Motorist laws of Louisiana apply).

#### DEFENSE

Solely for the purpose of Uninsured/Underinsured Motorist Coverage provided by this endorsement, **Section III. DEFENSE PROVISIONS** is hereby deleted in its entirety and replaced by the following:

1. We will have the right and duty to defend any Suit against the Insured that seeks damages for **Bodily Injury or Property Damage** covered by this policy, even if the Suit is groundless, false or fraudulent when the Uninsured/Underinsured Motorists Retained Limit has been exhausted by payment of Loss to which this policy applies.

If we are prevented by law or statute from assuming the obligations specified under this provision, we will pay any expenses incurred with our consent.
2. We will have no duty to defend the Insured against any Suit seeking damages for **Bodily Injury or Property Damage** to which this insurance does not apply.
3. When we assume the defense of any Suit against the Insured that seeks damages covered by this policy, we will:
  - a. Investigate, negotiate and settle the Suit as we deem expedient; and
  - b. Pay the following supplementary payments:
    - 1) premiums on bonds to release attachments for amounts not exceeding our Limits of Insurance, but we are not obligated to apply or furnish any such bond;
    - 2) premiums on appeal bonds required by law to appeal a judgment in a Suit for amounts not exceeding the applicable Limits of Insurance of this policy, but we are not obligated to apply for or furnish any such bond;
    - 3) all court costs taxed against the Insured in the Suit;
    - 4) pre-judgment interest awarded against the Insured on that part of the judgment within the applicable Limits of Insurance of this policy we pay. If we make a settlement offer, we will not pay



any pre-judgment interest accruing after we make such offer;

- 5) post-judgment interest that accrues after entry of judgment on that part of the judgment within the applicable Limits of Insurance of this policy we pay and before we have paid, offered to pay or deposited in court that part of the judgment that is within the applicable Limits of Insurance of this policy; and
  - 6) the Insured's expenses incurred at our request or with our consent.
4. Except as provided in Paragraph 1. above, we will have no duty to defend any **Suit** against the **Insured**. We will, however, have the right, but not the duty, to participate in the defense of any **Suit** and the investigation of any claim to which this policy may apply. If we exercise this right, we will do so at our own expense.
  5. We will not defend any **Suit**, or pay any attorney fees or litigation expenses including, without limitation, the expenses described in Paragraph 3. above that accrue after the applicable Limits of Insurance of this policy have been exhausted by the payment of **Loss** and we will have the right to withdraw from the further defense of such **Suit** by tendering control of said defense to the **Insured**.

#### **LIMITS OF INSURANCE**

Solely for the purpose of Uninsured/Underinsured Motorist Coverage provided by this endorsement, **Section IV. LIMITS OF INSURANCE** is amended to include the following additional provisions:

1. Regardless of the number of covered **Autos**, **Insureds**, premiums paid, claims made or vehicles involved in the **Occurrence**, the most we will pay for all damages resulting from any one **Occurrence** are the Limits of Insurance shown in Item 3. of the **Declarations** (as amended in this endorsement).
2. With respect to coverage provided under Paragraph 4.b. of the definition of **Uninsured Motor Vehicle**, the Limit of Insurance shall be reduced by all sums paid for **Bodily Injury** or **Property Damage** by or on behalf of anyone who is legally responsible.
3. **Uninsured/Underinsured Motorists Retained Limit**

This policy applies only in excess of an **Uninsured/Underinsured Motorists Retained Limit** and then up to an amount not exceeding the **Uninsured/Underinsured Motorists Each Occurrence Limit** as stated in the **Declarations** (as amended in this endorsement), subject to the provisions stated in 1. and 2. above.

The **Uninsured/Underinsured Motorists Retained Limit** shall not be reduced or exhausted by **Defense Expenses**.

Where the **Uninsured/Underinsured** laws of the state of West Virginia apply, this **Uninsured/Underinsured Motorists Retained Limit** applies excess of the statutory minimum amount of **Uninsured Motorists Coverage** provided by an underlying insurer.

#### **EXCLUSIONS**

Solely for the purpose of **Uninsured/Underinsured Motorist Coverage** provided by this endorsement, **Section V. EXCLUSIONS**, Exclusion O. is deleted in its entirety and replaced by the following:

##### **O. "No-Fault" Laws**

This insurance does not apply to any obligation of the **Insured** under any "No Fault" law.

Solely for the purpose of **Uninsured/Underinsured Motorist Coverage** provided by this endorsement, **Section V. EXCLUSIONS** is amended to include the following additional exclusions:

1. This insurance does not apply to any claim settled without our consent. However, this exclusion does not apply to a settlement made with the insurer of a vehicle which is an **Uninsured Motor Vehicle**.

2. This insurance does not apply to the direct or indirect benefit of any insurer or self-insurer under any workers' compensation, disability benefits or similar law.
3. This insurance does not apply to any Insured using a vehicle without the expressed or implied permission of the owner or lessee.
4. This insurance does not apply to Bodily Injury or Property Damage sustained by:
  - a. An individual **Named Insured** while **Occupying** or when struck by any vehicle owned by that **Named Insured** that is not a covered **Auto** for Uninsured Motorists Coverage under this endorsement;
  - b. Any **Family Member** while **Occupying** or when struck by any vehicle owned by that **Family Member** that is not a covered **Auto** for Uninsured Motorists Coverage under this endorsement; or
  - c. Any **Family Member** while **Occupying** or when struck by any vehicle owned by the **Named Insured** that is insured for Uninsured Motorists Coverage under any other policy.
5. This insurance does not apply to punitive or exemplary damages.
6. This insurance does not apply to **Property Damage** to an **Auto** or to property contained in an **Auto** owned by the **Named Insured** which is not a covered **Auto**.
7. This insurance does not apply to **Property Damage** for which the **Insured** has been or is entitled to be compensated by other property or physical damage insurance.

#### CONDITIONS

Solely for the purpose of Uninsured/Underinsured Motorist Coverage provided by this endorsement, Condition L. **Other Insurance** under **Section VI. CONDITIONS** is deleted in its entirety and replaced by the following:

#### L. Other Insurance

Any insurance we provide under this endorsement will be excess to the total limits of any **Other Insurance** paid or available for payment to an **Insured**, except other applicable Uninsured/Underinsured Motorist Coverage written to be excess of this policy.

If there is other applicable Uninsured/Underinsured Motorist Coverage under any other policy issued to the **Named Insured** by us, the maximum recovery for damages may equal but not exceed the highest applicable limit of insurance under any one policy.

If there is other applicable excess Uninsured/Underinsured Motorist Coverage available under more than one policy, then the following priorities of coverage apply:

1. A policy covering as excess, umbrella, or similar insurance, a motor vehicle **Occupied** by the injured person or a policy covering, as excess, umbrella, or similar insurance, a pedestrian as a **Named Insured**.
2. A policy covering as excess, umbrella, or similar insurance, a motor vehicle **Occupied** by the injured person or a policy covering, as excess, umbrella, or similar insurance, a pedestrian as an **Insured** other than as a **Named Insured**.
3. A policy not covering a motor vehicle **Occupied** by the injured person but covering, as excess, umbrella, or similar insurance, the injured person as a **Named Insured**.
4. A policy not covering a motor vehicle **Occupied** by the injured person but covering, as excess, umbrella, or similar insurance, the injured person as an **Insured** other than as a **Named Insured**.

We will pay only our share of the **Loss** that must be paid under insurance providing umbrella or excess coverage. Our share is the proportion that our limit of liability bears to the total of all applicable limits of all the policies applicable on the same level of priority.

Solely for the purpose of Uninsured/Underinsured Motorist Coverage provided by this endorsement, Condition G. **Duties In the Event of an Occurrence, Claim Or Suit** under Section VI. **CONDITIONS** is amended to include the following additional provisions:

- G. Specifically as respects to any **Occurrence** which may result in a Uninsured/Underinsured Motorist claim for coverage under this policy:
- a. You must promptly notify the police if a hit-and-run driver is involved, and
  - b. You must promptly send us copies of the legal papers if a **Suit** is brought.
  - c. A person seeking Uninsured/Underinsured Motorists Coverage must also promptly notify us in writing of a tentative settlement between the **Insured** and the insurer of the vehicle described in Paragraph 4.b. of the definition of **Uninsured Motor Vehicle** and allow us 90 days (30 days where the Uninsured/Underinsured Motorist laws of Florida apply; 60 days where the Uninsured/Underinsured Motorist laws of West Virginia apply; as soon as practicable where the Uninsured/Underinsured Motorist laws of Louisiana apply) to advance payment to that **Insured** in an amount equal to the tentative settlement to preserve our rights against the insurer, owner or operator of such vehicle described in Paragraph 4.b. of the definition of **Uninsured Motor Vehicle**.

Solely for the purpose of Uninsured/Underinsured Motorist Coverage provided by this endorsement, Condition P. **Transfer of Your Rights and Duties** under Section VI. **CONDITIONS** is amended to include the following additional provisions:

- P. If we make any payment and the **Insured** recovers from another party, the **Insured** shall hold the proceeds in trust for us and pay us back the amount we have paid.

However, where the Uninsured/Underinsured laws of the state of Louisiana apply, if we make any payment under this policy and the person to or for whom payment is made has a right to recover damages from another, we shall be subrogated to that right. However, our right to recover is subordinate to the right of the **Insured** to be fully compensated.

Our rights do not apply under this provision with respect to Uninsured/Underinsured Motorists Coverage if we:

- a. Have been given prompt written notice of a tentative settlement between an **Insured** and the insurer of a vehicle described in Paragraph 4.b. of the definition of **Uninsured Motor Vehicle**; and
- b. Fail to advance payment to the **Insured** in an amount equal to the tentative settlement within 90 days (30 days where the Uninsured/Underinsured Motorist laws of Florida apply; 60 days where the Uninsured/Underinsured Motorist laws of West Virginia apply; as soon as practicable where the Uninsured/Underinsured Motorist laws of Louisiana apply) after receipt of notification.

If we advance payment to the **Insured** in an amount equal to the tentative settlement within 90 days (30 days where the Uninsured/Underinsured Motorist laws of Florida apply; 60 days where the Uninsured/Underinsured Motorist laws of West Virginia apply; as soon as practicable where the Uninsured/Underinsured Motorist laws of Louisiana apply) after receipt of notification:

- a. That payment will be separate from any amount the **Insured** is entitled to recover under the provisions of Uninsured/Underinsured Motorists Coverage; and
- b. We also have a right to recover the advanced payment.

For the purpose of Uninsured/Underinsured Motorist Coverage provided by this endorsement, Section VI. **CONDITIONS** is amended to include the following additional conditions:

**Arbitration (Not applicable where the Uninsured/Underinsured laws of West Virginia or Louisiana apply)**

1. If we and an **Insured** disagree whether the **Insured** is legally entitled to recover damages from the

owner or driver of an **Uninsured Motor Vehicle** or do not agree as to the amount of damages that are recoverable by that **Insured**, then the matter may be arbitrated. However, disputes concerning coverage under this endorsement may not be arbitrated. Both parties must agree to the arbitration. If so agreed, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.

2. Unless both parties agree otherwise, arbitration will take place in the county in which the **Insured** lives. Local rules of law as to arbitration procedures and evidence will apply. A decision agreed to by two of the arbitrators will be binding.

#### **Conformance to "Uninsured Motorist" and/or "Underinsured Motorist" Law**

To the extent any term of this policy conflicts with any applicable Uninsured/Underinsured law, the term shall be deemed amended so as to conform to minimum requirements of that law. However, under no such circumstance shall any term be amended to be broader than the minimum requirements of that law.

#### **DEFINITIONS**

Solely for the purpose of Uninsured/Underinsured Motorist Coverage provided by this endorsement, Definition M. **Insured** under Section VII. **DEFINITIONS** is deleted in its entirety and replaced by the following:

##### **M. Insured means:**

If the **Named Insured** is designated in the Declarations as:

- a. An individual, then only the following are **Insureds**:
  - 1) The **Named Insured** and any **Family Members**.
  - 2) Anyone else occupying a covered **Auto** or a temporary substitute for a covered **Auto**. The covered **Auto** must be out of service because of its breakdown, repair, servicing, **Loss** or destruction.
  - 3) Anyone for damages he or she is entitled to recover because of **Bodily Injury** sustained by another **Insured**.
- b. A partnership, limited liability company, corporation or any other form of organization, then the following are **Insureds**:
  - 1) Anyone occupying a covered **Auto** or a temporary substitute for a covered **Auto**. The covered **Auto** must be out of service because of its breakdown, repair, servicing, **Loss** or destruction;
  - 2) Anyone for damages he or she is entitled to recover because of **Bodily Injury** sustained by another **Insured**.

For the purpose of Uninsured/Underinsured Motorist Coverage provided by this endorsement, Definition Y. **Property Damage** under Section VII. **DEFINITIONS** is deleted in its entirety and replaced by the following:

##### **Y. Property Damage means:**

Physical Injury or destruction of:

- a. A covered **Auto**; or
- b. Property contained in the covered **Auto**.

Solely for the purpose of Uninsured/Underinsured Motorist Coverage provided by this endorsement, Section VII. **DEFINITIONS** is amended to include the following additional definitions:

1. **Defense Expenses** means a payment allocated to a specific **Loss**, claim or **Suit** for its investigation, settlement or defense, including but not limited to:

- a. Attorneys' fees and all other investigation, loss adjustment and litigation expenses;
  - b. Premiums on bonds to release attachments;
  - c. Premiums on appeal bonds required by law to appeal any claim or Suit;
  - d. Costs taxed against the Insured in any claim or Suit;
  - e. Pre-judgment interest awarded against the Insured; and
  - f. Interest that accrues after entry of judgment.
2. **Family Member** means a person related to an individual Named Insured by blood, marriage (Including civil union where the Uninsured/Underinsured Motorists Laws of New Hampshire and Vermont apply) or adoption who is a resident of such Named Insured's household, including a ward or foster child.
  3. **Occupying and/or Occupied** means in, upon, getting in, on, out or off.
  4. **Uninsured Motor Vehicle** means a land motor vehicle or trailer:
    - a. For which no liability bond or policy at the time of an Occurrence provides at least the amounts required by the applicable law where a covered Auto is principally garaged;
    - b. Which is an Underinsured Motor Vehicle. An Underinsured Motor Vehicle means a land motor vehicle or trailer for which the sum of all liability bonds or policies applicable at the time of an Occurrence provides at least the amounts required by the applicable law where a covered Auto is principally garaged but their limits are less than the Limit of Insurance of this coverage (Not Applicable where the Uninsured/Underinsured laws of West Virginia apply);
    - c. For which an insuring or bonding company denies coverage or is or becomes insolvent; or
    - d. That is a hit-and-run vehicle and neither the operator nor owner can be identified. The vehicle must either:
      - 1) Hit an Insured, a covered Auto or a vehicle an Insured is Occupying; or
      - 2) Cause Bodily Injury to an Insured without hitting an Insured, a covered Auto or a vehicle an Insured is Occupying.

The facts of the Occurrence or intentional act must be proved by independent corroborative evidence, other than the testimony of the Insured making a claim under this or similar coverage, unless such testimony is supported by additional evidence (Not applicable where the Uninsured/Underinsured Motorists Laws of Vermont apply).

The facts of the Occurrence or intentional act must be supported by sworn statements from the Insured, reporting to the police, and proof of claim by the preponderance of the evidence (Applicable only where the Uninsured/Underinsured Motorist laws of Vermont apply).

However, Uninsured Motor Vehicle does not include any vehicle:

- a. Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law. However, where the Uninsured/Underinsured laws of the state of Florida apply, Uninsured Motor Vehicle includes any vehicle owned or operated by a self-insurer under any applicable motor vehicle law;
- b. Designed for use mainly off public roads while not on public roads;
- c. Owned by or furnished or available for the Named Insured's regular use or that of any Family Member, if the Named Insured is an individual; or
- d. Owned by any governmental unit or agency, unless the owner or operator of the Uninsured Motor

Vehicle has:

- 1) An immunity under applicable tort liability law; or
  - 2) A diplomatic immunity.
5. **Underinsured Motor Vehicle** means a land motor vehicle or trailer to which a liability bond or policy applies at the time of the Occurrence but the amount paid for **Bodily Injury or Property Damage** to an **Insured** under that bond or policy is not enough to pay the full amount the **Insured** is legally entitled to recover as damages.

However **Underinsured Motor Vehicle** does not include any vehicle or trailer:

- a. Owned or operated by a self-insurer under any applicable motor vehicle law;
- b. Owned by a governmental unit or agency; or
- c. Designed for use mainly off public roads while not on public roads.

(Definition 5. above only applicable where the Uninsured/Underinsured Motorist laws of West Virginia apply)

6. **Uninsured/Underinsured Motorists Retained Limit**, as specified in the Declarations above, means either:
- a. the **Auto** liability limit as provided by a policy listed in Scheduled Underlying Insurance; or
  - b. the **Auto** liability Retained Limit as listed in the Schedule of Retained Limits.

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.



Christopher G. Kopser

Authorized Representative or  
Countersignature (Where Applicable)

ENDORSEMENT NO.

This endorsement, effective 12:01 AM:

Forms a part of policy no.:

Issued to:

By:

**ENDORSEMENT**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

This endorsement, effective 12:01 a.m. forms a part of Policy

No. issued to by

**TERRORISM EXCLUSION - CERTIFIED ACTS  
(WITH CONDITIONAL REPLACEMENT BY A MORE RESTRICTIVE EXCLUSION)**

- I. This insurance does not apply to loss, injury, damage, claim or suit, arising directly or indirectly as a result of an "act of terrorism", which is defined in the Terrorism Risk Insurance Act of 2002, as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 (collectively, "TRIA") as follows:

(1) ACT OF TERRORISM. -

(A) CERTIFICATION. - The term "act of terrorism" means any act that is certified by the Secretary [of the Treasury], in concurrence with the Secretary of State, and the Attorney General of the United States -

(i) to be an act of terrorism;

(ii) to be a violent act or an act that is dangerous to -

(I) human life;

(II) property; or

(III) infrastructure;

(iii) to have resulted in damage within the United States, or outside of the United States in the case of -

(I) an air carrier or vessel [described in TRIA]; or

(II) the premises of a United States mission; and

**ENDORSEMENT NO.** (Continued)

(iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

(B) **LIMITATION.** - No act shall be certified by the Secretary as an act of terrorism if -

(i) the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to any coverage for workers' compensation; or

(ii) property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000.

(C) **DETERMINATIONS FINAL.** - Any certification of, or determination not to certify, an act as an act of terrorism under this paragraph shall be final, and shall not be subject to judicial review.

(D) **NONDELEGATION.** - The Secretary may not delegate or designate to any other officer, employee, or person, any determination under this paragraph of whether, during the effective period of the Program, an act of terrorism has occurred.

**II. Terrorism Exclusion Applicable Upon Termination of TRIA**

A. TRIA is scheduled to terminate on December 31, 2014. In the event "TRIA" is not reauthorized during the policy period, then the exclusion provided under Section I. above is deleted in its entirety and replaced with the following exclusion as of December 31, 2014:

This insurance also does not apply to loss, injury, damage, claim or suit, arising directly or indirectly as a result of "terrorism" regardless of any other cause or event contributing concurrently or in any sequence to the loss. "Terrorism" means any act that:

(1) involves the use of force or violence against person or property;

(2) is dangerous to human life or property; or

(3) interferes with or disrupts an electronic or communication system; and

(4) is undertaken by any group or person, whether or not acting on behalf of or in any connection with any organization, government, power, authority or military force, when the effect is to intimidate, coerce or harm:

(A) a government;

(B) the civilian population of a country, state or community; or

(C) to disrupt the economy of a country, state or community.

B. However, the exclusion provided under Paragraph II.A. only applies when one or more of the following are attributed to an incident of "terrorism":

(1) The "terrorism" involves the actual, alleged or threatened use, release, escape, dispersal, application and or existence of:



ENDORSEMENT NO. (Continued)

- (A) Any nuclear reaction;
  - (B) Radioactive materials or "nuclear materials" in any form and from any source;
  - (C) Radionuclides;
  - (D) Radiation emitted from any radioactive source whether natural or manmade; and/or
  - (E) Electromagnetic pulses; or
- (2) The "terrorism" involves the actual, alleged or threatened use, release, escape, dispersal and/or application of pathogenic or poisonous chemical or "biological" materials, whether natural, manmade, living or dead; or
- (3) The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
- (4) Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
- (A) Physical injury that involves a substantial risk of death; or
  - (B) Protracted and obvious physical disfigurement; or
  - (C) Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraphs II.B.(3) or II.B.(4) are exceeded.

With respect to the Exclusion provided under Section II., Paragraphs II.B.(3) or II.B.(4) describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether the Exclusion provided under Section II. will apply to that incident. When such Exclusion applies to an incident of "terrorism", there is no coverage under this Policy.

In the event of any incident of "terrorism" that is not subject to this Exclusion, coverage does not apply to "any injury or damage" that is otherwise excluded under this Policy. For the purposes of this Endorsement only, "any injury or damage" means any injury or damage covered under any Policy to which this Endorsement is applicable and includes, but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Policy.

### III. Application of Other Exclusions

- A. When the Exclusion provided under Section II. of this Endorsement applies in accordance

**ENDORSEMENT NO.** (Continued)

with the terms of Paragraphs II.B.(1), such exclusion applies without regard to the Nuclear Exclusion provided under this Policy.

- B. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Policy, such as losses excluded by the Nuclear Exclusion or the War Exclusion.

**IV. DEFINITIONS** - The following definitions shall apply:

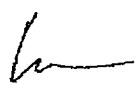
"Nuclear materials" means "source material", "special nuclear material" or "by-product material." "Source material," "special nuclear material," and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Biological" materials include all microorganisms, viruses, rickettsia, prions, nucleic acids, toxins, toxin-producing agents, and poisons produced by biological organisms.

All other terms and conditions of the policy remain the same.

\_\_\_\_\_  
Authorized Representative

All other terms, definitions, conditions, and exclusions of this policy remain unchanged.

  
\_\_\_\_\_  
Christopher G. Kopser  
Authorized Representative  
or countersignature (where required by law)



## **Final Casualty Program Proposal**

For  
KOOSHAREM LLC

Effective 04/30/2013

Producer:  
AON RISK SERVICES INC  
Prepared by:

ACE Risk Management®  
Part of ACE USA  
1133 Ave of the Americas  
New York, NY 10036  
Jeff Pasternack  
04/26/2013

**NOTICE: THESE POLICY FORMS AND THE APPLICABLE RATES ARE EXEMPT FROM THE FILING REQUIREMENTS OF THE NEW YORK STATE INSURANCE DEPARTMENT. HOWEVER, SUCH FORMS AND RATES MUST MEET THE MINIMUM STANDARDS OF THE NEW YORK INSURANCE LAW AND REGULATIONS.**

### **Table of Contents**

Section I	<u>Notice of Election</u>
Section II	<u>Limits and Coverages</u>
Section III	<u>Proposal Conditions</u>
Section IV	<u>Sample LOC</u>
Section V	<u>TRIA Disclosures</u>

The Proposal includes all of the sections listed above. By instructing us to bind this Proposal, you are accepting the Proposal in its entirety.

**Section I**  
**NOTICE OF ELECTION**

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**NOTICE OF ELECTION**

Insured's Name: KOOSHAREM LLC

Insured's Address: 3820 State Street  
Santa Barbara, California 93105**A) SCHEDULE OF POLICIES**

Line of Business	Policy Number	Effective Date	Expiration Date	Issuing Company
General Liability	HDO G27020604	04/30/2013	07/31/2013	ACE American Insurance Company
Automobile Liability	ISA H08719895	04/30/2013	07/31/2013	ACE American Insurance Company
General Liability (Incidental Policy- 3 Specific Contracts)	HDO G27020616	04/30/2013	07/31/2013	ACE American Insurance Company

**B) PREMIUM CALCULATION AND ADJUSTMENT**

Policy Number(s)	HDO G27020604
------------------	---------------

Premium Component	Estimated Premium (\$)	Minimum	Rate	Basis of Adjustment
Broker Commission	24,000			Flat Charge
Estimated Liability Premium	45,256	100	.0123	Per \$100 of Workers Compensation Payroll including monopolistic states Estimated at \$368,209,522.
<b>Total Estimated Written Premium</b>	69,256			
<b>Non-Premium Surcharges &amp; Assessments</b>	66			
<b>Total Estimated Cost</b>	69,322			

Policy Number(s)	ISA H08719895
------------------	---------------

Premium Component	Estimated Premium (\$)	Minimum	Rate	Basis of Adjustment
Broker Commission	24,000			Flat Charge
Estimated Auto Liability Premium	50,913	100		Flat Charge
<b>Total Estimated Written Premium</b>	74,913			

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<b>Non-Premium Surcharges &amp; Assessments</b>	283			
<b>Total Estimated Cost</b>	75,196			

<b>Policy Number(s)</b>	HDO G27020616
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<b>Premium Component</b>	<b>Estimated Premium (\$)</b>	<b>Minimum</b>	<b>Rate</b>	<b>Basis of Adjustment</b>
Estimated Liability Premium	30,000	100		Flat Charge. This policy covers the following three contracts: Colorado Springs Utilities, Syncreon Technology (USA) LLC and SourceRight Solutions.  For any additional contracts added to this policy, premium and rates are subject to negotiation and agreement prior to the inception of the contract.
Broker Commission	0			
<b>Total Estimated Written Premium</b>	30,000			
<b>Non-Premium Surcharges &amp; Assessments</b>	0			
<b>Total Estimated Cost</b>	30,000			

Non-premium surcharges and assessments are summarized in this section for illustration purposes only to show the total estimated cost associated with your insurance purchase. More detail about the calculation of each individual surcharge is located in Section G – Non-Premium Surcharges and Assessments of this Notice of Election.

### C) CLAIMS ADMINISTRATION AND EXPENSE

#### A. Claims Adjusting Service

<b>Policy Number</b>	<b>Claims Adjusting Service</b>
HDO G27020604	ESIS
ISA H08719895	ESIS
HDO G27020616	ESIS

### D) REIMBURSABLE LOSSES

<b>Policy Number(s)</b>	<b>Retention Type</b>	<b>Retained Amount (\$)</b>	<b>ALAE Reimbursement</b>	<b>Expected Reimbursable Amount (\$)</b>
HDO G27020604	High Deductible	150,000	Pro Rata	42,221

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ISA H08719895	High Deductible	250,000	Erodes Retention	125,000
HDO G27020616	High Deductible	10,000	Pro Rata	Included

**E) COLLATERAL & PAID LOSS DEPOSIT FUND**

The collateral and paid loss deposit fund are subject to all the terms and conditions of the Collateral Agreement executed by you and us.

	Amount(\$)	Collateral Form
Collateral Currently Held	9,027,207	Letter of Credit and Cash
Total Held	9,027,207	

	Amount(\$)	Collateral Form	Due Date
Additional Required Collateral	0	Letter of Credit	04/29/2013

**F) PROGRAM AGGREGATE PROTECTION**

NOT APPLICABLE

**G) NON-PREMIUM SURCHARGES AND ASSESSMENTS**

Non-Premium surcharges and assessments will be adjusted at audit and concurrently with any other applicable premium adjustment. The rates used to adjust the non-premium surcharges and assessments are set by the states and will be reflected on the declarations, Extension of Information (the "State Schedule"), endorsement, or audit of each policy. The adjustment bases used to adjust the non-premium surcharges and assessments are also set by each State. The written description of the adjustment base is provided for your information to aid in understanding the result of the application of that adjustment base.

Policy Number(s)	State	Description	Adjustment Base	Adjustment Base (\$)	Estimated Surcharge(\$)
HDO G27020604	FL	Florida Hurricane Catastrophe Fund	Written Premium	3,829	50
HDO G27020604	KY	Kentucky Domestic, Foreign and Alien Insurers	Written Premium	239	4
HDO G27020604	NJ	New Jersey Insurance Guarantee	Written Premium	1,284	12
ISA H08719895	AZ	Arizona Auto Theft Prevention Surcharge	Number of PPT's and Light and Medium Trucks	1	1
ISA H08719895	CA	California Auto Fraud Assessment	Number of Vehicles	1	2
ISA H08719895	CO	Colorado Automobile Theft Prevention Authority Fee	Number of Vehicles	1	1
ISA H08719895	FL	Florida Hurricane Catastrophe Fund	Written Premium	1,768	23



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ISA H08719895	KY	Kentucky Domestic, Foreign and Alien Insurers	Written Premium	2,063	37
ISA H08719895	MI	*Michigan Catastrophic Claims Association	Number of Power Units	1	175
ISA H08719895	NJ	New Jersey Insurance Guarantee	Written Premium	2,527	23
ISA H08719895	NY	New York Vehicle Law Enforcement Fee	Number of Power Units	1	10
ISA H08719895	TX	Texas Automobile Theft Prevention Authority Fee	Number of Vehicles	1	2
ISA H08719895	WV	West Virginia Auto	Written Premium	1,685	9
<b>TOTAL</b>					<b>349</b>

\*This surcharge is payable to and collected by the Michigan Catastrophic Claims Association (the "MCCA") regardless of whether coverage will be available from the MCCA for PIP losses under your program. The MCCA has stated that its payment obligations do not attach until the applicable statutory retention has been satisfied, and that this retention only attaches in excess of applicable deductibles. Based on this position, coverage from the MCCA may not be available for losses under your program even though you and we have paid the required surcharges to the MCCA.

#### H) PROGRAM > PAYMENT TERMS

PAYMENT TERMS					
Item	Payee	Payment Plan	Total Estimated Cost (\$)	Deferral (\$)	Total Pay - In (\$)
Estimated Deductible Losses	ACE USA	Monthly Reimbursement	167,221		
Broker Commission	ACE USA	Installments	24,000		<b>24,000</b>
Broker Commission	ACE USA	Installments	24,000		<b>24,000</b>
Estimated Liability Premium	ACE USA	Installments	45,256		<b>45,256</b>
Estimated Liability Premium	ACE USA	Installment	30,000		<b>30,000</b>
Estimated Auto Liability Premium	ACE USA	Installments	50,913		<b>50,913</b>
Surcharges	ACE USA	Installments	349		<b>349</b>
<b>TOTALS</b>			<b>341,739</b>		<b>174,518</b>

All payments made by the Insured under any Collateral Agreement, any Notice of Election or the Policies shall be allocated first to collateral security, then to other amounts owed to the Company other than premiums, then finally to premiums for the Policies, regardless of the designation of the payment.

#### Deferrals

##### Other Deferred Items

Other items shown as deferred in the schedule below are deferred until we calculate a premium adjustment. At adjustment we calculate revised premiums and surcharges; compare those revised premiums and surcharges to what has been paid; and bill the difference. Items shown as deferred may have a different value associated with them after the premium adjustment calculation.

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<b>ACE USA INSTALLMENT SCHEDULE</b>
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See **ACE USA INSTALLMENT SCHEDULE** located in Section H) **PROGRAM>PAYMENT TERMS**, of the Notice of Election Funded Program below.

<b>I) AGREEMENT BETWEEN "YOU" AND "US"</b>
--

**1. General Terms**

The Notice of Election is subject to the Collateral and Payment Agreement (hereinafter, the "Collateral Agreement") executed between the Insured and the Company and is a "Notice of Election" as that term is defined in the "Collateral Agreement". The terms "you", "yours" and the "Insured" refer to the named insured on the Policies listed in **A) Schedule of Policies**. (the "Policies") The terms "us", "ours", "we" and the "Company" refer to the Issuing Companies listed in **A) Schedule of Policies**. All other capitalized terms in this Notice of Election are defined as provided in the Collateral Agreement.

This agreement describes the mutual agreement between you and us under which the final countrywide premiums for the Policies will be determined. If a state does not allow the adjustment of premium based upon this mutual agreement, the terms of premium adjustment for that state will be found on an endorsement to the policy and this agreement serves as the notice of election for that state. For those states, we will adjust your premiums in accordance with the applicable Policy and allocate the difference to the states that allow the premium to be adjusted in accordance with this agreement.

**2. Premium Payment and Loss Reimbursement Terms**

In addition to the final premiums, you are liable for the reimbursements of certain losses and Allocated Loss Adjustment Expense, under one or more deductible or loss reimbursement endorsements to the Policies or within the Loss Limitation of any Retrospectively Rated Policy, as shown in **D) Reimbursable Losses**.

You also agree to pay any state surcharges and/or assessments that are not included in the final premiums, as shown in **G) Non-Premium Surcharges and Assessments** herein and on the Policies.

Any payment due us, or return payment due you will be payable in its entirety within fifteen (15) days from the date of our invoice.

**3. Premium Calculation and Adjustment**

The premiums shown in **B) Premium Calculation and Adjustment** for the scheduled Policies were calculated in accordance with approved rating plans or are subject to deregulation. You certify that you have elected the use of those rating plans. You also certify that you understand all terms, conditions, and provisions of those plans, including the methods of adjustment, payment, and penalties for cancellation outlined herein and/or in endorsements to the policies listed in the Schedule of Policies (the "Policies").

The premium shown in **B) Premium Calculation and Adjustment** for the scheduled Policies is earned at inception. The minimums shown in **B) Premium Calculation and Adjustment** for the scheduled Policies are absolute minimums

No premium charge has been made for war-risk hazard, it being understood that the United States Government self-insures the exposures falling under the provisions of the War Hazards Compensation Act.

**4. Claims Administration and Expense**

The Company has contracted with the Claims Adjusting Service(s) shown in **C) Claims Administration and Expense** as its agent to investigate, adjust, settle and provide for the defense of claims in accordance with the terms of the scheduled policies and to collect, calculate and administer the Paid Loss Deposit Fund and/or Claims Administration Expenses on

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the Company's behalf for all states except, under certain circumstances, Oregon. For Oregon, solely when (i) the Claims Adjusting Service shown in C) **Claims Administration and Expense** is not authorized to adjust claims for "us" in Oregon. AND (ii) Oregon was not listed in Item 3A of the Information Page of an insured workers compensation policy as of the inception of such policy. AND (iii) there is a claim for benefits in Oregon, the Company has contracted with ESIS as its Claims Adjusting Service and "you" agree to pay the prevailing ESIS rates to adjust those claims.

Should the Company terminate the contractual arrangement between the Company and any Claims Adjusting Service(s) at the request of the insured or should the Claims Adjusting Service no longer meet the Company's minimum requirements, the Company and the Insured shall select another Claims Adjusting Service that meets the Company's minimum requirements to handle future claims and possibly take over existing claims. Notwithstanding the previous sentence, if the Company and the Insured cannot come to a mutual agreement within a reasonable time needed to transfer claims, or if the Company believes in good faith that the finances of the existing Claims Adjusting Service have deteriorated or could deteriorate rapidly, then the Company shall select the new Claims Adjusting Service. Once the new Claims Adjusting Service is selected, this Agreement will be deemed automatically amended to reflect the new Claims Adjusting Service, and the Company will inform the Insured of the revised or additional Claims Administration Expenses. The Insured shall pay such amounts by the Required Payment Date.

In the event of the termination of such contractual arrangement, the Company shall administer, calculate and collect the Paid Loss Deposit Fund itself, or shall assign such responsibility to the replacement Claims Adjusting Service.

Claims Administration Expenses will be billed in accordance with that certain Client Agreement between the Company and the Claims Administrator. An adjustment to premium will be made for Claims Administration Expense with loss information valued between 2 and 6 months after the Rating Period ends. Adjustments may be made thereafter, if the difference between the Claims Administration Expenses utilized in the most recent adjustment (as determined by the Company) and the amount of the Claims Administration Expenses billed by the Claims Administrator is greater than twenty percent (20%). In calculating a premium adjustment we will apply a claims development factor, not to exceed 1.10, to the incurred claim count.

If any of the Claims Administration Expense shown in B) Premium Calculation and Adjustment is shown as deferred in H) Program - Payment Terms and, prior to the deferral due date, the actual claims administration expense exceeds the amount of the Claims Administration Expense Pay-In, you will pay all such additional claims administration expenses as claims are made, at the rates listed in that certain Client Agreement between the Company and the Claims Administrator. Additional Claims Administration Expense amounts you pay will reduce the amount of Claims Administration Expense that is shown as deferred.

The Rating Period means the period of time beginning on the earliest Policy effective date and ending on the latest Policy expiration date. If the Rating Period is greater than 12 months, we may make an interim adjustment to premium with loss information valued at 6 months after expiration of the Policy being adjusted. We may make an adjustment to premium with loss information valued as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, or are the subject of reorganization, receivership, or liquidation.

## **5. Reimbursable and Retrospectively Rated Losses**

### **A. Paid Loss Reimbursement**

Reimbursable Losses are losses subject to reimbursement through the application of a deductible endorsement on the Policies or are Losses Subject to a Loss Limitation. The Company or the Claims Adjusting Service will bill the Insured for reimbursement of paid losses and ALAE on a monthly basis, subject to the Single Payment of Paid Loss and/or Allocated Loss Adjustment Expense amount as provided for in E) **Collateral & Paid Loss Deposit Fund** and the Collateral Agreement executed by you and us.

### **B. Retrospectively Rated Losses**

When a workers compensation policy is subject to a Loss Limitation, as defined herein, the Loss Limitation applies as follows: (i) in the case of bodily injury as the result of disease, the Loss Limitation applies separately to each employee who sustains such bodily injury; and separately, (ii) in the case of bodily injury as the result of an accident, the Loss Limitation applies to the aggregate of all employees who sustain such bodily injury in a single accident or occurrence.

As shown in D) Reimbursable Losses above, you are responsible for reimbursement of loss on policies subject to a loss limit as follows:

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**Erodes the Retention:** You will reimburse the Company for the sum of the amount of each Paid Loss plus related Allocated Loss Adjustment Expense, up to the amount of the Loss Limitation.

Losses subject to a Loss Limitation are considered premium. The Expected Reimbursable Amount shown in D) Reimbursable Losses above is an estimate. This portion of your premium, along with any premium charge dependent upon the value of loss subject to a Loss Limitation will be adjusted using loss information valued 6 months after the expiration date of the policy and annually thereafter until we make a final premium calculation. In calculating a premium adjustment we will apply loss development factors to the incurred losses limited to the Loss Limitation.

#### **6. Collateral & Paid Loss Deposit Fund**

Subject to all of the terms and conditions of the Collateral Agreement or other security agreement between you and the Company, you are required to provide collateral or other security, in addition to any collateral or security that you may already have provided, as indicated in E) Collateral & Paid Loss Deposit Fund above. Additional amounts may be due at other times, all as provided in the Collateral Agreement.

The Paid Loss Deposit Fund and Collateral are subject to all of the terms and conditions of the Collateral Agreement executed by you and us.

#### **7. Taxes, Non-Premium Surcharges and Assessments**

The tax and non-premium surcharge and assessment charges herein are based upon the Company's current knowledge of the state's interpretation of current law. If current law or a state interpretation thereof changes, or a rate or basis of assessment changes, then the Insured and the Company agree that the Company shall have the right to amend such prior tax and/or surcharge and/or assessment charges to the Insured in order to match the state interpretation, and the Company shall bill the Insured for such retrospective taxes and/or assessments accordingly.

If audited exposures and/or adjusted premiums generate a basis of assessment for any tax, assessment, or surcharge not listed in schedule G) NON-PREMIUM SURCHARGES AND ASSESSMENTS, then the Insured and the Company agree that the Company shall have the right to add such charges to the schedule and bill the Insured accordingly.

#### **8. Audit Cooperation for Policies Subject to Audit**

The Policies require the Insured to keep records of information needed to compute premium and to allow the Company examination of the Insured's books and records as they relate to the Policy or Policies.

If the Insured does not allow this examination or furnish the Company the records or information as requested or does not otherwise cooperate in allowing the Company to perform the audit(s) within ninety days after the expiration or cancellation of the Policies, the Company may estimate the Insured's premium adjustment, subject to applicable state law requirements. The Company, in its sole discretion, will base its calculation upon the assumption that the Insured's exposure base will increase by an amount up to two hundred percent (200%) above the original estimate. Such calculation will be authorized by the Director of Premium Audit Field Operations of the Company's ACE Risk Management business having supervisory authority over audit services, or their designee. The Company will calculate the Insured's premium adjustment based on the applicable increase. The Insured will also be responsible for cooperating in the completion of any employer documentation required by a governmental or regulatory body regarding a premium audit, such as an explanation or certification when no actual audit is performed. The Insured will be responsible to indemnify the Company for any fines or penalties that we may incur as a result of the Insured's failure to cooperate in the completion of an actual premium audit or of any required documentation.

#### **9. Uninsured / Underinsured Motorist Insurance & Personal Injury Protection: Returning of Required Executed Selection Forms**

The terms of this Notice of Election pertaining to Automobile Liability will be amended as provided in this paragraph if we do not receive properly executed state coverage selection forms prior to the effective date. Failure to return all required selection forms shall be deemed your consent and acceptance that the auto policy (ices) will be issued and rated to include the limits of UM/UIM coverage equal to the policy limits, or equal to the maximum limits required by law if lower than policy limits, and the limit for PIP coverage that we are required to offer for each state. In the event we do not receive the properly executed forms and we apply UM/UIM and PIP limits as described herein, an additional charge for this coverage will be added to your Auto premium.

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***10. Deregulation Disclosures and Certifications***

Certain states may require that deregulation disclosures and/or certifications be in writing and agreed to between the Insured and the Company. Any such disclosures and/or certifications are listed below:

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### California Required Dispute Resolution Disclosure

Please be advised that pursuant to the terms of the Collateral and Payment Agreement entered into by the Company and the Insured, the choice of law and choice of venue or forum for the arbitration of disputes arising between the Company and the Insured under such agreement may be a jurisdiction or venue other than California. You and we may negotiate a different jurisdiction and venue for such arbitrations.

#### Acknowledgement of Disclosure

STEPHEN GRIMAUD  
Name

Stephen Grimaud  
Signature

5/14/2013  
Date

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**IN WITNESS WHEREOF.** this Notice of Election has been executed by the parties hereto, as officers of each, each of which intends by its execution hereof to be legally bound by the terms of this agreement. This agreement shall be effective when signed below or in counterpart, and photocopy, facsimile, electronic or other copies shall have the same effect for all purposes as an ink-signed original.

KOOSHAREM LLC

The "Company"

Name: STEPHEN GRIMAUD  
(Please Print)

Name: Jeff Pasternack

Title: VP RISK MGMT.

Title: V.P. UN Mgr.

Signature: [Signature]

Signature: [Signature]

Date: 5/14/2013

Date: 5/20/13

Branch Office Address:  
1133 Ave of the Americas  
New York, NY 10036

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**INITIAL STATEMENT OF ADJUSTMENT**

Insured's Name: KOOSHAREM LLC  
 Insured's Address: 3820 State Street  
 Santa Barbara, California 93105

**General Liability**

HDO G27020604

State	Estimated Policy Premium (\$)	Initial AARO Adjustment (\$)	Total Estimated Written Premium (\$)
Alabama	152	0	152
Alaska	61	0	61
Arizona	391	0	391
Arkansas	11	0	11
California	35,195	3,886	39,081
Colorado	384	0	384
Connecticut	477	0	477
Delaware	10	0	10
Dist. of Col.	3	0	3
Florida	3,829	0	3,829
Georgia	2,268	0	2,268
Hawaii	114	0	114
Idaho	61	0	61
Illinois	2,210	0	2,210
Indiana	395	0	395
Iowa	499	0	499
Kansas	166	0	166
Kentucky	239	0	239
Louisiana	1,037	0	1,037
Maine	19	0	19
Maryland	61	0	61
Massachusetts	248	0	248
Michigan	486	0	486
Minnesota	319	0	319
Mississippi	1,049	0	1,049
Missouri	295	0	295
Montana	81	0	81
Nebraska	176	0	176
Nevada	142	0	142
New Hampshire	115	0	115
New Jersey	1,284	0	1,284
New Mexico	266	0	266
New York	3,963	0	3,963
North Carolina	743	0	743
North Dakota	4	0	4
Ohio	1,267	0	1,267
Oklahoma	135	0	135
Oregon	89	0	89
Pennsylvania	1,133	0	1,133
Rhode Island	54	0	54
South Carolina	284	0	284
Tennessee	1,673	0	1,673
Texas	2,050	0	2,050



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Utah	244	0	244
Vermont	227	0	227
Virginia	321	0	321
Washington	744	0	744
West Virginia	3	0	3
Wisconsin	390	0	390
Wyoming	3	0	3
<b>TOTAL:</b>	<b>65,370</b>	<b>3,886</b>	<b>69,256</b>

### Automobile Liability

ISA H08719895

State	Estimated Policy Premium (\$)	Initial AARO Adjustment (\$)	Total Estimated Written Premium (\$)
Alabama	1,291	81	1,372
Alaska	1,454	87	1,541
Arizona	1,822	110	1,932
Arkansas	1,392	85	1,477
California	2,164	139	2,303
Colorado	1,293	78	1,371
Connecticut	2,122	142	2,264
Delaware	2,518	182	2,700
Dist. of Col.	2,531	154	2,685
Florida	1,768	0	1,768
Georgia	1,425	93	1,518
Hawaii	1,260	61	1,321
Idaho	850	51	901
Illinois	1,354	85	1,439
Indiana	1,211	81	1,292
Iowa	754	46	800
Kansas	856	52	908
Kentucky	1,935	128	2,063
Louisiana	2,107	75	2,182
Maine	1,039	62	1,101
Maryland	1,569	95	1,664
Massachusetts	2,510	3	2,513
Michigan	448	25	473
Minnesota	1,245	89	1,334
Mississippi	1,250	72	1,322
Missouri	1,295	81	1,376
Nebraska	905	52	957
Nevada	2,275	138	2,413
New Hampshire	1,340	84	1,424
New Jersey	2,386	141	2,527
New Mexico	1,196	68	1,264
New York	2,190	122	2,312
North Carolina	1,177	77	1,254
North Dakota	675	41	716
Ohio	896	39	935
Oklahoma	1,663	110	1,773
Oregon	1,385	0	1,385
Pennsylvania	1,248	80	1,328
Rhode Island	2,041	124	2,165
South Carolina	1,149	70	1,219
Tennessee	1,027	62	1,089

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Texas	1,169	65	1,234
Utah	1,389	84	1,473
Vermont	986	60	1,046
Virginia	1,118	67	1,185
Washington	1,473	86	1,559
West Virginia	1,587	98	1,685
Wisconsin	1,381	107	1,488
Wyoming	814	48	862
<b>TOTAL:</b>	<b>70,933</b>	<b>3,980</b>	<b>74,913</b>

<b>Totals – All Policies</b>
------------------------------

<b>Policy Number(s)</b>	<b>Estimated Policy Premium (\$)</b>	<b>Initial AARO Adjustment (\$)</b>	<b>Total Estimated Written Premium (\$)</b>
HDO G27020604	65,370	3,886	69,256
ISA H08719895	70,933	3,980	74,913
<b>TOTAL:</b>	<b>136,303</b>	<b>7,866</b>	<b>144,169</b>

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## **NOTICE OF ELECTION** **FUNDED PROGRAM**

Insured's Name: KOOSHAREM LLC

Insured's Address: 3820 State Street  
Santa Barbara, California 93105

### **A) SCHEDULE OF POLICIES**

Line of Business	Policy Number	Effective Date	Expiration Date	Issuing Company
Workers Compensation	WLR C47319481	04/30/2013	07/31/2013	ACE American Insurance Company
Workers Compensation	SCF C47319493	04/30/2013	07/31/2013	ACE American Insurance Company

### **B) PREMIUM CALCULATION AND ADJUSTMENT**

Policy Number(s)	WLR C47319481, SCF C47319493
------------------	------------------------------

Premium Component	Estimated Premium (\$)	Minimum	Rate	Basis of Adjustment
Losses Subject to Loss Limitation	52,817			Per dollar of ultimate developed loss subject to the Loss Limitation Estimated at \$52,817.
General Administrative Expense & Insurance Charge	1,327,028	100	.08402	Per Manual Premium (Excluding Experience Modification) and including Monopolistic States Estimated At 15,793,967.
Credit Carrying Fee	81,000	100		Flat Fee
Claims Administration Expenses - Fee Per Claim	1,034,199 (Includes a flat charge of \$218,416 for (5) Contract Staff Employees. (3) Temp Full-Time (CA), 1 Temp Full-Time (AOS) and 1 Temp Full-Time Clerical).			Per dollar of Claims Administration Expense as billed under that certain Client Agreement between the Company and the Claims Administrator Estimated at \$1,034,199.
Taxes, Boards, & RML's on policies subject to a Deductible	150,009		.05575	Per dollar of Written Premium Estimated at \$2,690,728. This component is calculated as follows: [(Sum of non-tax premium components) divided by (1 minus the Rate)] times the Rate.
Taxes, Boards, & RML's on policies subject to a Loss Limitation	3,627		.0363	Per dollar of Written Premium Estimated at \$99,952. This component is calculated as follows: [(Sum of non-tax premium components) divided by (1 minus the Rate)] times the Rate.
Broker Commission	142,000			Flat Charge
<b>Total Estimated Written Premium</b>	<b>2,790,680</b>			

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<b>Non-Premium Surcharges &amp; Assessments</b>	574,943			
<b>Total Estimated Cost</b>	3,365,623			

Non-premium surcharges and assessments are summarized in this section for illustration purposes only to show the total estimated cost associated with your insurance purchase. More detail about the calculation of each individual surcharge is located in Section G – Non-Premium Surcharges and Assessments of this Notice of Election.

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 2.87 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$368,209,522. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

May, 2013      \$109,166,831      June, 2013:      \$115,470,000      July, 2013:      \$140,571,286

### C) CLAIMS ADMINISTRATION AND EXPENSE

#### A. Claims Adjusting Service

Policy Number	Claims Adjusting Service
WLR C47319481	ESIS
SCF C47319493	ESIS

### D) REIMBURSABLE LOSSES

Policy Number	Retention Type	Retained Amount (\$)	ALAE Reimbursement	Expected Reimbursable Amount (\$)
WLR C47319481	High Deductible	500,000	Erodes Retention	10,514,796
SCF C47319493	Loss Limitation	500,000	Erodes Retention	52,817

### E) COLLATERAL & DEDUCTIBLE REIMBURSEMENT FUND

The collateral and deductible reimbursement fund are subject to all the terms and conditions of the Funded Collateral Agreement executed by you and us.

	Amount(\$)
Reimbursement Fund Amount	\$10,567,613
Reimbursement Fund Income	\$0
Credit Factor	
Estimated Reimbursement Fund Income Amount	\$0
Cash Pay-In to Reimbursement Fund	\$10,567,613
Additional Collateral Amount	

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Single Payment of Paid Loss and/or Allocated Loss Adjustment Expense: \$     N/A      
 Minimum Fund Balance \$     N/A    

The Estimated Reimbursement Fund Income Amount shown above is provided for illustration purposes only. The actual amounts of Reimbursement Fund Income credited to you will be determined by application of the formula set out in this Notice of Election and will vary from the estimated amount shown above depending upon (i) the timing and amount of losses under your Policies and (ii) loss development under your Policies as determined by application of the loss development factors listed in this Notice of Election to your loss experience.

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 2.87 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$368,209,522. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

May, 2013 \$109,166,831 June, 2013: \$115,470,000 July, 2013: \$140,571,286

## **F) PROGRAM AGGREGATE PROTECTION**

**NOT APPLICABLE**

## **G) NON-PREMIUM SURCHARGES AND ASSESSMENTS**

Non-Premium surcharges and assessments will be adjusted at audit and concurrently with any other applicable premium adjustment. The rates used to adjust the non-premium surcharges and assessments are set by the states and will be reflected on the declarations. Extension of Information (the "State Schedule"), endorsement, or audit of each policy. The adjustment bases used to adjust the non-premium surcharges and assessments are also set by each State. The written description of the adjustment base is provided for your information to aid in understanding the result of the application of that adjustment base.

<b>Policy Number(s)</b>	<b>State</b>	<b>Description</b>	<b>Adjustment Base</b>	<b>Adjustment Base (\$)</b>	<b>Estimated Surcharge(\$)</b>
WLR C47319481	AK	Alaska Insurance Guaranty Association Assessment	Written Premium (State Only)	2,082	14
WLR C47319481	CA	California Insurance Guaranty Fund Assessment	Written Premium (State Only)	1,879,054	37,581
WLR C47319481	CA	California Labor Enforcement and Compliance Fund	Written Premium (State Only) plus Deductible Credit	14,757,383	40,539
WLR C47319481	CA	California Occupational and Health Fund Assessment	Written Premium (State Only) plus Deductible Credit	14,757,383	42,191
WLR C47319481	CA	California Workers Compensation Fraud Assessment	Written Premium (State Only) plus Deductible Credit	14,757,383	57,273
WLR C47319481	CA	California Workers Compensation User Funding Assessment	Written Premium (State Only) plus Deductible Credit	14,757,383	202,235
WLR C47319481	CA	Subsequent Injuries Benefit Trust Fund	Written Premium (State Only) plus Deductible Credit	14,757,383	25,191
WLR C47319481	CA	Uninsured Employers Benefit Trust Fund	Written Premium (State Only) plus Deductible Credit	14,757,383	50,323

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WLR C47319481	CT	Connecticut Assessment Fund	Standard Premium (State Only)	119,250	2,266
WLR C47319481	CT	Connecticut Second Injury Fund Surcharge	Written Premium (State Only) plus Deductible Credit	117,647	3,235
WLR C47319481	IL	Industrial Commission Operations Surcharge	Written Premium (State Only)	132,691	1,340
WLR C47319481	IN	Indiana Second Injury Fund Surcharge	Written Premium (State Only)	11,550	68
WLR C47319481	KY	Kentucky Assessment Rate	Manual Premium (State Only) x ILF x Experience Mod + TRIA + DTEC + Retro Adjustments	51,404	3,228
WLR C47319481	MA	Massachusetts Department of Industrial Accidents Assessment	DIA Standard Premium	34,454	1,447
WLR C47319481	ME	Maine Supplemental Benefits Fund	Standard Premium (State Only)	618	2
WLR C47319481	ME	Maine Workers Compensation Administrative Fund	Standard Premium (State Only)	618	16
WLR C47319481	MN	Special Compensation Fund Surcharge	Modified Loss Cost	55,388	4,595
WLR C47319481	MN	WCRA Retrospective Assessment	Modified Loss Cost	55,388	875
WLR C47319481	MO	Administrative Surcharge on Deductibles	Deductible Credit	60,258	603
WLR C47319481	MO	Missouri Workers Compensation Second Injury Fund Surcharge	Written Premium plus Deductible Credit	68,807	2,064
WLR C47319481	MT	Workers Compensation Regulatory Assessment Charge	Written Premium (State Only)	579	11
WLR C47319481	NJ	New Jersey Second Injury Fund Surcharge	Total Modified Premium	248,635	16,808
WLR C47319481	NY	Workers Compensation Regulatory Assessment Surcharge	Standard Premium plus TRIA plus DTEC	397,138	74,662
WLR C47319481	OR	Oregon Premium Assessment	Written Premium (State Only) plus Deductible Credit	27,183	1,685
WLR C47319481	PA	Pennsylvania Employer Assessment	Written Premium (State Only) plus Deductible Credit	291,773	6,565
WLR C47319481	VT	Vermont Workers Compensation Administration Fund Assessment	Written Premium	6,205	109
WLR C47319481	WV	WV Debt Reduction Surcharge	Written Premium less EL ILF premium plus Deductible Credit	126	11
WLR C47319481	WV	WV Regulatory Surcharge	Written Premium less EL ILF premium plus Deductible Credit	126	6
<b>TOTAL</b>					<b>574,943</b>

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**H) PROGRAM > PAYMENT TERMS**

<b>PAYMENT TERMS</b>					
<b>Item</b>	<b>Payee</b>	<b>Payment Plan</b>	<b>Total Estimated Cost (\$)</b>	<b>Deferral (\$)</b>	<b>Total Pay – In (\$)</b>
Estimated Losses Subject to a Loss Limitation	ACE USA	See Below	52,817	52,817	
General Administrative Expense & Insurance Charge	ACE USA	Installments	1,327,028		1,327,028
Credit Carrying Fee	ACE USA	Installments	81,000		81,000
Taxes, Boards, & RML's on policies subject to a Deductible	ACE USA	Installments	150,009		150,009
Claims Administration Expenses - Fee Per Claim	ACE USA	Installments	1,034,199 (Includes a Flat Charge of \$218,416 for Contract Staff Employees)		1,034,199
Taxes, Boards, & RML's on policies subject to a Deductible	ACE USA	Installments	150,009		150,009
Taxes, Boards, & RML's on policies subject to a Loss Limitation	ACE USA	Installments	3,627		3,627
Broker Commission	ACE USA	Installments	142,000		142,000
Surcharges	ACE USA	Installments	574,943		574,943
Deductible Reimbursement Fund Pay-In	ACE USA	Installments	10,567,613		10,567,613
<b>TOTALS</b>			<b>13,933,236</b>	<b>52,817</b>	<b>13,880,419</b>

**Deferrals****Estimated Losses Subject to a Loss Limitation**

The Estimated Losses Subject to a Loss Limitation are considered premium. This premium item will be billed on a monthly basis in an amount equal to the paid losses from the prior month. Since it is unknown whether this item will be billed at all during the policy period, this portion of premium is considered deferred until we calculate a premium adjustment in accordance with the terms herein. At adjustment, a new estimate of Losses Subject to a Loss Limitation will be calculated. The difference between that new estimate and the paid losses as of the valuation date utilized will be deferred until the following adjustment while, again, this premium item will be billed on a monthly basis in an amount equal to the paid losses from the prior month. This will continue until we make a final premium calculation in accordance with the terms herein.

**Other Deferred Items**

Other items shown as deferred in the schedule below are deferred until we calculate a premium adjustment. At adjustment we calculate revised premiums and surcharges; compare those revised premiums and surcharges to what has been paid; and bill the difference. Items shown as deferred may have a different value associated with them after the premium adjustment calculation.

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**ACE USA INSTALLMENT SCHEDULE**

<b>Installment Date</b>	<b>Payment Amount (\$)</b>
4/29/2013	\$3,196,735.50
5/15/2013	\$3,196,735.50
5/31/2013	\$3,196,735.50
6/14/2013	\$3,196,735.50
6/30/2013	\$3,196,735.50
7/15/2013	\$3,196,735.50
<b>Total Cash Pay-In to ACE</b>	<b>\$19,180,413.00</b>

All payments made by the Insured under any Collateral Agreement, any Notice of Election or the Policies shall be allocated first to collateral security, then to other amounts owed to the Company other than premiums, then finally to premiums for the Policies, regardless of the designation of the payment.

**D) AGREEMENT BETWEEN "YOU" AND "US"****1. General Terms**

The Notice of Election is subject to the Funded Collateral and Payment Agreement (hereinafter, the "Collateral Agreement") executed between the Insured and the Company and is a "Notice of Election" as that term is defined in the "Collateral Agreement". The terms "you", "yours" and the "Insured" refer to the named insured on the Policies listed in **A) Schedule of Policies**. (the "Policies") The terms "us", "ours", "we" and the "Company" refer to the Issuing Companies listed in **A) Schedule of Policies**. All other capitalized terms in this Notice of Election are defined as provided in the Collateral Agreement.

This agreement describes the mutual agreement between you and us under which the final countrywide premiums for the Policies will be determined. If a state does not allow the adjustment of premium based upon this mutual agreement, the terms of premium adjustment for that state will be found on an endorsement to the policy and this agreement serves as the notice of election for that state. For those states, we will adjust your premiums in accordance with the applicable Policy and allocate the difference to the states that allow the premium to be adjusted in accordance with this agreement.

**2. Premium Payment and Loss Reimbursement Terms**

In addition to the final premiums, you are liable for the reimbursements of certain losses and Allocated Loss Adjustment Expense, under one or more deductible or loss reimbursement endorsements to the Policies or within the Loss Limitation of any Retrospectively Rated Policy, as shown in **D) Reimbursable Losses**.

You also agree to pay any state surcharges and/or assessments that are not included in the final premiums, as shown in **G) Non-Premium Surcharges and Assessments** herein and on the Policies.

Any payment due us, or return payment due you will be payable in its entirety within fifteen (15) days from the date of our invoice.

**3. Premium Calculation and Adjustment**

The premiums shown in **B) Premium Calculation and Adjustment** for the scheduled Policies were calculated in accordance with approved rating plans or are subject to deregulation. You certify that you have elected the use of those rating plans. You also certify that you understand all terms, conditions, and provisions of those plans, including the methods of adjustment, payment, and penalties for cancellation that is outlined herein and/or in endorsements to the policies listed in the Schedule of Policies (the "Policies").



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The premium shown in B) Premium Calculation and Adjustment for the scheduled Policies is earned at inception. The minimums shown in B) Premium Calculation and Adjustment for the scheduled Policies are absolute minimums.

No premium charge has been made for war-risk hazard, it being understood that the United States Government self-insures the exposures falling under the provisions of the War Hazards Compensation Act.

#### 4. *Claims Administration and Expense*

The Company has contracted with the Claims Adjusting Service(s) shown in C) Claims Administration and Expense as its agent to investigate, adjust, settle and provide for the defense of claims in accordance with the terms of the scheduled policies and to collect, calculate and administer the Paid Loss Deposit Fund and/or Claims Administration Expenses on the Company's behalf for all states except, under certain circumstances, Oregon. For Oregon, solely when (i) the Claims Adjusting Service shown in C) Claims Administration and Expense is not authorized to adjust claims for "us" in Oregon, AND (ii) Oregon was not listed in Item 3A of the Information Page of an insured workers compensation policy as of the inception of such policy, AND (iii) there is a claim for benefits in Oregon, the Company has contracted with ESIS as its Claims Adjusting Service and "you" agree to pay the prevailing ESIS rates to adjust those claims.

Should the Company terminate the contractual arrangement between the Company and any Claims Adjusting Service(s) at the request of the insured or should the Claims Adjusting Service no longer meet the Company's minimum requirements, the Company and the Insured shall select another Claims Adjusting Service that meets the Company's minimum requirements to handle future claims and possibly take over existing claims. Notwithstanding the previous sentence, if the Company and the Insured cannot come to a mutual agreement within a reasonable time needed to transfer claims, or if the Company believes in good faith that the finances of the existing Claims Adjusting Service have deteriorated or could deteriorate rapidly, then the Company shall select the new Claims Adjusting Service. Once the new Claims Adjusting Service is selected, this Agreement will be deemed automatically amended to reflect the new Claims Adjusting Service, and the Company will inform the Insured of the revised or additional Claims Administration Expenses. The Insured shall pay such amounts by the Required Payment Date.

In the event of the termination of such contractual arrangement, the Company shall administer, calculate and collect the Paid Loss Deposit Fund itself, or shall assign such responsibility to the replacement Claims Adjusting Service.

Claims Administration Expenses will be billed in accordance with that certain Client Agreement between the Company and the Claims Administrator. An adjustment to premium will be made for Claims Administration Expense with loss information valued between 2 and 6 months after the Rating Period ends. Adjustments may be made thereafter, if the difference between the Claims Administration Expenses utilized in the most recent adjustment (as determined by the Company) and the amount of the Claims Administration Expenses billed by the Claims Administrator is greater than twenty percent (20%). In calculating a premium adjustment we will apply a claims development factor, not to exceed 1.10, to the incurred claim count.

If any of the Claims Administration Expense shown in B) Premium Calculation and Adjustment is shown as deferred in H) Program - Payment Terms and, prior to the deferral due date, the actual claims administration expense exceeds the amount of the Claims Administration Expense Pay-In, you will pay all such additional claims administration expenses as claims are made, at the rates listed in that certain Client Agreement between the Company and the Claims Administrator. Additional Claims Administration Expense amounts you pay will reduce the amount of Claims Administration Expense that is shown as deferred.

The Rating Period means the period of time beginning on the earliest Policy effective date and ending on the latest Policy expiration date. If the Rating Period is greater than 12 months, we may make an interim adjustment to premium with loss information valued at 6 months after expiration of the Policy being adjusted. We may make an adjustment to premium with loss information valued as of any date that you are declared bankrupt or insolvent, make an assignment for the benefit of creditors, or are the subject of reorganization, receivership, or liquidation.

#### 5. *Reimbursable and Retrospectively Rated Losses*

##### A. *Paid Loss Reimbursement*

Reimbursable Losses are losses subject to reimbursement through the application of a deductible endorsement on the Policies or are Losses Subject to a Loss Limitation. The Company or the Claims Adjusting Service will withdraw from the Deductible Reimbursement Fund amounts for reimbursement of our payments for loss and

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ALAE on a monthly basis, subject to the Single Payment of Paid Loss and/or Allocated Loss Adjustment Expense amount as provided for in E) **Collateral & Deductible Reimbursement Fund** and the Funded Collateral Agreement executed by you and us.

*B. Losses Subject to a Loss Limitation*

When a workers compensation policy is subject to a Loss Limitation, as defined herein, the Loss Limitation applies as follows: (i) in the case of bodily injury as the result of disease, the Loss Limitation applies separately to each employee who sustains such bodily injury; and separately, (ii) in the case of bodily injury as the result of an accident, the Loss Limitation applies to the aggregate of all employees who sustain such bodily injury in a single accident or occurrence.

As shown in D) Reimbursable Losses above, you are responsible for reimbursement of loss on policies subject to a loss limit as follows:

**Erodes the Retention:** The Insured will reimburse the Company for the sum of the amount of each Paid Loss plus related Allocated Loss Adjustment Expense, up to the amount of the Loss Limitation.

Losses subject to a Loss Limitation are considered premium. The Expected Reimbursable Amount shown in D) **Reimbursable Losses** above is an estimate. This portion of your premium, along with any premium charge dependent upon the value of loss subject to a Loss Limitation will be adjusted using loss information valued 6 months after the expiration date of the policy and annually thereafter until we make a final premium calculation. In calculating a premium adjustment we will apply loss development factors to the incurred losses limited to the Loss Limitation.

**6. Collateral & Reimbursement Fund**

The Collateral and Reimbursement Fund are subject to all of the terms and conditions of the Funded Collateral Agreement executed by you and us.

Adjustment of Reimbursement Fund: The Reimbursement Fund shall be recalculated by the Company at 18 months after the Policy Inception Date, and then at intervals and using the factors indicated in accordance with the Table shown below.

At each adjustment, the required amount of the Reimbursement Fund shall equal:

[(Incurred Losses limited to the per occurrence deductible and/or loss limitation plus the Insured's share of Allocated Loss Adjustment Expense as shown above) multiplied by the Loss Development Factor provided herein for the applicable interval and line of business] multiplied by (1 minus the Reimbursement Fund Income Credit Factor)

If the actual Reimbursement Fund amount determined pursuant to adjustment exceeds the amount paid to the Company for such Fund, the Insured will pay the difference to the Company on or before the Required Payment Date. If the actual Reimbursement Fund amount plus other amounts owed by the Insured is less than the amount that the Insured has previously paid to the Company for such Fund, then the Company will promptly return to the Insured the difference, provided that the Insured is not in breach of this Agreement or the Policies.

The separate amounts of Ultimate Losses, Insured's Obligation and collateral security are not calculated pursuant to the above formula, and the Company may require an amount of collateral security greater than the above. The amount of any Letter of Credit or other security required by the Company is in addition the amount of the Reimbursement Fund.

The amount of the Reimbursement Fund shall be adjusted using the following adjustment factors, using losses valued at the interval indicated:

Adjustment Number	Months After Policy Inception	WC Loss Development Factor

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1	11	*
2	23	*
3	35	*
4	47	*
5	59	*
6	71	*
7 and subsequent	82 and subsequent	*

\* It is hereby agreed that the WC Loss Development Factors for this Notice of Election, as well as any Loss Development Factor contained in any prior executed Collateral Agreement or Notice of Election between you and the Company have always and shall continue to be determined at the time of adjustment in the Company's sole discretion in accordance with generally accepted actuarial principles and practices.

The Estimated Reimbursement Fund Income Amount shown in Section E) **COLLATERAL & DEDUCTIBLE REIMBURSEMENT FUND** is provided for illustration purposes only. The actual amounts of Reimbursement Fund Income credited to you will be determined by application of the formula set out in this Notice of Election and will vary from the estimated amount shown above depending upon (i) the timing and amount of losses under your Policies and (ii) loss development under your policies as determined by application of the loss development factors listed above to your loss experience.

All payments made by the Insured under any Collateral Agreement, any Notice of Election or the Policies shall be allocated first to collateral security, then to other amounts owed to the Company other than premiums, then finally to premiums for the Policies, regardless of the designation of the payment.

#### **7. Taxes, Non-Premium Surcharges and Assessments**

The tax and non-premium surcharge and assessment charges herein are based upon the Company's current knowledge of the state's interpretation of current law. If current law or a state interpretation thereof changes, or a rate or basis of assessment changes, then the Insured and the Company agree that the Company shall have the right to amend such prior tax and/or surcharge and/or assessment charges to the Insured in order to match the state interpretation, and the Company shall bill the Insured for such retrospective taxes and/or assessments accordingly.

If audited exposures and/or adjusted premiums generate a basis of assessment for any tax, assessment, or surcharge not listed in schedule G) **NON-PREMIUM SURCHARGES AND ASSESSMENTS**, then the Insured and the Company agree that the Company shall have the right to add such charges to the schedule and bill the Insured accordingly.

#### **8. Audit Cooperation for Policies Subject to Audit**

The Policies require the Insured to keep records of information needed to compute premium and to allow the Company examination of the Insured's books and records as they relate to the Policy or Policies.

If the Insured does not allow this examination or furnish the Company the records or information as requested or does not otherwise cooperate in allowing the Company to perform the audit(s) within ninety days after the expiration or cancellation of the Policies, the Company may estimate the Insured's premium adjustment, subject to applicable state law requirements. The Company, in its sole discretion, will base its calculation upon the assumption that the Insured's exposure base will increase by an amount up to two hundred percent (200%) above the original estimate. Such calculation will be authorized by the Director of Premium Audit Field Operations of the Company's ACE Risk Management business having supervisory authority over audit services, or their designee. The Company will calculate the Insured's premium adjustment based on the applicable increase. The Insured will also be responsible for cooperating in the completion of any employer documentation required by a governmental or regulatory body regarding a premium audit, such as an explanation or certification when no actual audit is performed. The Insured will be responsible to

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indemnify the Company for any fines or penalties that we may incur as a result of the Insured's failure to cooperate in the completion of an actual premium audit or of any required documentation.

**9. *Uninsured / Underinsured Motorist Insurance & Personal Injury Protection: Returning of Required Executed Selection Forms***

The terms of this Notice of Election pertaining to Automobile Liability will be amended as provided in this paragraph if we do not receive properly executed state coverage selection forms prior to the effective date. Failure to return all required selection forms shall be deemed your consent and acceptance that the auto policy (ices) will be issued and rated to include the limits of UM/UIM coverage equal to the policy limits, or equal to the maximum limits required by law if lower than policy limits, and the limit for PIP coverage that we are required to offer for each state.

In the event we do not receive the properly executed forms and we apply UM/UIM and PIP limits as described herein, an additional charge for this coverage will be added to your Auto premium.

**10. *Deregulation Disclosures and Certifications***

Certain states may require that deregulation disclosures and/or certifications be in writing and agreed to between the Insured and the Company. Any such disclosures and/or certifications are listed below:

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### California Required Dispute Resolution Disclosure

Please be advised that pursuant to the terms of the Collateral and Payment Agreement entered into by the Company and the Insured, the choice of law and choice of venue or forum for the arbitration of disputes arising between the Company and the Insured under such agreement may be a jurisdiction or venue other than California. You and we may negotiate a different jurisdiction and venue for such arbitrations.

#### Acknowledgement of Disclosure

STEPHEN GRIMAUD

Name

Stephen Grimaud

Signature

5/14/2013

Date

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**IN WITNESS WHEREOF**, this Notice of Election has been executed by the parties hereto, as officers of each, each of which intends by its execution hereof to be legally bound by the terms of this agreement. This agreement shall be effective when signed below or in counterpart, and photocopy, facsimile, electronic or other copies shall have the same effect for all purposes as an ink-signed original.

KOOSHAREM LLC

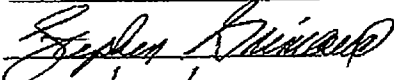
The "Company"

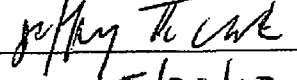
Name: STEPHEN GRIMAUD  
(Please Print)

Name: Jeff Pasternack

Title: VP RISK MGMT.

Title: V.P. UWMgmt.

Signature: 

Signature: 

Date: 5/14/13

Date: 5/20/13

Branch Office Address:  
1133 Ave of the Americas  
New York, NY 10036

ACE Risk Management

**INITIAL STATEMENT OF ADJUSTMENT**

Insured's Name: KOOSHAREM LLC  
 Insured's Address: 3820 State Street  
 Santa Barbara, California 93105

**Workers' Compensation**

WLR C47319481

State	Estimated Policy Premium (\$)	Initial AARO Adjustment (\$)	Total Estimated Written Premium (\$)
Alabama	4,311	(2,513)	1,798
Alaska	1,869	213	2,082
Arizona	8,168	(62)	8,106
Arkansas	197	(60)	137
California	3,217,799	(1,338,745)	1,879,054
Colorado	14,950	6,556	21,506
Connecticut	21,286	(2,015)	19,271
Delaware	2,794	(1,540)	1,254
Dist. of Col.	25	(12)	13
Florida	81,140	0	81,140
Georgia	61,392	201	61,593
Hawaii	695	(131)	564
Idaho	1,161	959	2,120
Illinois	135,088	(2,397)	132,691
Indiana	7,037	4,513	11,550
Iowa	22,992	7,372	30,364
Kansas	5,876	571	6,447
Kentucky	15,116	(7,608)	7,508
Louisiana	18,190	(6,252)	11,938
Maine	152	(68)	84
Maryland	15,149	(10,805)	4,344
Massachusetts	10,396	0	10,396
Michigan	11,722	(853)	10,869
Minnesota	38,174	(26,777)	11,397
Mississippi	31,903	(9,205)	22,698
Missouri	8,704	(155)	8,549
Montana	899	(320)	579
Nebraska	2,881	(912)	1,969
Nevada	5,749	(1,841)	3,908
New Hampshire	3,065	(1,347)	1,718
New Jersey	43,934	0	43,934
New Mexico	5,186	(611)	4,575
New York	49,153	(449)	48,704
North Carolina	126,547	(92,312)	34,235
North Dakota	30	0	30
Ohio	5,365	0	5,365
Oklahoma	7,446	(1,866)	5,580
Oregon	5,334	(1,383)	3,951
Pennsylvania	35,777	4,591	40,368
Rhode Island	1,558	(124)	1,434
South Carolina	13,754	(7,289)	6,465
Tennessee	51,929	25,675	77,604
Texas	37,445	0	37,445

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Utah	9,841	(2,983)	6,858
Vermont	9,990	(3,785)	6,205
Virginia	25,828	(13,556)	12,272
Washington	5	0	5
West Virginia	16	5	21
Wyoming	30	0	30
<b>TOTAL:</b>	<b>4,178,048</b>	<b>(1,487,320)</b>	<b>2,690,728</b>

SCF C47319493

State	Estimated Policy Premium (\$)	Initial AARO Adjustment (\$)	Total Estimated Written Premium (\$)
Wisconsin	177,341	(77,389)	99,952
<b>TOTAL:</b>	<b>177,341</b>	<b>(77,389)</b>	<b>99,952</b>

**Totals – All Policies**

Policy Number(s)	Estimated Policy Premium (\$)	Initial AARO Adjustment (\$)	Total Estimated Written Premium (\$)
WLR C47319481	4,178,048	(1,487,320)	2,690,728
SCF C47319493	177,341	(77,389)	99,952
<b>TOTAL:</b>	<b>4,355,389</b>	<b>(1,564,709)</b>	<b>2,790,680</b>



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NEW JERSEY LARGE RISK - LARGE DEDUCTIBLE PROGRAM  
NOTICE of ELECTIONCompensation Rating and Inspection Bureau  
60 Park Place  
Newark, New Jersey 0710204/30/2013

Date

The undersigned certify that the named insured has elected and the carrier has accepted this New Jersey Large Risk-Large Deductible Program. The name and address of the insured subject to this rating program is as follows. The use of "et al" is not acceptable:

1. KOOSHAREM LLC 3820 State Street Santa Barbara, California 93105  
(Name and address)

2. WLR C47319481 04/30/2013 07/31/2013  
(Policy Number(s)) (Effective From) (To)

3. Total Estimated New Jersey Annual Workers Compensation Standard Premium \$248,635

4. Total Estimated Countrywide Annual Workers Compensation Standard Premium, including the premium in item 3 above  
\$22,363.883

(Where there is NJ premium only, enter the premium in items 3 and 4.)

5. Deductible Amount \$ 500,000 each accident. (Dollar Amount)

6. Deductible Amount \$ \_\_\_\_\_ each person/each occurrence. (Dollar Amount)

7. Occurrence Aggregate \$ \_\_\_\_\_ (Dollar Amount or "None")

8. Countrywide Aggregate Limit \$ \_\_\_\_\_ (Dollar Amount or "None")

9. Allocated Loss Adjustment Expenses are Included ("Included" or "Excluded")

10. The Deductible Premium Will Not "Will" or "Will Not" be subject to retrospective adjustment.

11. Total New Jersey Deductible Premium \$40,818 (Dollar Amount)

12. Total Countrywide Deductible Premium \$ 4,160,808 (Dollar Amount)

13. The entire New Jersey operations of the insured are included except \_\_\_\_\_

14. Form of Security \_\_\_\_\_

Name and Address of Bank \_\_\_\_\_

15. ACE American Insurance Company  
(Name of Insurance Carrier)

16. Signed [Signature] (Carrier)

Printed Jeff Pasternack V.P. Underwriting 1133 Ave of the Americas NY NY 10036  
(Carrier) (Title) (Address)

17. Signed [Signature] (Insured)

VP RISK MGMT. 3820 STATE ST. SANTA BARBARA, CA 93105  
(Title) (Address)

Form NJ LR-LD (6th Rev)

© Compensation Rating and Inspection Bureau

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**TEXAS DEDUCTIBLE NOTICE OF ELECTION**

Texas law permits an employer to obtain workers' compensation insurance with a deductible. The insurance applies only to benefits payable under Texas workers' compensation law. When a deductible is elected, the policyholder is required to reimburse the insurance carrier for benefits payable under the law up to the deductible amount and a credit is applied to the policy. Premium credits are determined based on the deductible selected and the hazard group. The hazard group is determined by the classification that produces the largest amount of estimated Texas standard premium.

You are not required to choose a deductible. If you do choose one, your insurance company will pay the deductible amount for you, but you must reimburse the insurance company within 30 days after they send you notice that payment is due. If you fail to reimburse the insurance company, they may cancel the policy, upon ten days written notice, and any resulting return premium may be applied to the deductible amount owed.

If a deductible amount is desired, please indicate below.

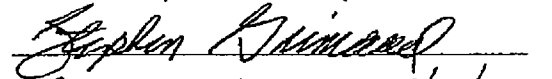
(☒) Yes, I want a deductible of: (select only one)

1. \$ ~~500.00~~ per accident
2. \$ \_\_\_\_\_ annual aggregate
3. \$ \_\_\_\_\_ / \$ \_\_\_\_\_ per accident/annual aggregate

applied to benefits payable under the Texas Workers' Compensation Law. I understand that the company will pay the deductible amount and seek reimbursement \_\_\_\_\_ (monthly, quarterly, or other).

( ) No, I do not want a deductible applied to benefits payable under the Texas Workers Compensation Law.

The deductible plans have been explained to me.

  
VP RISK MGMT. 5/14/2013

Signature and Title

04/30/2013

Employer Name:

KOOSHAREM LLC 3820 State Street Santa Barbara, California 93105

ACE AMERICAN INSURANCE COMPANY

Effective Date: 04/30/2013

Policy No. WLR C47319481

Notes:

1. This signed DNE-1 [1-97] form is to be maintained in the insuring carrier's file, regardless of whether the deductible is elected or rejected, and shall be made available to the Texas Department of Insurance upon specific request.
2. Reimbursement is to be made periodically as agreed. Choose "monthly", "quarterly", or other period of time; may not be more frequent than monthly.
3. This notice may only be signed by owner, partner, executive officer or authorized person.

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**ARKANSAS  
WORKERS COMPENSATION  
INDIVIDUAL RISK FILING**

ACE American Insurance Company	626-22667
Indemnity Insurance Company of North America	626-43575
ACE Fire Underwriters Insurance Company	626-20702
ACE Property & Casualty Insurance Company	626-20699

Named Insured: KOOSHAREM LLC

Effective Date: 04/30/2013

Policy Number: WLR C47319481

Carrier Name: ACE American Insurance Company

Arkansas Standard Premium has been amended due to the application of a Large Deductible Credit and/or ARM Alternative Rating Option adjustment as follows:

Arkansas Standard Premium: \$ 902

Arkansas Deductible Credit: \$ 705

Arkansas AARO Adjustment: \$ (60)

Arkansas Total Estimated Premium: \$ 137

I certify that I agree with the company to the premium adjustments outlined above.

Name: STEPHEN GRIMAUD

Title: VP RISK MANAGEMENT

Signature: Stephen Grimaud

Date: 5/14/13

Arkansas Insurance Department  
1200 West 3<sup>rd</sup> Street  
Little Rock, AR 72201-1904  
ATTN: Carol Stiffler

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## NEW YORK RETROSPECTIVE RATING PLAN MANUAL

## APPENDIX

NOTICE OF ELECTION  
OF  
RETROSPECTIVE RATING PLAN  
NEW YORK LARGE RISK RATING OPTION

The undersigned certifies that the named Insured has elected the use of the Retrospective Rating Plan as detailed below. It is also certified that the insured understands all terms, conditions and provisions of the Plan, including method of premium computation, payment and penalties for cancellation.

1. Name of Insured KOOSHAREM LLC
2. Address of Insured 3820 State Street Santa Barbara, California 93105
3. Name of Carrier ACE American Insurance Company
4. Policy Number(s) WLR C47319481
5. Effective Date of Plan 04/30/2013
6. Term of Plan (Check One) ☒ One-Year ☐ Three-Year ☐ Wrap-Up
7. Line(s) of Insurance \_\_\_\_\_
8. a. Estimated Annual New York WC Standard Premium \$ 397,138  
 b. Estimated Annual WC Standard Premium for States  
 Other Than NY \$ 22,283,392  
 c. Estimated Annual Premium for All Lines Other  
 Than WC \$ 144,169
9. Retrospective Rating Values
  - a. Maximum Premium Factor (or Maximum Ratable Incurred Loss Rate) 0
  - b. Minimum Premium Factor (or Minimum Ratable Incurred Loss Rate) 0.061  
 Minimum/Maximum Exposure Base PAYROLL
  - c. Net Variable Expense Factor (or Loss Conversion Factor) 0.046
  - d. Tax Multiplier 0.069
  - e. WC Loss Limitation Factor \_\_\_\_\_ \$ Loss Limit 500,000  
 Other than WC Loss Base \_\_\_\_\_ \$ Loss Limit \_\_\_\_\_  
 Loss Limitation Exposure Base PAYROLL
  - f. Basic Expense Factor (Fixed Expense Factor) 0.061  
 Basic Expense Exposure Base PAYROLL
  - g. Retrospective Development Factors Applicable ☐ Yes ☒ No
10. Special Conditions \_\_\_\_\_

*Stephen Brancaccio* 5/14/13 *VP Risk Mgmt.*  
 Signature of Insured Date Signed  
*[Signature]*  
 Signature of Carrier Representative

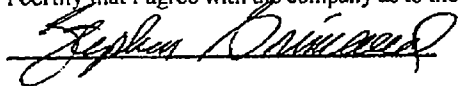
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Commonwealth of Pennsylvania  
Individual Risk Filing  
Retrospective Rating  
Workers Compensation

Named Insured KOOSHAREM LLCEffective Date 04/30/2013Policy Number WLR C47319481Company ACE American Insurance CompanyPA WC Standard Premium \$284,663Countrywide WC Standard Premium \$22,680,530Countrywide Standard Premium All Lines Included \$22,871,256Policy Retention \$500,000PA Company Expenses \$24,729PA Unallocated Loss Adjustment Expense \$12,498PA Taxes, B&B, & RML \$1,433

PA Class Codes	PA Payroll (\$)
185	891,592
187	190,394
275	21,289
276	106,629
297	11,627
491	26,314
493	21,802
522	62
523	233,631
524	181,608
525	84,803
526	43,164
527	43,906
529	41
587	57,897
693	41,897
867	1,964,246
879	23,092
881	83,613
883	96,378
889	1,694,043
949	12,068
951	113,999
953	350,931

I certify that I agree with the company as to the individual risk rating values shown above.



**Section II**  
**LIMITS AND COVERAGES**

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**Limits and Coverages**

Workers Compensation

Policy Number: WLR C47319481

**Policy Limits - Workers Compensation**

Part One	Statutory	
Part Two	Bodily Injury by Accident, each Accident	\$1,000,000
	Bodily Injury by Disease, Policy Limit	\$1,000,000
	Bodily Injury by Disease, each Employee	\$1,000,000

Other states Insurance: Part three applies to:

All states except ND, OH, WA, WY

**Policy Form and Endorsements**

- The policy forms and endorsements being offered may be different than those requested.
- State mandatory endorsements will be attached to the policy in addition to those listed below.

Title	Form #	Edition	Comments
NCCI	WC 00 00 00 B	07-11	
EARLIER NOTICE OF CANCELLATION AND NONRENEWAL	CKE10290	0301	90 Days
NOTIFICATION OF PREMIUM ADJUSTMENT	WC990409	0305	
OHIO STOP GAP COVERAGE	WC990442	0806	
LONGSHORE AND HARBOR WORKERS COMPENSATION ACT	WC000106A	0492	
VOLUNTARY COMP & EL - AOS	WC000311A	0891	Employees: Any employee EXEMPT from the Workers Compensation Law. NJ & WI are excluded; State of Employment: All states listed under Item 3.a. of the Information Page except NJ & WI; Designated WC Law: All states listed under Item 3.a. of the Information Page except NJ & WI.
DESIGNATED WORKPLACES EXCLUSION	WC000302	0484	Any workplace in the state of WI except those workplaces where an employee in a state listed in item 3A of the information page is working.
ALTERNATE EMPLOYER	WC000301A	0289	Alternate Employer: If Any; Address: Does not apply to Alaska, or to any employee lease contract/arrangement; State: Any state shown in Item 3.A. of the

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			Information Page; Contract or Project:
DEDUCTIBLE ENDORSEMENT - AOS	WC990661B	0896	\$500,000 Deductible
STOP-GAP EMPLOYERS LIABILITY	WC990303C	0492	
VOLUNTARY COMP & EL - CA	WC040305	0785	Any employee EXEMPT from the Workers Compensation Law.
WAIVER OF OUR RIGHTS - UT	WC430305	1000	Any person or organization against whom you have agreed to waive your right of recovery in a written contract, provided such contract was executed prior to the date of loss.
TRADE OR ECONOMIC SANCTIONS ENDORSEMENT	WC990773	1106	
WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS	WC000313	1105	Any person or organization against whom you have agreed to waive your right of recovery in a written contract, provided such contract was executed prior to the date of loss.
FEDERAL EMPLOYERS LIABILITY ACT	WC000104A	1004	Limits of Liability: \$1,000,000 State: If Any
WAIVER OF OUR RIGHTS - CA	WC990322		Type of Waiver: Blanket; Operations: Premium Charge: 2%
WEST VIRGINIA EL INTENTIONAL ACT EXCLUSION ENDORSEMENT	WC470301A	0308	
UNTINENTIONAL ERRORS AND OMISSIONS	WC990355	1208	
TWO OR MORE POLICIES ISSUED BY US	WC990391	1111	
RECOVERY FROM OTHERS	WC990398	0512	

Title : Alternate Employer Endorsement

Form # : WC 00 03 01A (02-89)

Comment : Pro Unlimited, Inc. Address: 45250 Fremont Blvd. Fremont, CA 94538 State of Special of Temporary Employment:  
CA Contract of Project:

Title : Alternate Employer Endorsement

Form # : WC 00 03 01A (02-89)

KOOSHARE\_04302013\_Pasternack

04/26/2013

Limits and Coverages Page 2 of 13



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Comment : Snak King Corp. Address: 16150 E. Stephens Street City of Industry, CA 91745 State of Special of Temporary Employment: CA Contract of Project:
--

Title : Alternate Employers Endorsement
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Form # : WC 00 03 01A (02-89)
-------------------------------

Comment : Alternate Employer: Voltage Multipliers Attn: Roberta Crawford Address: 8711 W. Roosevelt Avenue Visalia, CA 93291 State of Special of Temporary Employment: CA Contract of Project:
--

Title : Alternate Employers Endorsement
---

Form # : WC 00 03 01A (02-89)
-------------------------------

Comment: Superior Technical Resources, Inc./Orbital Attn: Legal Dept. Address: 250 International Drive Williamsville, NY 14321 State of Special of Temporary Employment: CA Contract of Project:
--

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**Limits and Coverages**

Workers Compensation

Policy Number: SCF C47319493

**Policy Limits - Workers Compensation**

Part One	Statutory	
Part Two	Bodily Injury by Accident, each Accident	\$1,000,000
	Bodily Injury by Disease, Policy Limit	\$1,000,000
	Bodily Injury by Disease, each Employee	\$1,000,000

Other states Insurance: Part three applies to:

All states except ND, OH, WA, WY

**Policy Form and Endorsements**

- The policy forms and endorsements being offered may be different than those requested.
- State mandatory endorsements will be attached to the policy in addition to those listed below.

Title	Form #	Edition	Comments
NCCI	WC 00 00 00 B	07-11	
NOTIFICATION OF PREMIUM ADJUSTMENT	WC990409	0305	
RETROSPECTIVE PREMIUM ENDORSEMENT - SHORT FORM	WC000511		
FEDERAL EMPLOYERS LIABILITY ACT	WC000104	0484	Limits of Liability: \$1,000,000 State: If Any
LONGSHORE AND HARBOR WORKERS COMPENSATION ACT	WC000106A	0492	
DESIGNATED WORKPLACES EXCLUSION	WC000302	0484	Any workplace outside the state of WI except those workplaces where an employee hired in WI is working.
ALTERNATE EMPLOYER	WC000301A	0289	Alternate Employer: If Any; Address: Does not apply to Alaska, or to any employee lease contract/arrangement; State: any state shown in Item 3.A. of the Information Page; Contract or Project:
WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS	WC000313	1105	Any person or organization against whom you have agreed to waive your right of recovery in a written contract, provided such contract was executed prior to the date of loss.
UNTENTIONAL ERRORS AND OMISSIONS	WC990355	1208	

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TWO OR MORE POLICIES ISSUED BY US	WC990391	1111	
RECOVERY FROM OTHERS	WC990398	0512	

Title : Wisconsin Foreign Coverage Endorsement

Form # : WC 48 06 03B (03/01)

Comment :

Title : Wisconsin Cancellation and Non-Renewal Endorsement

Form # : WC 48 06 06B

Comment :

Title : Earlier Notice of Cancellation and Non-Renewal Agreement - Wisconsin

Form # : WC 99 06 98 (11/05)

Comment : 90 Days

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**Limits and Coverages**

General Liability

Policy Number: HDO G27020604

**Policy Limits - General Liability**

General Aggregate Limit	\$5,000,000
Products-Completed Operations Aggregate Limit	\$1,000,000
Personal and Advertising Injury Limit	\$1,000,000
Each Occurrence Limit	\$1,000,000
Damage To Premises Rented To You Limit	\$500,000
Medical Expense Limit	\$5,000

**Policy Form and Endorsements**

- The policy forms and endorsements being offered may be different than those requested.
- State mandatory endorsements will be attached to the policy in addition to those listed below.

Title	Form #	Edition	Comments
ISO CGL Occurrence	CG 00 01	04-13	
POLLUTION EXCLUSION - ABSOLUTE	LD7F23	0391	
EXCLUSION - ASBESTOS	LD3R16	0387	
EXCLUSION - LEAD	LD4S35	0692	
FUNGI OR BACTERIA EXCLUSION	CG2167	1204	
LIMITATION OF COVERAGE TO DESIGNATED PREMISES OR PROJECT	CG2144	0798	SourceRight Solutions contract
PROFESSIONAL LIABILITY EXCLUSION ENDORSEMENT	LD0846	0189	
SILICA OR SILICA-RELATED DUST EXCLUSION	CG2196	0305	
POLLUTION EXCLUSION - HOSTILE FIRE EXCEPTION	LD6S75A	0797	
TRADE OR ECONOMIC SANCTIONS ENDORSEMENT	ALL21101	1106	
EARLIER NOTICE OF CANCELLATION AND NON-RENEWAL	ALL10617a	0606	90 Days
EMPLOYMENT - RELATED PRACTICES EXCLUSION	CG2147	1207	
CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM	CG2170	0108	
DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT	IL0985	0108	
EXCLUSION OF LIABILITY INSURANCE AFFORDED	LD24674	0308	

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UNDER ANOTHER POLICY WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS	CG2404	0509	Any person or organization against whom you have agreed to waive your right of recovery in a written contract, provided such contract was executed prior to the date of loss.
RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION	CG0068	0509	
NUCLEAR ENERGY LIABILITY EXCLUSION	IL0021	0908	
REIMBURSEMENT OF DEDUCTIBLE ENDORSEMENT, ALAE PRO RATA (DED APPLIES SEPARATELY)	LD19645e	0909	
NOTIFICATION OF PREMIUM ADJUSTMENT	ALL18057	1211	
ADDITIONAL INSURED - DESIGNATED PERSON OR ORGANIZATION	CG2026	0413	Any person or organization whom you have agreed to include as an additional insured under a written contract, provided such contract was executed prior to the date of loss.

Title : Surcharge Schedule
Form # : ALL-22421 (10/11)
Comment :

Title : LIMITATION OF COVERAGE TO DESIGNATED PREMISES OR PROJECT
Form # : CG 21 44 07 98
Comment : Colorado Springs Utilities Contract

Title : LIMITATION OF COVERAGE TO DESIGNATED PREMISES OR PROJECT
Form # : CG 21 44 07 98
Comment : Syncreon Technology (USA) LLC dba Nal Syncreon contract

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**Limits and Coverages**

General Liability

Policy Number: HDO G27020604

**Policy Limits - General Liability**

General Aggregate Limit	\$5,000,000
Products-Completed Operations Aggregate Limit	\$1,000,000
Personal and Advertising Injury Limit	\$1,000,000
Each Occurrence Limit	\$1,000,000
Damage To Premises Rented To You Limit	\$500,000
Medical Expense Limit	\$5,000

**Policy Form and Endorsements**

- The policy forms and endorsements being offered may be different than those requested.
- State mandatory endorsements will be attached to the policy in addition to those listed below.

Title	Form #	Edition	Comments
ISO CGL Occurrence	CG 00 01	04-13	
POLLUTION EXCLUSION - ABSOLUTE	LD7F23	0391	
AMENDMENT OF CONDITIONS	LD2G44a	1003	
EMPLOYEE BENEFITS LIABILITY ENDORSEMENT	LD9863A		
EXCLUSION - ASBESTOS	LD3R16	0387	
EXCLUSION - LEAD	LD4S35	0692	
EXTENDED PROPERTY DAMAGE	LD5T99		
FUNGI OR BACTERIA EXCLUSION	CG2167	1204	
SILICA OR SILICA-RELATED DUST EXCLUSION	CG2196	0305	
POLLUTION EXCLUSION - HOSTILE FIRE EXCEPTION	LD6575A	0797	
SCHEDULE OF NAMED INSURED WITH JOINT VENTURES	LD20041	0206	60 Days
TRADE OR ECONOMIC SANCTIONS ENDORSEMENT	ALL21101	1106	
ADDITIONAL INSURED WHERE REQUIRED BY WRITTEN CONTRACT	LD21730	0107	
EARLIER NOTICE OF CANCELLATION AND NON-RENEWAL	ALL10617a	0606	90 Days
EMPLOYMENT - RELATED PRACTICES EXCLUSION	CG2147	1207	
CANCELLATION OTHER THAN NONPAYMENT -	LD20281	0606	30 Days

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NOTICE TO ADDITIONAL INTERESTS			
CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM	CG2170	0108	
DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT	IL0985	0108	
PUBLIC ENTITY ADDITIONAL INSURED	ALL22422	0507	County of Monterey Contracts/Purchasing Division 168 W. Alisal Street, 3rd Floor Salinas, CA 93901
EXCLUSION OF LIABILITY INSURANCE AFFORDED UNDER ANOTHER POLICY	LD24674	0308	
WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS	CG2404	0509	Any person or organization against whom you have agreed to waive your right of recovery in a written contract, provided such contract was executed prior to the date of loss.
RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION	CG0068	0509	
NUCLEAR ENERGY LIABILITY EXCLUSION	IL0021	0908	
REIMBURSEMENT OF DEDUCTIBLE ENDORSEMENT, ALAE PRO RATA (DED APPLIES SEPARATELY)	LD19645e	0909	\$150,000 Deductible
DESIGNATED PROJECT(S) - AGGREGATE LIMIT	LD34257	1011	Designated Project: The People of the State of New York, Office of General Counsel Services, Procurement Services Group, Team 2, Corning Tower 37th Floor, Empire State Building, Albany, NY 12242 Designated Project Aggregate Limit: \$2,000,000
NOTIFICATION OF PREMIUM ADJUSTMENT	ALL18057	1211	
ADDITIONAL INSURED - MANAGERS OR LESSORS OF PREMISES	CG2011	0413	Designation of Premises: All premises leased by you as lessee; Name of Person or organization: Any Manager or Lessor of premises leased to you whom you have agreed to include as an additional insured under a written contract, provided such contract was executed prior to the date of loss; Premium: included.
ADDITIONAL INSURED - DESIGNATED PERSON OR ORGANIZATION	CG2026	0413	Any person or organization whom you have agreed to include as an additional insured under a written contract, provided such contract was executed prior to the date of loss.
ADDITIONAL INSURED - LESSOR OF LEASED EQUIPMENT	CG2028	0413	Any person or organization whom you have agreed to include as an additional insured under a written contract, provided such contract was executed prior to the date of loss.
AMENDMENT OF LIQUOR	CG2151	0413	Description of Activity(ies): E & J Gallo Winery

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LIABILITY EXCLUSION - EXCEPTION FOR SCHEDULED ACTIVITIES		600 Yosemite Boulevard Modesto, CA 95354
--	--	--

Title : Surcharge Schedule
Form # : ALL-22421 (10/11)
Comment :

Title : Additional Insured - Designated Person or Organization
Form # : MS-12867
Comment : Balfour Beatty Construction, LLC

Title : Additional Insured - City of Rohnert Park
Form # : MS-12868
Comment : City of Rohnert Park 6800 Hunter Drive P.O. Box 1489 Rohnert Park, CA 949247-1489

Title : Medical Expense Limit Amendment
Form # : MS-12869
Comment : Comsys State of WI Server Consolidation Deployment 10 E. Doty Street, Suite 814 Madison, WI 53703

Title : Designated Location(s) - Aggregate Limit
Form # : LD-20039 (09/10)
Comment : Each project for which the Insured has agreed, pursuant to a written contract signed prior to the date loss, to provide a separate Designated Project Aggregate Limit under this policy Designated Location Aggregate Limit: \$5,000,000

Title : Cancellation - Notice of Additional Interests
Form # : LD-20281 (06/06)
Comment : City of Austin Financial & Administration Services Department Purchasing Office Attn: Lynda Thorpe 124 W. 8th Street Suite 310 Austin, TX 78701

Title : Cancellation - Notice of Additional Interests
Form # : LD-20281 (06/06)
Comment : 30 Days Notice Publix Super Markets, Inc. 3300 Publix Corporate Parkway Lakeland, FL 33811

Title : Cancellation - Notice of Additional Interests
Form # : LD-20281 (06/06)
Comment : 30 Days Notice International Paper, Food Service Business P.O. Box 590 Shelbyville, IL 62565

Title : Cancellation - Notice of Additional Interests
Form # : LD-20281 (06/06)
Comment : 30 Days Notice Kelly Services, Inc. 999 W. Big Beaver Road Troy, MI 48084



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Title : Kentucky Local Government Premium Tax Schedule
Form # :
Comment : ALL-32677 (01/11)

Title : Additional Insured - Designated Person or Organization
Form # : CG 20 26
Comment : Kent Landsberg/Amcor Sunclipe 1221 Tara Court Rocklin, CA 95765

Title : Additional Insured - Designated Person or Organization
Form # : CG 20 26
Comment : City of Dana Point / Agreement for Consultant Services

Title : Additional Insured - Designated Person or Organization
Form # : CG 20 26
Comment : The County of Santa Barbara as respects the signed contract with the insured.

Title : Professional Liability Exclusion Endorsement
Form # : CC-1E15
Comment :

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**Limits and Coverages**

Automobile

Policy Number: ISA H08719895

**Policy Limits - Automobile Liability**

Coverage	Symbol	Limit
Liability	8.9	1,000,000
Medical Payments	5	5,000
Personal Injury Protection		Not Covered
Additional Personal Injury Protection		Not Covered
Uninsured Motorist		Not Covered
Underinsured Motorist		Not Covered

**Policy Form and Endorsements**

- The policy forms and endorsements offered may be different than those requested.
- State mandatory endorsements will be attached to the policy in addition to those listed below.

Title	Form #	Edition	Comments
BUSINESS AUTO	CA 00 01	03-10	
EXCLUSION OR EXCESS COVERAGE HAZARDS OTHERWISE INSURED	CA9940	1293	LE001009 - 21440 Effective: 7/31/2012 to 7/31/2013
MEXICO COVERAGE ENDORSEMENT	DA9T51	0793	
WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS	DA13115	1202	Any person or organization against whom you have agreed to waive your right of recovery in a written contract, provided such contract was executed prior to the date of loss.
KNOWLEDGE OF AN ACCIDENT	DA5X68a	0506	Your executive officers or anyone responsible for administering your insurance program.
NAMED INSURED ENDORSEMENT	DA20857	0906	
TRADE OR ECONOMIC SANCTIONS ENDORSEMENT	ALL21101	1106	
ADDITIONAL INSURED - LESSOR	CA2001	0306	Any Lessor whom you have agreed to include as an additional insured under a written contract, provided such contract was executed prior to the date of loss; Description of Leased Autos: All autos leased by you Liability: \$1,000,000
AUTO MEDICAL PAYMENTS COVERAGE	CA0424	0406	
POLLUTION LIABILITY - BROADENED COVERAGE FOR COVERED AUTOS	CA9948	0306	
EARLIER NOTICE OF CANCELLATION AND NON- RENEWAL	ALL10617a	0606	60
UNINTENTIONAL ERRORS & OMISSIONS	DA14672a	0907	
DRIVE OTHER CAR COVERAGE - BROADENED	CA0426	0310	Name of Individual: Any employee assigned a company vehicle holding a position of senior vice

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COVERAGE FOR NAMED INDIVIDUALS			president or higher who is not an insured under a personal auto liability policy purchased by that employee or a "family member".
PUBLIC ENTITY ADDITIONAL INSURED	ALL22422	0507	County of Monterey Contracts/Purchasing Division 168 W. Alisal Street, 3rd Floor Salinas, CA 93901
REIMBURSEMENT OF DEDUCTIBLE ENDORSEMENT, ALAE INCLUDED	DA19479d	0907	\$250,000 Deductible
NUCLEAR ENERGY LIABILITY EXCLUSION	IL0021	0908	
HIRED AUTOS SPECIFIED AS COVERED AUTOS YOU OWN	CA9916	0310	All autos hired for a period of 180 days or longer.
ADDITIONAL INSURED - DESIGNATED PERSONS OR ORGANIZATIONS	DA9U74a	0411	Any person or organization whom you have agreed to include as an additional insured under a written contract, provided such contract was executed prior to the date of loss.
NOTICE OF ACCIDENT	DA14673a	0411	
NON-CONTRIBUTORY FOR ADDITIONAL INSURED	DA21886a	0411	Organization: Kelly Vendor Management Services, Inc.
NOTIFICATION OF PREMIUM ADJUSTMENT	ALL18057	1211	

Title : ADDITIONAL INSURED - DESIGNATED PERSONS OR ORGANIZATIONS

Form # : DA-9U74a (04/11)

Comment : Additional Insured: Kelly Vendor Management Services, Inc.

Title : Surcharge Schedule

Form # : ALL-22421 (10/11)

Comment :

Title : Kentucky Local Government Premium Tax Schedule

Form # : ALL-32677 (01/11)

Comment :

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## **Section III**

# **PROPOSAL CONDITIONS**

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**Proposal Conditions**

- This proposal may be withdrawn at any time prior to its acceptance.
- Unless accepted or extended by the Company in writing, this proposal expires automatically thirty days after the date on the cover page or by the proposed effective date, whichever is first.
- This proposal has been developed and drafted in reliance upon the statements and information made and provided in the underwriting submission and any application connected thereto (collectively "the Submission"). The statements and information provided are material to the acceptance of this risk and hazard assumed by the Insurer under this proposal and any policy (ies) issued therewith. This proposal is issued in reliance upon the truth and accuracy of the Submission and in reliance that all relevant information affecting the pricing and underwriting of this risk and hazard has been provided, that there are no material omissions or material nondisclosures, and that all information is current and effective at the time of the Submission. In the event that the Submission contains any material misrepresentation, material omissions or material nondisclosure, this proposal and any policy (ies) issued therewith are, subject to applicable law, invalid from the outset.
- Binding any ACE company under the terms of this proposal is conditioned upon compliance with the proposal's terms, and the following conditions:
  - Receipt of the Initial Collateral Amount in a form acceptable to the company and issued by a financial institution acceptable to the company by April 29, 2013 or ARM will not bind coverage.
  - Receipt of properly executed Notice of Election by April 29, 2013 or ARM will not bind coverage.
  - Receipt of properly executed AR, NJ, NY, PA & TX WC Deductible Notice of Election Forms or ARM will not bind coverage.
  - If the Insured does not make a collateral installment payment in strict accordance with section **H) Program>Payment Terms** of the Notice Of Election, including but not limited to the full payment of the Payment Amount by the Installment Date, the Company shall have the right, in addition to other rights, to increase the required amount of collateral security to an amount determined by the Company, not to exceed \$250,000. Any such additional collateral required will be due to the Company on the next Installment Date and otherwise subject to the terms and conditions of Article IV of the Funded Collateral Agreement
- The premiums in the Notice of Election are contingent upon the Claims Administrator and the Claims Administration Expenses shown in the Notice of Election. If the Claims Administrator or the Claims Administration Expenses are changed the premiums including taxes and non-premium surcharges are subject to change.
- You agree, within thirty (30) days of the effective date to fully cooperate with an audit to be conducted by the Company of your self-administration process and procedures, including, but not limited to all First Aid Claims/Injuries claimed under any applicable Workers Compensation policy from 2009 to present as well as any other claim(s) that has not been reported to ESIS to date. Such cooperation shall include, but not be limited to, providing the Company with a list of all First Aid Claims/Injuries claimed under any applicable Workers Compensation policy from 2009 to present as well as providing a detailed explanation of your procedure for identifying and processing such First Aid Claims/Injuries as well as any other claims that have not been reported to ESIS to date.
- You further agree to all of the following with respect to your participation with ESIS:
  - Investigation
    - ESIS will determine the need for the level and type of investigation required on each claim based upon their claim best practices
    - ESIS may use vendors designated by the Insured, provided, however, that this will be subject to further review based upon vendor performance, cooperation and billing practices
    - ESIS will make all compensability decisions on all claims based upon the facts obtained and application of the applicable jurisdictional law as well as industry best practices.

#### Reserving

- ESIS will notify the Insured when a reserve is being increased by more than \$10,000. Consultation or approval of any such reserve increase by the Insured will not be requested or required.
- Reserving practices will follow ESIS best practices
- ESIS authority process will be followed and claims in excess of ESIS authority will be submitted to ACE Claims for approval.

#### Settlement

- ESIS will notify the Insured when ESIS has reached a settlement of a claim. Consultation and approval of the settlement by the Insured will not be requested or required.
- ESIS will aggressively pursue timely and effective resolutions of all claims in accordance with industry best practices.
- ESIS settlement authority process will be followed to ensure appropriate settlement authority has been established within ESIS and ACE where needed.

#### Independent Medical Examinations (IME)

- ESIS will determine when and which provider to use for all independent medical examinations based upon the facts of the claim, application of industry best practices and the applicable jurisdictional law.

#### Special Investigation Unit (SIU)

- ESIS will continue to utilize SIU consistent with industry best practices and the facts of the claim. Input from the Insured will be considered, however the Insured's approval will not be required or requested to engage the SIU resources.

#### Recovery

- Recovery will be actively pursued by ESIS in accordance with industry best practices.
- Recoveries will be processed through the claim file including appropriate fees for recovery services
- Subrogation against a client of the Insured will be discussed with the Insured prior to pursuing any recovery action.

#### Medical Programs

- ESIS managed care programs will be used to effectively manage the medical treatment and issues related to all claims. This includes all ESIS medical programs including bill review, utilization review, nurse case management

All Claims must be reported by the Insured to ESIS promptly and in no event later than 15 days after notice is received by the Insured of such claim.

Prior to the effective date the Insured will remove all access and authority of any and all of your employees to the OMNI system.

ACE reserves the right to select and manage all vendors, including, but not limited to law firms. ACE further reserves the right to remove any such vendor in the event such vendor fails to perform to ACE expectations.

On a going forward basis you agree to and ACE shall require that all law firms will submit their legal bills solely through the Ace selected legal bill review software.

## **Section IV**

### **SAMPLE LOC**

ACE Risk Management ®

Standard LC (To be typed on bank letterhead or Letter of credit form)

(Date)

(List Policy Issuing Companies by Full Legal Name)

436 Walnut St.  
Philadelphia, Pennsylvania 19106

Attention: Collateral Manager

Irrevocable Letter of Credit No.

Beneficiaries:

By order of our client, \_\_\_\_\_, we hereby establish this Irrevocable Letter of Credit No. \_\_\_\_\_ in your favor for an amount up to but not exceeding the aggregate sum of \_\_\_\_\_ U.S. Dollars (U.S. \$ \_\_\_\_\_), effective immediately, and expiring at the offices of the bank on \_\_\_\_\_ unless renewed as hereinafter provided.

The term "Beneficiary" includes any successor by operation of law of the named Beneficiary including, without limitation, any liquidator, rehabilitator, receiver or conservator.

Funds under this Letter of Credit are available to you against your sight draft(s), drawn on us, bearing the clause "Drawn under Credit No. \_\_\_\_\_".

This Letter of Credit will be automatically renewed for a one year period upon the expiration date set forth above and upon each anniversary of such date, unless at least sixty (60) days prior to such expiration date, or prior to any anniversary of such date, we notify both you and your client in writing by registered mail that we elect not to so renew this Letter of Credit.

Upon receipt by you of our notice of election not to renew this Letter of Credit, you may draw hereunder by your sight draft(s) drawn on us and bearing the clause "Drawn under Credit No. \_\_\_\_\_".

This Letter of Credit sets forth in full the terms of our undertaking. Such undertaking shall not in any way be modified, amended or amplified by reference to any document or instrument referred to herein or in which this Letter of Credit is referred to or to which this Letter of Credit relates and any such reference shall not be deemed to incorporate herein by reference any document or instrument.

All bank charges and commissions incurred in this transaction are for the applicant's account.

We hereby agree with the drawers, endorsers and bona fide holders of drafts drawn under and in compliance with the terms of this credit that such drafts will be duly honored upon presentation to the drawee. The obligation of (issuing bank) under this Letter of Credit is the individual obligation of (issuing bank), and is in no way contingent upon reimbursement with respect thereto.

Except as otherwise expressly stated herein, this credit is subject to and governed by the Laws of the State of New York and the 2007 revision of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce (Publication 600) and, in the event of any conflict, the Laws of the State of New York will control. If this credit expires during an interruption of business as described in Article 36 of said I.C.C. publication, we agree to effect payment if this Credit is drawn against within 30 days after the resumption of business.

Very truly yours,

Authorized Signature

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B-16a



ACE Risk Management ®

Standard LC With Step-Up (To be typed on bank letterhead or Letter of credit form)

(Date)

(List Policy Issuing Companies by Full Legal Name)  
436 Walnut St.  
Philadelphia, Pennsylvania 19106  
Attention: Collateral Manager

Irrevocable Letter of Credit No.

Beneficiaries:

By order of our client, \_\_\_\_\_, we hereby establish this Irrevocable Letter of Credit No. \_\_\_\_\_ in your favor for an amount up to but not exceeding the aggregate sum of \_\_\_\_\_ U.S. Dollars (U.S. \$ \_\_\_\_\_), effective immediately, and expiring at the offices of the bank on \_\_\_\_\_ unless renewed as hereinafter provided.

The term "Beneficiary" includes any successor by operation of law of the named Beneficiary including, without limitation, any liquidator, rehabilitator, receiver or conservator.

It is a condition of this Letter of Credit that the amount available to you will automatically increase as follows:

<u>Increase Dates</u>	<u>Increase By</u>	<u>Amount Available</u>
-----------------------	--------------------	-------------------------

Funds under this Letter of Credit are available to you against your sight draft(s), drawn on us, bearing the clause "Drawn under Credit No. \_\_\_\_\_".

This Letter of Credit will be automatically renewed for a one year period upon the expiration date set forth above and upon each anniversary of such date, unless at least sixty (60) days prior to such expiration date, or prior to any anniversary of such date, we notify both you and your client in writing by registered mail that we elect not to so renew this Letter of Credit.

Upon receipt by you of our notice of election not to renew this Letter of Credit, you may draw hereunder by your sight draft(s) drawn on us and bearing the clause "Drawn under Credit No. \_\_\_\_\_".

This Letter of Credit sets forth in full the terms of our undertaking. Such undertaking shall not in any way be modified, amended or amplified by reference to any document or instrument referred to herein or in which this Letter of Credit is referred to or to which this Letter of Credit relates and any such reference shall not be deemed to incorporate herein by reference any document or instrument.

All bank charges and commissions incurred in this transaction are for the applicant's account.

We hereby agree with the drawers, endorsers and bona fide holders of drafts drawn under and in compliance with the terms of this credit that such drafts will be duly honored upon presentation to the drawee. The obligation of (issuing bank) under this Letter of Credit is the individual obligation of (issuing bank), and is in no way contingent upon reimbursement with respect thereto.

Except as otherwise expressly stated herein, this credit is subject to and governed by the Laws of the State of New York and the 2007 revision of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce (Publication 600) and, in the event of any conflict, the Laws of the State of New York will control. If this credit expires during an interruption of business as described in Article 36 of said I.C.C. publication, we agree to effect payment if this Credit is drawn against within 30 days after the resumption of business.

Very truly yours,

Authorized Signature

1-94

B-16b

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## **Section V**

# **TRIA DISCLOSURES**

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ACE AMERICAN INSURANCE COMPANY  
Insurance Company

KOOSHAREM LLC  
Policyholder

WLR C47319481  
Policy Number

AON RISK SERVICES INC  
Broker/Producer

**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM  
INSURANCE COVERAGE**

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced. The portion of your annual premium that is attributable to coverage for acts of terrorism is \$11.094, and does not include any charges for the portion of losses covered by the United States government under the Act.

**I ACKNOWLEDGE THAT I HAVE BEEN NOTIFIED THAT UNDER THE TERRORISM RISK INSURANCE ACT, AS AMENDED, ANY LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM UNDER MY POLICY COVERAGE MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT, MAY BE SUBJECT TO A \$100 BILLION CAP THAT MAY REDUCE MY COVERAGE AND I HAVE BEEN NOTIFIED OF THE PORTION OF MY PREMIUM ATTRIBUTABLE TO SUCH COVERAGE.**

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ACE Risk Management ®



ace usa

ACE AMERICAN INSURANCE COMPANY

Insurance Company

KOOSHAREM LLC

Policyholder

SCF C47319493

Policy Number

AON RISK SERVICES INC

Broker/Producer

## **POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE**

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury---in concurrence with the Secretary of State, and the Attorney General of the United States---to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced. The portion of your annual premium that is attributable to coverage for acts of terrorism is \$928, and does not include any charges for the portion of losses covered by the United States government under the Act.

**I ACKNOWLEDGE THAT I HAVE BEEN NOTIFIED THAT UNDER THE TERRORISM RISK INSURANCE ACT, AS AMENDED, ANY LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM UNDER MY POLICY COVERAGE MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT, MAY BE SUBJECT TO A \$100 BILLION CAP THAT MAY REDUCE MY COVERAGE AND I HAVE BEEN NOTIFIED OF THE PORTION OF MY PREMIUM ATTRIBUTABLE TO SUCH COVERAGE.**

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ACE Risk Management ®



ace usa

ACE AMERICAN INSURANCE COMPANY  
Insurance Company

KOOSHAREM LLC  
Policyholder

HDO G27020604  
Policy Number

AON RISK SERVICES INC  
Broker/Producer

### **POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE**

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury---in concurrence with the Secretary of State, and the Attorney General of the United States---to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced. The portion of your annual premium that is attributable to coverage for acts of terrorism is \$0, and does not include any charges for the portion of losses covered by the United States government under the Act.

**I ACKNOWLEDGE THAT I HAVE BEEN NOTIFIED THAT UNDER THE TERRORISM RISK INSURANCE ACT, AS AMENDED, ANY LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM UNDER MY POLICY COVERAGE MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT, MAY BE SUBJECT TO A \$100 BILLION CAP THAT MAY REDUCE MY COVERAGE AND I HAVE BEEN NOTIFIED OF THE PORTION OF MY PREMIUM ATTRIBUTABLE TO SUCH COVERAGE.**

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ACE Risk Management ®



**ace usa**

Insurance Company

KOOSHAREM LLC  
Policyholder

HDO G27020604  
Policy Number

AON RISK SERVICES INC  
Broker/Producer

**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM  
INSURANCE COVERAGE**

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury---in concurrence with the Secretary of State, and the Attorney General of the United States---to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced. The portion of your annual premium that is attributable to coverage for acts of terrorism is \$0 . and does not include any charges for the portion of losses covered by the United States government under the Act.

**I ACKNOWLEDGE THAT I HAVE BEEN NOTIFIED THAT UNDER THE TERRORISM RISK INSURANCE ACT, AS AMENDED, ANY LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM UNDER MY POLICY COVERAGE MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT, MAY BE SUBJECT TO A \$100 BILLION CAP THAT MAY REDUCE MY COVERAGE AND I HAVE BEEN NOTIFIED OF THE PORTION OF MY PREMIUM ATTRIBUTABLE TO SUCH COVERAGE.**

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**AMENDMENT No.1  
TO BOUND CASUALTY PROGRAM PROPOSAL**

Insured's Name: Koosharem LLC

Insured's Address: 3820 State Street  
Santa Barbara, California 93105

In consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, ACE American Insurance Company (the "Company") and Koosharem LLC (the "Insured") hereby agree to amend that certain Bound Casualty Program Proposal entered into by the Insured and the Company effective as of April 30, 2013 (the Program Proposal) as follows:

1. This Amendment No. 1 is effective April 30, 2013:
2. Section **III PROPOSAL CONDITIONS** of the Program Proposal is hereby deleted and replaced with the following:

**Proposal Conditions**

- This proposal may be withdrawn at any time prior to its acceptance.
- Unless accepted or extended by the Company in writing, this proposal expires automatically thirty days after the date on the cover page or by the proposed effective date, whichever is first.
- This proposal has been developed and drafted in reliance upon the statements and information made and provided in the underwriting submission and any application connected thereto (collectively "the Submission"). The statements and information provided are material to the acceptance of this risk and hazard assumed by the Insurer under this proposal and any policy (ies) issued therewith. This proposal is issued in reliance upon the truth and accuracy of the Submission and in reliance that all relevant information affecting the pricing and underwriting of this risk and hazard has been provided, that there are no material omissions or material nondisclosures, and that all information is current and effective at the time of the Submission. In the event that the Submission contains any material misrepresentation, material omissions or material nondisclosure, this proposal and any policy (ies) issued therewith are, subject to applicable law, invalid from the outset.
- Binding any ACE company under the terms of this proposal is conditioned upon compliance with the proposal's terms, and the following conditions:
  - Receipt of the Initial Collateral Amount in a form acceptable to the company and issued by a financial institution acceptable to the company by April 30, 2013 or ARM will not bind coverage.
  - Receipt of properly executed Notice of Election by May 14, 2013 or ARM will not bind coverage.
  - Receipt of properly executed AR, NJ, NY, PA & TX WC Deductible Notice of Election Forms by May 14, 2013 or ARM will not bind coverage.
  - If the Insured does not make a collateral installment payment in strict accordance with section **H) Program>Payment Terms** of the Notice Of Election, including but not limited to the full payment of the Payment Amount by the Installment Date, the Company shall have the right, in addition to other rights, to increase the required amount of collateral security to an amount determined by the Company, not to exceed \$250,000. Any such additional collateral required will be due to the Company on the next Installment Date and otherwise subject to the terms and conditions of Article IV of the Funded Collateral Agreement
- The premiums in the Notice of Election are contingent upon the Claims Administrator and the Claims Administration Expenses shown in the Notice of Election. If the Claims Administrator or the Claims Administration Expenses are changed the premiums including taxes and non-premium surcharges are subject to change.
- You agree, within thirty (30) days of the effective date to fully cooperate with a review to be conducted by the Company of your self-administration process and procedures, including, but not limited to First Aid Claims/Injuries claimed under any applicable Workers Compensation policy from 2011 to present as well as any other claim(s) that has not been reported to ESIS to date. Such cooperation shall include, but not be

limited to, providing the Company, within the thirty (30) day period stated above, with a list of 500 First Aid Claims/Injuries claimed under any applicable Workers Compensation policy from 2011 to present of which the Company will choose 50 such First Aid Claims/Injuries to review, as well as providing a detailed explanation of your procedure for identifying and processing such First Aid Claims/Injuries as well as any other claims that have not been reported to ESIS to date. In addition, ACE reserves the right to conduct a 'First Aid' Claims review on a prospective quarterly basis and you agree to fully cooperate with any such prospective review.

- You further agree to all of the following with respect to your participation with ESIS:

#### Investigation

- ESIS will determine the need for the level and type of investigation required on each claim based upon their claim best practices.
- ESIS may use vendors designated by the Insured, provided, however, that this will be subject to further review based upon vendor performance, cooperation and billing practices.
- ESIS will make all compensability decisions on all claims based upon the facts obtained and application of the applicable jurisdictional law as well as industry best practices.

#### Reserving

- ESIS will notify the Insured when a reserve is being increased by more than \$10,000. The insured will have 5 business days to provide an alternative analysis; otherwise the ESIS reserve will be posted. ESIS will consider the position of the insured however authority remains with ESIS/ACE to post the reserve consistent with Claim Best Practices provided to the insured.
- Reserving practices will follow ESIS best practices and the insured has no authority to set claim reserves.
- ESIS authority process will be followed and claims in excess of ESIS authority will be submitted to ACE Claims for approval.

#### Settlement

- ESIS will notify the Insured when ESIS has reached a settlement of a claim. The insured will have 5 business days to provide an alternative analysis; otherwise the ESIS settlement evaluation and strategy will be executed. ESIS will consider the position of the insured however authority remains with ESIS/ACE to resolve the claim with Claim Best Practices provided to the insured.
- ESIS will aggressively pursue timely and effective resolutions of all claims in accordance with industry best practices. The insured has no authority to make settlement offers or commitments unless through the agreement of ESIS.
- ESIS settlement authority process will be followed to ensure appropriate settlement authority has been established within ESIS and ACE where needed.

#### Independent Medical Examinations (IME)

- ESIS will determine when and which provider to use for all independent medical examinations based upon the facts of the claim, application of industry best practices and the applicable jurisdictional law.

#### Special Investigation Unit (SIU)

- ESIS will continue to utilize SIU consistent with industry best practices and the facts of the claim. Input from the Insured will be considered, however the Insured's approval will not be required or requested to engage the SIU resources.

#### Recovery

- Recovery will be actively pursued by ESIS in accordance with industry best practices.
- Recoveries will be processed through the claim file including appropriate fees for recovery services
- Subrogation against a client of the Insured will be discussed with the Insured prior to pursuing any recovery action.



Medical Programs

- ESIS managed care programs will be used to effectively manage the medical treatment and issues related to all claims. This includes all ESIS medical programs including bill review, utilization review, nurse case management

All Claims (claims that meet the statutory requirement of reporting) must be reported by the Insured to ESIS promptly and in no event later than 15 days after notice is received by the Insured of such claim.

Prior to the effective date the Insured will remove all access and authority of any and all of your employees to the OMNI system.

ACE reserves the right to select and manage all vendors, including, but not limited to law firms. ACE further reserves the right to remove any such vendor in the event such vendor fails to perform to ACE expectations.

On a going forward basis you agree to and ACE shall require that all law firms will submit their legal bills solely through the Ace selected legal bill review software.

4. All other terms and conditions of the Program Proposal remain unchanged except as stated herein, unless amended by a written instrument executed by the parties hereto.
5. This Amendment No. 1 may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument, and shall be effective when signed below or in counterpart. The exchange of copies of this Amendment No. 1 and of signature pages by facsimile or e-mail transmission shall constitute effective execution and delivery of this Amendment No. 1 and may be used in lieu of the original Amendment for all purposes. Signatures of the parties transmitted by facsimile or e-mail shall be deemed to be their original signatures for all purposes.

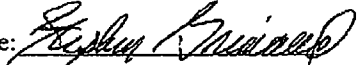
**[SIGNATURE PAGE TO FOLLOW]**

IN WITNESS WHEREOF, this Amendment No. 1 to the Program Proposal has been executed by the parties hereto, as officers of each, each of which intends by its execution hereof to be legally bound by the terms of this agreement.

**Insured**  
Koosharem LLC

Name: STEPHEN GRIMALDI

Title: VP RISK MGMT.

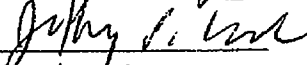
Signature: 

Date: 5/14/2013

**Company**  
ACE AMERICAN INSURANCE COMPANY

Name: Jett Pasternak

Title: V.P. UW MGR

Signature: 

Date: 5/20/13

**FINAL AMENDMENT No.2**  
**TO NOTICE OF ELECTION AND FUNDED PROGRAM**

Insured's Name: Koosharem LLC

Insured's Address: 3820 State Street  
 Santa Barbara, CA 93105

In consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, ACE American Insurance Company (the "Company") and Koosharem LLC (the "Insured") hereby agree to amend that certain Notice of Election entered into by the Insured and the Company effective as of April 30, 2012 (as amended, the "Notice of Election") and that certain Funded Program Notice of Election entered into by the Insured and the Company and effective as of April 30, 2012 (as amended, the "Funded Program Notice of Election") as follows:

1. This Final Amendment No. 2 is effective July 31, 2013 and supersedes and replaces the Revised and Final Amendment No. 2 sent to you on or before 12:00 p.m. Eastern Standard Time (EST) July 31, 2013 and any and all other terms sheets, binders, quotes, indications or other communications regarding the extension of the policies as described in this Amendment-No. 2.
2. Section A) SCHEDULE OF POLICIES of the Notice of Election is hereby deleted and replaced with the following:

**A) SCHEDULE OF POLICIES**

Line of Business	Policy Number	Effective Date	Expiration Date	Issuing Company
General Liability	HDO G27020604	04/30/2013	10/31/2013	ACE American Insurance Company
Automobile Liability	ISA H08719895	04/30/2013	10/31/2013	ACE American Insurance Company
General Liability (Incidental Policy- 3 Specific Contracts)	HDO G27020616	04/30/2013	10/31/2013	ACE American Insurance Company

3. Section A) SCHEDULE OF POLICIES of the Funded Program Notice of Election is hereby deleted and replaced with the following:

**A) SCHEDULE OF POLICIES**

Line of Business	Policy Number	Effective Date	Expiration Date	Issuing Company
Workers Compensation	WLR C47319481	04/30/2013	10/31/2013	ACE American Insurance Company
Workers Compensation	SCF C47319493	04/30/2013	10/31/2013	ACE American Insurance Company

4. Section B) PREMIUM CALCULATION AND ADJUSTMENT of the Funded Program Notice of Election is hereby deleted and replaced with the following:

**B) PREMIUM CALCULATION AND ADJUSTMENT**

<b>Policy Number(s)</b>	WLR C47319481, SCF C47319493
-------------------------	------------------------------

Premium Component	Estimated Premium (\$)	Minimum	Rate	Basis of Adjustment
Losses Subject to Loss Limitation	52,817			Per dollar of ultimate developed loss subject to the Loss Limitation Estimated at \$52,817.
General Administrative Expense & Insurance Charge	1,327,028	100	.08402	Per Manual Premium (Excluding Experience Modification) and including Monopolistic States Estimated At 15,793,967.
Credit Carrying Fee	81,000	100		Flat Fee
Claims Administration Expenses - Fee Per Claim	1,034,199 (Includes a flat charge of \$218,416 for (5) Contract Staff Employees. (3) Temp Full-Time (CA), 1 Temp Full-Time (AOS) and 1 Temp Full-Time Clerical).			Per dollar of Claims Administration Expense as billed under that certain Client Agreement between the Company and the Claims Administrator Estimated at \$1,034,199.
Taxes, Boards, & RML's on policies subject to a Deductible	150,009		.05575	Per dollar of Written Premium Estimated at \$2,690,728. This component is calculated as follows: [(Sum of non-tax premium components) divided by (1 minus the Rate)] times the Rate.
Taxes, Boards, & RML's on policies subject to a Loss Limitation	3,627		.0363	Per dollar of Written Premium Estimated at \$99,952. This component is calculated as follows: [(Sum of non-tax premium components) divided by (1 minus the Rate)] times the Rate.
Broker Commission	142,000			Flat Charge
<b>Total Estimated Written Premium</b>	<b>2,790,680</b>			
<b>Non-Premium Surcharges &amp; Assessments</b>	<b>574,943</b>			
<b>Total Estimated Cost</b>	<b>3,365,623</b>			

Non-premium surcharges and assessments are summarized in this section for illustration purposes only to show the total estimated cost associated with your insurance purchase. More detail about the calculation of each individual surcharge is located in Section G – Non-Premium Surcharges and Assessments of this Notice of Election.

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such

month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 2.87 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$368,209,522. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

May, 2013      \$109,166,831      June, 2013:      \$115,470,000      July, 2013:      \$140,571,286

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 3.25 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$394,342,952. Any such additional collateral, premium

August, 2013:      \$148,694,154      September, 2013:      120,234,464      October, 2013      125,414,334

5. Section E) COLLATERAL & DEDUCTIBLE REIMBURSEMENT FUND of the Funded Program Notice of Election is hereby deleted and replaced with the following

**E) COLLATERAL & DEDUCTIBLE REIMBURSEMENT FUND**

Section E) Collateral & Deductible Reimbursement Fund of the Funded Program Notice of Election is hereby deleted and replaced with the following:

The collateral and deductible reimbursement fund are subject to all the terms and conditions of the Funded Collateral Agreement executed by you and us.

	Amount(\$)
Reimbursement Fund Amount	\$10,567,613
Reimbursement Fund Income Credit Factor	\$0
Estimated Reimbursement Fund Income Amount	\$0
Cash Pay-In to Reimbursement Fund	\$10,567,613
Additional Collateral Amount	

Single Payment of Paid Loss and/or Allocated Loss Adjustment Expense:      \$ \_\_\_\_ N/A \_\_\_\_  
Minimum Fund Balance      \$ \_\_\_\_ N/A \_\_\_\_

The Estimated Reimbursement Fund Income Amount shown above is provided for illustration purposes only. The actual amounts of Reimbursement Fund Income credited to you will be determined by application of the formula set out in this Notice of Election and will vary from the estimated amount shown above depending upon (i) the timing and amount of losses under your Policies and (ii) loss development under your Policies as determined by application of the loss development factors listed in this Notice of Election to your loss experience.

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole

discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 2.87 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$368,209,522. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

May, 2013: \$109,166,831      June, 2013: \$115,470,000      July, 2013: \$140,571,286

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 3.25 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$394,342,952. Any such additional collateral, premium

August, 2013: \$148,694,154      September, 2013: 120,234,464      October, 2013 125,414,334

6. Section III PROPOSAL CONDITIONS of the Program Proposal is hereby deleted and replaced with the following:

**Proposal Conditions**

- This proposal may be withdrawn at any time prior to its acceptance.
- Unless accepted or extended by the Company in writing, this proposal expires automatically thirty days after the date on the cover page or by the proposed effective date, whichever is first.
- This proposal has been developed and drafted in reliance upon the statements and information made and provided in the underwriting submission and any application connected thereto (collectively "the Submission"). The statements and information provided are material to the acceptance of this risk and hazard assumed by the Insurer under this proposal and any policy (ies) issued therewith. This proposal is issued in reliance upon the truth and accuracy of the Submission and in reliance that all relevant information affecting the pricing and underwriting of this risk and hazard has been provided, that there are no material omissions or material nondisclosures, and that all information is current and effective at the time of the Submission. In the event that the Submission contains any material misrepresentation, material omissions or material nondisclosure, this proposal and any policy (ies) issued therewith are, subject to applicable law, invalid from the outset.
- Binding any ACE company under the terms of this proposal is conditioned upon compliance with the proposal's terms, and the following conditions:
  - Receipt of the Initial Collateral Amount in a form acceptable to the company and issued by a financial institution acceptable to the company by July 30, 2013 or ARM will not bind coverage.
  - Receipt by the Company of a properly executed Amendment No. 2 to Notice of Election and Funded Program Notice of Election by 5:00 p.m., Eastern Standard Time (EST), July 31, 2013 or ARM will not bind coverage.
  - Receipt of properly executed AR, NJ, NY, PA & TX WC Deductible Notice of Election Forms or ARM will not bind coverage.
  - If the Insured does not make a collateral installment payment in strict accordance with section H) Program>Payment Terms of the Notice Of Election, including but not limited to the full payment of the Payment Amount by the Installment Date, the Company shall have the right, in addition to other rights, to increase the required amount of collateral security to an amount determined by the Company, not to exceed \$250,000. Any such additional collateral required will be due to the Company on the next Installment Date and otherwise subject to the terms and conditions of Article IV of the Funded Collateral Agreement
- The premiums in the Notice of Election are contingent upon the Claims Administrator and the Claims Administration Expenses shown in the Notice of Election. If the Claims Administrator or the Claims

Administration Expenses are changed the premiums including taxes and non-premium surcharges are subject to change.

- Any and all issues regarding invalid class codes (primarily classifying new customers) identified to Select by ESIS/ACE relating to the 9/30/11 to 4/30/12 audit period shall be rectified within 30 days of binding.
- Select agrees to provide all necessary information to complete future audits in a timely manner and as detailed in the applicable Notice of Election.

You further agree to all of the following with respect to your participation with ESIS:

- Select agrees to participate in a Claims Meeting within 30 days of binding in order to determine Select's adherence to the conditions below.

#### Investigation

- ESIS will determine the need for the level and type of investigation required on each claim based upon their claim best practices.
- ESIS may use vendors designated by the Insured, provided, however, that this will be subject to further review based upon vendor performance, cooperation and billing practices.
- You agree to refrain from referring any claims to vendors for investigation, or any other reason, until and after such claim is reported to ESIS.
- ESIS will make all compensability decisions on all claims based upon the facts obtained and application of the applicable jurisdictional law as well as industry best practices.

#### Claim Closures

- Claims will be closed in accordance with ESIS Best Practices when ESIS has determined, in ESIS' sole discretion, that all issues involving such claim have been resolved.
- If requested by Select, ESIS is willing to provide an estimated date for the closure of such claim (the "Closure Date"), however it is hereby understood by all that the Closure Date is an estimate and the Closure Date will not occur until ESIS has determined, in ESIS' sole discretion, that all issues involving such claim have been resolved.

#### Select Claim Staff

- Select Claim staff (Quarterbacks) will be removed from all ESIS offices as of effective date of renewal or other another date shortly thereafter as agreed to by ACE/ESIS

#### Claim Reviews

- Any claim reviews requested by Select, including, but not limited to including frequency, scope and participants involved in such claim reviews, will be granted at the sole discretion of ACE/ESIS.

All Claims must be reported by the Insured to ESIS promptly and in no event later than 15 days after notice is received by the Insured of such claim. Prior to binding, Select shall provide ACE with a written plan detailing what internal steps Select has taken to improve their claim reporting timeliness and shall detail what further actions are planned in order for Select to meet or exceed the claim reporting conditions detailed herein.

7. The ACE USA INSTALLMENT SCHEDULE of the Funded Program Notice of Election is hereby deleted and replaced with the following:

<b>ACE USA INSTALLMENT SCHEDULE</b>
-------------------------------------

Installment Date	Payment Amount (\$)
4/29/2013	\$3,196,735.50
5/15/2013	\$3,196,735.50
5/31/2013	\$3,196,735.50
6/14/2013	\$3,196,735.50
6/30/2013	\$3,196,735.50
07/15/2013	\$3,196,735.50
07/30/2013	\$3,196,736.50
08/05/2013	\$1,295,372.50
8/15/2013	\$4,373,087.00
08/31/2013	\$3,835,317.00
09/15/2013	\$4,373,085.00
09/30/2013	\$3,835,317.00
10/15/2013	\$4,373,083.00
<b>Total Cash Pay-In to ACE</b>	<b>\$44,462,411.00</b>

- \* Any fees/payments due, in addition to those captured in the above ACE USA Installment Schedule, including, but not limited to payroll projections, losses invoices and any ESIS fees are due and payable within fifteen (15) days of the invoice date.

All payments made by the Insured under any Collateral Agreement, any Notice of Election or the Policies shall be allocated first to collateral security, then to other amounts owed to the Company other than premiums, then finally to premiums for the Policies, regardless of the designation of the payment.

7. For the policies referenced above, the additional payments to extend the policy period to October 31, 2013 are as follows:
- Additional Company Expenses is \$1,502,212 on the rate and basis adjustment referenced in section B) Premium Calculation and Adjustment of the Funded Program Notice of Election (Note: A flat credit carrying fee of \$81,000 is included in this total)



- b. Additional Claims Administration Expenses – Fee Per Claim is \$920,112(Includes 2 Contract Staff Employees)
  - c. Taxes, Boards & RML's on policies subject to a Deductible: \$160,000based on the rate referenced in section B) Premium Calculation and Adjustment of the Funded Program Notice of Election
  - d. Taxes, Boards & RML's on policies subject to a Loss Limitation: \$5,000based on the rate referenced in section B) Premium Calculation and Adjustment of the Funded Program Notice of Election
  - e. Non Premium Surcharges for the Workers Compensation extension is \$600,000.
  - f. Deductible Reimbursement Fund is an additional \$12,816,146.
  - g. Additional premium for General Liability, based on the rates referenced in section B) Premium Calculation and Adjustment of the Notice of Election is \$45,256 for policy number HDO G27020604and non-premium surcharges is \$66 and \$30,000for policy number HDO G27020616.
  - h. Additional premium for Automobile Liability, based on the rate referenced in section B) Premium Calculation and Adjustment of the Notice of Election is \$50,913 and non-premium surcharges is \$283.
  - i. This extension includes commission and the breakdown is as follows:
    - Workers Compensation: \$142,000
    - General Liability: \$24,000
    - Automobile Liability: \$24,000
  - j. The amount of the additional charges is due as referenced in the ACE USA INSTALLMENT SCHEDULE above.
9. All other terms and conditions of the Notice of Election remain unchanged except as stated herein, unless amended by a written instrument executed by the parties hereto.
10. This Final Amendment No. 2may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument, and shall be effective when signed below or in counterpart. The exchange of copies of this Final Amendment No. 2and of signature pages by facsimile or e-mail transmission shall constitute effective execution and delivery of this Final Amendment No. 2and may be used in lieu of the original Amendment for all purposes. Signatures of the parties transmitted by facsimile or e-mail shall be deemed to be their original signatures for all purposes.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, this Final Amendment No. 2 to the Notice of Election has been executed by the parties hereto, as officers of each, each of which intends by its execution hereof to be legally bound by the terms of this agreement.

**Insured**  
KOOSHAREM LLC

**Company**  
ACE AMERICAN INSURANCE COMPANY

Name: STEPHEN GRIMAUD  
Title: VP OF RISK MANAGEMENT  
Signature: *Stephen Grimaud*  
Date: 7-31-2013

Name: Jeff Pasternack  
Title: V.P. Law Mgr.  
Signature: *Jeff Pasternack*  
Date: 8/16/13

**FINAL AMENDMENT No. 3**  
**TO NOTICE OF ELECTION AND FUNDED PROGRAM**

Insured's Name: Koosharem LLC  
 Insured's Address: 3820 State Street  
 Santa Barbara, CA 93105

In consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, ACE American Insurance Company (the "Company") and Koosharem LLC (the "Insured") hereby agree to amend that certain Notice of Election entered into by the Insured and the Company effective as of April 30, 2013 (as amended, the "Notice of Election") and that certain Funded Program Notice of Election entered into by the Insured and the Company and effective as of April 30, 2013 (the "Funded Program Notice of Election") as follows:

1. This Final Amendment No. 3 to Notice of Election and Funded Program is effective October 31, 2013 and supersedes and replaces the Amendment No. 3 to Notice of Election and Funded Program sent to you on October 29, 2013 and any and all other terms or other communications regarding the policies as described in this Final Amendment No. 3 to Notice of Election and Funded Program.
2. Section A) **SCHEDULE OF POLICIES** of the Notice of Election is hereby deleted and replaced with the following:

<b>A) SCHEDULE OF POLICIES</b>				
Line of Business	Policy Number	Effective Date	Expiration Date	Issuing Company
General Liability	HDO G27020604	04/30/2013	1/31/2014	ACE American Insurance Company
Automobile Liability	ISA H08719895	04/30/2013	1/31/2014	ACE American Insurance Company
General Liability (Incidental Policy- 3 Specific Contracts)	HDO G27020616	04/30/2013	1/31/2014	ACE American Insurance Company

3. Section A) **SCHEDULE OF POLICIES** of the Funded Program Notice of Election is hereby deleted and replaced with the following:

<b>A) SCHEDULE OF POLICIES</b>				
Line of Business	Policy Number	Effective Date	Expiration Date	Issuing Company
Workers Compensation	WLR C47319481	04/30/2013	1/31/2014	ACE American Insurance Company
Workers Compensation	SCF C47319493	04/30/2013	1/31/2014	ACE American Insurance Company

4. Section B) PREMIUM CALCULATION AND ADJUSTMENT of the Funded Program Notice of Election is hereby deleted and replaced with the following:

**B) PREMIUM CALCULATION AND ADJUSTMENT**

<b>Policy Number(s)</b>	WLR C47319481, SCF C47319493
-------------------------	------------------------------

Premium Component	Estimated Premium (\$)	Minimum	Rate	Basis of Adjustment
Losses Subject to Loss Limitation	52,817			Per dollar of ultimate developed loss subject to the Loss Limitation Estimated at \$52,817.
General Administrative Expense & Insurance Charge	1,327,028	100	.08402	Per Manual Premium (Excluding Experience Modification) and including Monopolistic States Estimated At 15,793,967.
Credit Carrying Fee	81,000	100		Flat Fee
Claims Administration Expenses - Fee Per Claim	1,034,199 (Includes a flat charge of \$218,416 for (5) Contract Staff Employees, (3) Temp Full-Time (CA), 1 Temp Full-Time (AOS) and 1 Temp Full-Time Clerical).			Per dollar of Claims Administration Expense as billed under that certain Client Agreement between the Company and the Claims Administrator Estimated at \$1,034,199.
Taxes, Boards, & RML's on policies subject to a Deductible	150,009		.05575	Per dollar of Written Premium Estimated at \$2,690,728. This component is calculated as follows: [(Sum of non-tax premium components) divided by (1 minus the Rate)] times the Rate.
Taxes, Boards, & RML's on policies subject to a Loss Limitation	3,627		.0363	Per dollar of Written Premium Estimated at \$99,952. This component is calculated as follows: [(Sum of non-tax premium components) divided by (1 minus the Rate)] times the Rate.
Broker Commission	142,000			Flat Charge
<b>Total Estimated Written Premium</b>	<b>2,790,680</b>			
<b>Non-Premium Surcharges &amp; Assessments</b>	<b>574,943</b>			
<b>Total Estimated Cost</b>	<b>3,365,623</b>			

Non-premium surcharges and assessments are summarized in this section for illustration purposes only to show the total estimated cost associated with your insurance purchase. More detail about the calculation of each individual surcharge is located in Section G – Non-Premium Surcharges and Assessments of this Notice of Election.

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such

month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 2.87 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$368,209,522. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

May, 2013      \$109,166,831      June, 2013:      \$115,470,000      July, 2013:      \$140,571,286

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 3.25 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$394,342,952. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

August, 2013:      \$148,694,154      September, 2013:      120,234,464      October, 2013:      125,414,334

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 3.25 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$376,399,122. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

November, 2013: \$149,379,531      December, 2013: 130,663,227      January, 2014: 96,356,364

5. Section E) COLLATERAL & DEDUCTIBLE REIMBURSEMENT FUND of the Funded Program Notice of Election is hereby deleted and replaced with the following

**E) COLLATERAL & DEDUCTIBLE REIMBURSEMENT FUND**

Section E) Collateral & Deductible Reimbursement Fund of the Funded Program Notice of Election is hereby deleted and replaced with the following:

The collateral and deductible reimbursement fund are subject to all the terms and conditions of the Funded Collateral Agreement executed by you and us.

	Amount(\$)
Reimbursement Fund Amount	\$10,567,613
Reimbursement Fund Income	\$0
Credit Factor	
Estimated Reimbursement Fund Income Amount	\$0
Cash Pay-In to Reimbursement Fund	\$10,567,613
Additional Collateral Amount	

Single Payment of Paid Loss and/or Allocated Loss Adjustment Expense: \$     N/A      
 Minimum Fund Balance \$     N/A    

The Estimated Reimbursement Fund Income Amount shown above is provided for illustration purposes only. The actual amounts of Reimbursement Fund Income credited to you will be determined by application of the formula set out in this Notice of Election and will vary from the estimated amount shown above depending upon (i) the timing and amount of losses under your Policies and (ii) loss development under your Policies as determined by application of the loss development factors listed in this Notice of Election to your loss experience.

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 2.87 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$368,209,522. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

May, 2013 \$109,166,831 June, 2013: \$115,470,000 July, 2013: \$140,571,286

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 3.25 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$394,342,952. Any such additional collateral, premium

August, 2013: \$148,694,154 September, 2013: 120,234,464 October, 2013 125,414,334

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 3.25 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$376,399,122. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

November, 2013: \$149,379,531 December, 2013: 130,663,227 January, 2014: 96,356,364

6. Section III PROPOSAL CONDITIONS of the Program Proposal is hereby deleted and replaced with the following:

#### Proposal Conditions

- This proposal may be withdrawn at any time prior to its acceptance.
- Unless accepted or extended by the Company in writing, this proposal expires automatically thirty days after the date on the cover page or by the proposed effective date, whichever is first.
- This proposal has been developed and drafted in reliance upon the statements and information made and provided in the underwriting submission and any application connected thereto (collectively "the Submission"). The statements and information provided are material to the acceptance of this risk and hazard assumed by the Insurer under this proposal and any policy (ies) issued therewith. This proposal is issued in reliance upon the truth and accuracy of the Submission and in reliance that all relevant information affecting the pricing and underwriting of this risk and hazard has been provided, that there are no material omissions or material

nondisclosures, and that all information is current and effective at the time of the Submission. In the event that the Submission contains any material misrepresentation, material omissions or material nondisclosure, this proposal and any policy (ies) issued therewith are, subject to applicable law, invalid from the outset.

- Binding any ACE company under the terms of this proposal is conditioned upon compliance with the proposal's terms, and the following conditions:
  - Receipt of the Initial Collateral Amount in a form acceptable to the company and issued by a financial institution acceptable to the company by October 31, 2013 or ARM will not bind coverage.
  - Receipt by the Company of a properly executed Amendment No. 3 to Notice of Election and Funded Program Notice of Election by October 30, 2013 or ARM will not bind coverage.
  - Receipt of properly executed AR, NJ, NY, PA & TX WC Deductible Notice of Election Forms or ARM will not bind coverage.
  - If the Insured does not make a collateral installment payment in strict accordance with section H) Program>Payment Terms of the Notice Of Election, including but not limited to the full payment of the Payment Amount by the Installment Date, the Company shall have the right, in addition to other rights, to increase the required amount of collateral security to an amount determined by the Company, not to exceed \$250,000. Any such additional collateral required will be due to the Company on the next Installment Date and otherwise subject to the terms and conditions of Article IV of the Funded Collateral Agreement
- The premiums in the Notice of Election are contingent upon the Claims Administrator and the Claims Administration Expenses shown in the Notice of Election. If the Claims Administrator or the Claims Administration Expenses are changed the premiums including taxes and non-premium surcharges are subject to change.
- Select agrees to provide all necessary information to complete future audits in a timely manner and as detailed in the applicable Notice of Election.

You further agree to all of the following with respect to your participation with ESIS:

#### Investigation

- ESIS will determine the need for the level and type of investigation required on each claim based upon their claim best practices.
- ESIS may use vendors designated by the Insured, provided, however, that this will be subject to further review based upon vendor performance, cooperation and billing practices.
- You agree to refrain from referring any claims to vendors for investigation, or any other reason, until and after such claim is reported to ESIS.
- ESIS will make all compensability decisions on all claims based upon the facts obtained and application of the applicable jurisdictional law as well as industry best practices.

#### Claim Closures

- Claims will be closed in accordance with ESIS Best Practices when ESIS has determined, in ESIS' sole discretion, that all issues involving such claim have been resolved.
- If requested by Select, ESIS is willing to provide an estimated date for the closure of such claim (the "Closure Date"), however it is hereby understood by all that the Closure Date is an estimate and the Closure Date will not occur until ESIS has determined, in ESIS' sole discretion, that all issues involving such claim have been resolved.

#### Select Claim Staff

- Select Claim staff (Quarterbacks) will be removed from all ESIS offices as of effective date of renewal or other another date shortly thereafter as agreed to by ACE/ESIS

#### Claim Reviews

- Any claim reviews requested by Select, including, but not limited to including frequency, scope and participants involved in such claim reviews, will be granted at the sole discretion of ACE/ESIS.

All Claims must be reported by the Insured to ESIS promptly and in no event later than 15 days after notice is received by the Insured of such claim. Prior to binding, Select shall provide ACE with a written plan detailing what internal steps Select has taken to improve their claim reporting timeliness and shall detail what further actions are planned in order for Select to meet or exceed the claim reporting conditions detailed herein.

7. The ACE USA INSTALLMENT SCHEDULE of the Funded Program Notice of Election is hereby deleted and replaced with the following:

<b>ACE USA INSTALLMENT SCHEDULE</b>
-------------------------------------

Installment Date	Payment Amount (\$) *
4/29/2013	\$3,196,735.50
5/15/2013	\$3,196,735.50
5/31/2013	\$3,196,735.50
6/14/2013	\$3,196,735.50
6/30/2013	\$3,196,735.50
07/15/2013	\$3,196,735.50
07/30/2013	\$3,196,736.50
08/05/2013	\$1,295,372.50
8/15/2013	\$4,373,087.00
08/31/2013	\$3,835,317.00
09/15/2013	\$4,373,085.00
09/30/2013	\$3,835,317.00
10/15/2013	\$4,373,083.00
10/31/2013	\$3,838,805.32
11/15/2013	\$3,813,732.00
11/30/2013	\$3,813,732.00
12/15/2013	\$3,813,730.00
12/31/2013	\$3,813,730.00
01/15/2014	\$3,813,729.00
<b>Total Cash Pay-In to ACE</b>	<b>\$68,079,964.32</b>

- \* All payments hereunder shall be made in U.S. dollars via wire transfer of immediately available nonreversible funds to Wells Fargo Bank, Acct.#2014174985825, WIRE: ABA#121000248, ACH: ABA#121000248 by the Installment Date listed above.

Any fees/payments due, in addition to those captured in the above ACE USA Installment Schedule, including, but



not limited to payroll projections, losses invoices and any ESIS fees are due and payable within fifteen (15) days of the invoice date.

All payments made by the Insured under any Collateral Agreement, any Notice of Election or the Policies shall be allocated first to collateral security, then to other amounts owed to the Company other than premiums, then finally to premiums for the Policies, regardless of the designation of the payment.

8. For the policies referenced above, the additional payments to extend the policy period to are as follows:
  - a. Additional Company Expenses is \$1,437,543 on the rate and basis adjustment referenced in section B) Premium Calculation and Adjustment of the Funded Program Notice of Election (Note: A flat credit carrying fee of \$81,000 is included in this total)
  - b. Additional Claims Administration Expenses – Fee Per Claim is \$822,662 (No Contract Staff Employees are included)
  - c. Taxes, Boards & RML's on policies subject to a Deductible: \$160,000 based on the rate referenced in section B) Premium Calculation and Adjustment of the Funded Program Notice of Election
  - d. Taxes, Boards & RML's on policies subject to a Loss Limitation: \$5,000 based on the rate referenced in section B) Premium Calculation and Adjustment of the Funded Program Notice of Election
  - e. Non Premium Surcharges for the Workers Compensation extension is \$600,000.
  - f. Deductible Reimbursement Fund is an additional \$12,232,972.
  - g. Additional premium for General Liability, based on the rates referenced in section B) Premium Calculation and Adjustment of the Notice of Election is \$45,256 for policy number HDO G27020604 and non-premium surcharges is \$66 and \$30,000 for policy number HDO G27020616.
  - h. Additional premium for Automobile Liability, based on the rate referenced in section B) Premium Calculation and Adjustment of the Notice of Election is \$50,913 and non-premium surcharges is \$283.
  - i. This extension includes commission and the breakdown is as follows:  
Workers Compensation: \$142,000  
General Liability: \$24,000  
Automobile Liability: \$24,000
  - j. The amount of the additional charges is due as referenced in the ACE USA INSTALLMENT SCHEDULE above.
9. All other terms and conditions of the Notice of Election remain unchanged except as stated herein, unless amended by a written instrument executed by the parties hereto.
10. This Amendment No. 3 may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument, and shall be effective when signed below or in counterpart. The exchange of copies of this Amendment No. 3 and of signature pages by facsimile or e-mail transmission shall constitute effective execution and delivery of this Amendment No. 3 and may be used in lieu of the original Amendment for all purposes. Signatures of the parties transmitted by facsimile or e-mail shall be deemed to be their original signatures for all purposes.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, this Amendment No. 3 to the Notice of Election has been executed by the parties hereto, as officers of each, each of which intends by its execution hereof to be legally bound by the terms of this agreement.

Insured  
KOOSHAREM LLC

Company  
ACE AMERICAN INSURANCE COMPANY

Name: STEPHEN GRIMAUD  
Title: VP of RISK MANAGEMENT  
Signature: [Signature]  
Date: 10/30/2013

Name: Jeff Posternack  
Title: V.P. LAW MGR.  
Signature: [Signature]  
Date: 10/30/13

**AMENDMENT No. 4  
TO NOTICE OF ELECTION AND FUNDED PROGRAM**

Insured's Name: Koosharem LLC

Insured's Address: 3820 State Street  
Santa Barbara, CA 93105

In consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, ACE American Insurance Company (the "Company") and Koosharem LLC (the "Insured") hereby agree to amend that certain Notice of Election entered into by the Insured and the Company effective as of April 30, 2013 (as amended, the "Notice of Election") and that certain Funded Program Notice of Election entered into by the Insured and the Company and effective as of April 30, 2013 (the "Funded Program Notice of Election") as follows:

1. This Amendment No. 4 to Notice of Election and Funded Program is effective January 31, 2014
2. Section A) SCHEDULE OF POLICIES of the Notice of Election is hereby deleted and replaced with the following:

**A) SCHEDULE OF POLICIES**

Line of Business	Policy Number	Effective Date	Expiration Date	Issuing Company
General Liability	HDO-G27020604	04/30/2013	4/30/2014	ACE American Insurance Company
Automobile Liability	ISA-H08719895	04/30/2013	4/30/2014	ACE American Insurance Company
General Liability (Incidental) Policy- 3 Specific Contracts)	HDO-G27020616	04/30/2013	4/30/2014	ACE American Insurance Company

3. Section A) SCHEDULE OF POLICIES of the Funded Program Notice of Election is hereby deleted and replaced with the following:

**A) SCHEDULE OF POLICIES**

Line of Business	Policy Number	Effective Date	Expiration Date	Issuing Company
Workers Compensation	WRC-C47319481	04/30/2013	4/30/2014	ACE American Insurance Company
Workers Compensation	SCF-C47319493	04/30/2013	4/30/2014	ACE American Insurance Company

4. Section B) PREMIUM CALCULATION AND ADJUSTMENT of the Funded Program Notice of Election is hereby deleted and replaced with the following:

**B) PREMIUM CALCULATION AND ADJUSTMENT**

Policy Number(s)	WLR C47319481, SCF C47319493
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Premium Component	Estimated Premium (\$)	Minimum	Rate	Basis of Adjustment
Losses Subject to Loss Limitation	52,817			Per dollar of ultimate developed loss subject to the Loss Limitation Estimated at \$52,817.
General Administrative Expense & Insurance Charge	1,327,028	100%	.08402	Per Manual Premium (Excluding Experience Modification) and including Monopolistic States Estimated At 15,793,967.
Credit Carrying Fee	\$1,000	100%		Flat Fee
Claims Administration Expenses - Fee Per Claim	1,034,199 (Includes a flat charge of \$218,416 for (3) Contract Staff Employees, (3) Temp Full-Time (CA), 1 Temp Full-Time (AOS) and 1 Temp Full-Time Clerical).			Per dollar of Claims Administration Expense as billed under that certain Client Agreement between the Company and the Claims Administrator Estimated at \$1,034,199.
Taxes, Boards, & RML's on policies subject to a Deductible	150,089		.05575	Per dollar of Written Premium Estimated at \$2,690,728. This component is calculated as follows: $\{(\text{Sum of non-tax premium components}) \div (\text{1 minus the Rate})\}$ times the Rate.
Taxes, Boards, & RML's on policies subject to a Loss Limitation	3,627		.0363	Per dollar of Written Premium Estimated at \$99,952. This component is calculated as follows: $\{(\text{Sum of non-tax premium components}) \div (\text{1 minus the Rate})\}$ times the Rate.
Broker Commission	142,000			Flat Charge
Total Estimated Written Premium	2,790,680			
Non-Premium Surcharges & Assessments	574,943			
Total Estimated Cost	3,365,623			

Non-premium surcharges and assessments are summarized in this section for illustration purposes only to show the total estimated cost associated with your insurance purchase. More detail about the calculation of each individual surcharge is located in Section C – Non-Premium Surcharges and Assessments of this Notice of Election.

You agree to provide us with monthly payroll and class code exhibits not expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 2.87 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers

compensation payroll including monopolistic states estimated at \$368,209,522. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

May, 2013 \$109,166,831 June, 2013: \$115,470,000 July, 2013: \$140,571,286

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 3.25 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$594,342,952. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

August, 2013: \$148,694,154 September, 2013: 120,234,464 October, 2013: 125,414,334

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 3.25 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$776,399,122. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

November, 2013: \$149,379,531 December, 2013: 130,663,227 January, 2014: 96,356,364

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 3.25 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$147,312,855. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

February, 2014: \$113,552,135 March, 2014: 117,142,816 April, 2014: 117,167,905

5. Section E) COLLATERAL & DEDUCTIBLE REIMBURSEMENT FUND of the Funded Program Notice of Election is hereby deleted and replaced with the following:

**~~Section E) COLLATERAL & DEDUCTIBLE REIMBURSEMENT FUND~~**

Section E) Collateral & Deductible Reimbursement Fund of the Funded Program Notice of Election is hereby deleted and replaced with the following:

The collateral and deductible reimbursement fund are subject to all the terms and conditions of the Funded Collateral Agreement executed by you and us.

	Amount(\$)
Reimbursement Fund Amount	\$10,567,613
Reimbursement Fund Income	\$0
Credit Factor	
Estimated Reimbursement Fund	\$0

Income Amount	
Cash Pay-In to Reimbursement Fund	\$10,567,613
Additional Collateral Amount	

Single Payment of Paid Loss and/or Allocated Loss Adjustment Expense: \$ N/A  
 Minimum Fund Balance \$ N/A

The Estimated Reimbursement Fund Income Amount shown above is provided for illustration purposes only. The actual amounts of Reimbursement Fund Income credited to you will be determined by application of the formula set out in this Notice of Election and will vary from the estimated amount shown above depending upon (i) the timing and amount of losses under your Policies and (ii) loss development under your Policies as determined by application of the loss development factors listed in this Notice of Election to your loss experience.

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 2.37 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$368,209,523. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

May, 2013: \$109,166,831 June, 2013: \$115,470,600 July, 2013: \$140,571,286

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 3.25 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$394,342,952. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

August, 2013: \$146,694,154 September, 2013: 120,254,464 October, 2013: 125,414,334

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 3.25 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers compensation payroll including monopolistic states estimated at \$376,399,122. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

November, 2013: \$149,379,531 December, 2013: 130,663,227 January, 2014: 96,356,364

You agree to provide us with monthly payroll and class code exhibits per expiring, on or before the fifteenth (15) day of each subsequent month. In the event the actual payroll for the applicable month exceed the amount listed below for such month we will immediately process a recalculation of collateral, premium and/or expenses and thereafter will, in our sole discretion, collect additional collateral, premium and/or expenses in an amount determined by us. Any additional premium will be calculated as follows: The collateral rate is 3.25 per \$100 of workers compensation payroll including monopolistic states and the premium and/or expenses will be calculated with a rate of .3604 per \$100 of workers

compensation payroll including monopolistic states estimated at \$347,812,855. Any such additional collateral, premium and/or expenses shall be due the fifteenth (15th) day of the month in which the listed amount was exceeded.

February, 2014: \$113,532,135

March, 2014: 117,112,815

April, 2014: 117,167,905

6. Section III PROPOSAL CONDITIONS of the Program Proposal is hereby deleted and replaced with the following:

#### Proposal Conditions

- This proposal may be withdrawn at any time prior to its acceptance.
- Unless accepted or extended by the Company in writing, this proposal expires automatically thirty days after the date on the cover page or by the proposed effective date, whichever is first.
- This proposal has been developed and drafted in reliance upon the statements and information made and provided in the underwriting submission and any application connected thereto (collectively "the Submission"). The statements and information provided are material to the acceptance of this risk and hazard assumed by the Insurer under this proposal and any policy (ies) issued therewith. This proposal is issued in reliance upon the truth and accuracy of the Submission and in reliance that all relevant information affecting the pricing and underwriting of this risk and hazard has been provided; that there are no material omissions or material nondisclosures; and that all information is current and effective at the time of the Submission. In the event that the Submission contains any material misrepresentation, material omissions or material nondisclosure, this proposal and any policy (ies) issued therewith are, subject to applicable law, invalid from the outset.
- Binding any ACE company under the terms of this proposal is conditioned upon compliance with the proposal's terms and the following conditions:
  - Receipt of the Initial Collateral Amount in a form acceptable to the company and issued by a financial institution acceptable to the company by January 30, 2014 or ARM will not bind coverage.
  - Receipt by the Company of a properly executed Amendment No. 5 to Notice of Election and Funded Program Notice of Election by January 30, 2014 or ARM will not bind coverage.
  - Receipt of properly executed AR, NJ, NY, PA & TX WC Deductible Notice of Election Forms or ARM will not bind coverage.
  - If the Insured does not make a collateral installment payment in strict accordance with section H) Program Payment Terms of the Notice Of Election, including but not limited to the full payment of the Payment Amount by the Installment Date, the Company shall have the right, in addition to other rights, to increase the required amount of collateral security to an amount determined by the Company, not to exceed \$250,000. Any such additional collateral required will be due to the Company on the next Installment Date and otherwise subject to the terms and conditions of Article IV of the Funded Collateral Agreement.
- The premiums in the Notice of Election are contingent upon the Claims Administrator and the Claims Administration Expenses shown in the Notice of Election. If the Claims Administrator or the Claims Administration Expenses are changed the premiums including taxes and non-premium surcharges are subject to change.
- Select agrees to provide all necessary information to complete future audits in a timely manner and as detailed in the applicable Notice of Election.

You further agree to all of the following with respect to your participation with ESIS:

#### Investigation

- ESIS will determine the need for the level and type of investigation required on each claim based upon their claim best practices.
- ESIS may use vendors designated by the Insured, provided, however, that this will be subject to further review based upon vendor performance, cooperation and billing practices.

- You agree to refrain from referring any claims to vendors for investigation, or any other reason, until and after such claim is reported to ESIS.
- ESIS will make all compensability decisions on all claims based upon the facts obtained and application of the applicable jurisdictional law as well as industry best practices.

#### Claim Closures

- Claims will be closed in accordance with ESIS Best Practices when ESIS has determined, in ESIS' sole discretion, that all issues involving such claim have been resolved.
- If requested by Select, ESIS is willing to provide an estimated date for the closure of such claim (the "Closure Date"), however it is hereby understood by all that the Closure Date is an estimate and the Closure Date will not occur until ESIS has determined, in ESIS' sole discretion, that all issues involving such claim have been resolved.

#### Select Claim Staff

- Select Claim staff (Quarterbacks) will be removed from all ESIS offices as of effective date of renewal or other another date shortly thereafter as agreed to by ACE/ESIS.

#### Claim Reviews

- Any claim reviews requested by Select, including, but not limited to including frequency, scope and participants involved in such claim reviews, will be granted at the sole discretion of ACE/ESIS.

All Claims must be reported by the Insured to ESIS promptly and in no event later than 15 days after notice is received by the Insured of such claim. Prior to binding, Select shall provide ACE with a written plan detailing what internal steps Select has taken to improve their claim reporting timeliness and shall detail what further actions are planned in order for Select to meet or exceed the claim reporting conditions detailed herein.

7. The ACE USA INSTALLMENT SCHEDULE of the Funded Program Notice of Election is hereby deleted and replaced with the following:

#### ACE USA INSTALLMENT SCHEDULE

Installment Date	Payment Amount (\$)***
4/29/2013	\$3,196,735.50
5/15/2013	\$3,196,735.50
5/31/2013	\$3,196,735.50
6/14/2013	\$3,196,735.50
6/30/2013	\$3,196,735.50
07/15/2013	\$3,196,735.50
07/30/2013	\$3,196,736.50
08/05/2013	\$1,295,372.50
8/15/2013	\$4,373,087.00
08/31/2013	\$3,835,317.00
09/15/2013	\$4,373,085.00



09/30/2013	\$3,835,317.00
10/15/2013	\$4,373,083.00
10/31/2013	\$3,838,805.32
11/15/2013	\$3,813,732.00
11/30/2013	\$3,813,732.00
12/15/2013	\$3,813,730.00
12/31/2013	\$3,813,730.00
01/15/2014	\$3,813,729.00
1/30/2014	\$3,584,213.78
2/15/2014	\$3,546,002.00
2/23/2014	\$3,546,002.00
03/15/2014	\$3,546,000.00
03/31/2014	\$3,546,000.00
04/15/2014	\$3,546,000.00
<b>Total Cash Pay-In to ACE</b>	<b>\$89,394,162.10</b>

All payments hereunder shall be made in U.S. dollars via wire transfer of immediately available non-reversible funds to Wells Fargo Bank, Acct.#2014174985825, WIRE: ABA#121000248, ACH: ABA#121000248 by the Installment Date listed above.

Any fees/payments due, in addition to those captured in the above ACE USA Installment Schedule, including, but not limited to, payroll projections, losses, invoices and any ESIS fees are due and payable within fifteen (15) days of the invoice date.

All payments made by the Insured under any Collateral Agreement, any Notice of Election or the Policies shall be allocated first to collateral security, then to other amounts owed to the Company other than premiums, then finally to premiums for the Policies, regardless of the designation of the payment.

8. For the policies referenced above, the additional payments to extend the policy period to are as follows:

- a. Additional Company Expenses is \$1,253,518 on the rate and basis adjustment referenced in section B) Premium Calculation and Adjustment of the Funded Program Notice of Election (Note: A flat credit carrying fee of \$81,000 is included in this total)

- e. Additional Claims Administration Expenses - Fee Per Claim is \$706,951 (No Contract Staff Employees are included)
  - e. Taxes, Boards & RML's on policies subject to a Deductible: \$150,000 based on the rate referenced in section B) Premium Calculation and Adjustment of the Funded Program Notice of Election
  - d. Taxes, Boards & RML's on policies subject to a Loss Limitation: \$5,000 based on the rate referenced in section B) Premium Calculation and Adjustment of the Funded Program Notice of Election
  - e. Non Premium Surcharges for the Workers Compensation extension is \$560,000.
  - f. Deductible Reimbursement Fund is an additional \$11,303,918.
  - g. Additional premium for General Liability, based on the rates referenced in section B) Premium Calculation and Adjustment of the Notice of Election is \$45,256 for policy number HDO G27020604 and non-premium surcharges is \$66 and \$30,000 for policy number HDO G27020616.
  - h. Additional premium for Automobile Liability, based on the rate referenced in section B) Premium Calculation and Adjustment of the Notice of Election is \$50,913 and non-premium surcharges is \$383.
  - i. This extension includes commission and the breakdown is as follows:  
Workers Compensation: \$142,000  
General Liability: \$24,000  
Automobile Liability: \$24,000
  - j. The amount of the additional charges is due as referenced in the ACE-USA INSTALLMENT SCHEDULE above.
9. All other terms and conditions of the Notice of Election remain unchanged except as stated herein, unless amended by a written instrument executed by the parties hereto.
10. This Amendment No. 4 may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument, and shall be effective when signed below or in counterpart. The exchange of copies of this Amendment No. 4 and of signature pages by facsimile or e-mail transmission shall constitute effective execution and delivery of this Amendment No. 4 and may be used in lieu of the original Amendment for all purposes. Signatures of the parties transmitted by facsimile or e-mail shall be deemed to be their original signatures for all purposes.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, this Amendment No. 4 to the Notice of Election has been executed by the parties hereto, as officers of each, each of which intends by its execution hereof to be legally bound by the terms of this agreement.

Insured  
KOOSHAREM LLC

Company  
ACE AMERICAN INSURANCE COMPANY

Name: STEPHEN GRIMALDI

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

Title: VP OF RISK MANAGEMENT

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

Signature: [Signature]

Signature: \_\_\_\_\_

Date: 1/29/2014

Date: \_\_\_\_\_

## IN THE UNITED STATES BANKRUPTCY COURT

## FOR THE DISTRICT OF DELAWARE

In re: ) Chapter 11  
 )  
 ABLEST INC., et al.,<sup>1</sup> ) Case No. 14-10717 (\_\_\_\_)  
 )  
 Debtors. ) (Joint Administration Requested)

**MOTION OF DEBTORS FOR ORDER UNDER SECTIONS 105, 345, 363, 503(b), 1107 AND 1108 OF THE BANKRUPTCY CODE AUTHORIZING (I) MAINTENANCE OF EXISTING BANK ACCOUNTS, (II) CONTINUED USE OF EXISTING BUSINESS FORMS, (III) CONTINUED USE OF EXISTING CASH MANAGEMENT SYSTEM, (IV) CONTINUED PERFORMANCE OF INTERCOMPANY TRANSACTIONS AND PROVIDING ADMINISTRATIVE PRIORITY STATUS TO POSTPETITION INTERCOMPANY CLAIMS, AND (V) LIMITED WAIVER OF SECTION 345(b) DEPOSIT AND INVESTMENT REQUIREMENTS**

The above-captioned debtors and debtors in possession (the “Debtors”) hereby move the Court for entry of an order, pursuant to 11 U.S.C. §§ 105, 345, 363, 503(b), 1107 and 1108, authorizing the (i) maintenance of existing bank accounts including the authority to pay routine prepetition banking fees owed to financial institutions, (ii) continued use of existing business forms, (iii) continued use of the existing cash management system for the Debtors, (iv) continued performance of intercompany transactions and provision of administrative priority to postpetition intercompany claims, and (v) limited waiver of the deposit/investment requirements under section 345(b) of the Bankruptcy Code (the “Motion”). In support of the Motion, the Debtors respectfully represent as follows:

<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification numbers are: Ablest Inc. (8462); Koosharem, LLC (4537); New Koosharem Corporation (9356); Real Time Staffing Services, Inc. (8189); Remedy Intelligent Staffing, Inc. (0963); Remedy Staffing, Inc. (0080); RemedyTemp, Inc. (0471); Remedy Temporary Services, Inc. (7385); RemX, Inc. (7388); Select Corporation (6624); Select Nursing Services, Inc. (5846); Select PEO, Inc. (8521); Select Personnel Services, Inc. (8298); Select Specialized Staffing, Inc. (5550); Select Temporaries, Inc. (7607); Select Trucking Services, Inc. (5722); Tandem Staffing Solutions, Inc. (5919); Westaff, Inc. (6151); Westaff (USA), Inc. (5781); Westaff Support, Inc. (1039); RemSC LLC (8072); and RemUT LLC (0793). The mailing address for each of the Debtors is: 3820 State Street, Santa Barbara, CA 93105.



### **Jurisdiction**

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2) and the Court may enter a final order consistent with Article III of the United States Constitution. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for the relief requested herein are sections 105(a), 345(b), 363, 503(b), 1107 and 1108 of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

### **Background**

#### **A. General**

3. On the date hereof (the “Petition Date”), the Debtors commenced these cases (the “Cases”) by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

4. The Debtors have continued in the possession of their property and have continued to operate and manage their business as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. No official committee has been appointed by the Office of the United States Trustee.

6. Certain of the Debtors were founded in Santa Barbara, California, in 1985, and today the Debtors are a leading national provider of temporary staffing services in the United States and are the largest provider of temporary staffing services in California. Through a network of company-owned and franchise agent offices, the Debtors offer a wide range of temporary staffing solutions across many service categories, including light industrial, clerical, accounting and finance, and information technology. The Debtors' customers include Fortune 1000 companies as well as small and mid-sized local and regional companies that operate in a variety of industries, such as manufacturing, services, retail, and banking as well as governmental agencies.

7. The Debtors provide these services on temporary, "temp-to-hire," and project-by-project bases through a network of 312 offices in 48 states. As of the Petition Date, the Debtors had 167 company-owned offices and 145 independently managed franchise agent offices. The Debtors currently employ approximately 75,000 full and part time employees in hourly, salaried, supervisory, management, and sales positions (the "Associates"). In addition, the Debtors employ approximately 1,500 corporate and branch employees (together with the Associates, the "Employees") that manage the work assignments of the Associates. Most of the Debtors' Employees work on assignment at over 10,000 client companies. During the fiscal year ended December 29, 2013, the Debtors placed approximately 300,000 temporary Employees and provided staffing services to approximately 11,500 customers. For the 2013 fiscal year, the Debtors had approximately \$2 billion in gross revenue.

8. The factual background relating to the Debtors' commencement of these chapter 11 cases is set forth in detail in the *Declaration of Randall S. Eisenberg in Support of First Day Motions* (the "Eisenberg Declaration") filed contemporaneously with this Motion and incorporated herein by reference.

**B. The Prepetition Restructuring**

9. Contemporaneously with the filing of the Cases, the Debtors filed their *Joint Plan of Reorganization for Ablest Inc., et al.* (the "Plan"). The Plan is a "prepackaged" reorganization plan. The Plan is supported by the committee of the holders of the majority of the Claims under that certain First Lien Credit and Guaranty Agreement, dated as of July 12, 2007 (as amended, supplemented or otherwise modified prior to the date hereof, and including all exhibits and other ancillary documentation in respect thereof, "Prepetition First Lien Credit Agreement" and the lenders party thereto, the "Prepetition First Lien Lenders"), and the holders of the majority of the Claims under that certain Second Lien Credit and Guaranty Agreement, dated as of July 12, 2007 (as amended, supplemented or otherwise modified prior to the date hereof, and including all exhibits and other ancillary documentation in respect thereof, the "Prepetition Second Lien Credit Agreement" and the lenders party thereto, the "Prepetition Second Lien Lenders") (such committee, the "Steering Committee"), as well as the Debtors' principal equity holder (the "Consenting Equity Holder").

10. The Debtors solicited and obtained, prior to commencing these Cases, the requisite acceptances of their Prepetition First Lien Lenders and Prepetition Second Lien Lenders; of those classes entitled to vote, only the Prepetition First Lien Loan Claims in Class 4

and the Prepetition Second Lien Loan Claims in Class 5 are impaired under the Plan. The Plan provides for a significant deleveraging of the Debtors' balance sheet and the infusion of \$225 million of new equity, which should greatly enhance the Debtors' ability to reorganize successfully and expeditiously. The Plan provides for the unimpairment or full reinstatement of the legal, equitable and contractual rights of holders of general unsecured claims and payment in full of such claims on the Effective Date or when otherwise due accordingly.

#### **Relief Requested**

11. By this Motion, the Debtors seek authorization (i) to maintain their existing bank accounts and to pay any prepetition routine banking fees imposed by the financial institutions where the Debtors' bank accounts are maintained, (ii) to continue to utilize their check stock and business forms without the label of "debtor-in-possession," (iii) to continue to use their existing cash management system, and (iv) to continue performance of intercompany transactions and to provide administrative priority to postpetition intercompany claims.

#### **The Debtors' Cash Management System**

12. The Debtors' cash management system (the "Cash Management System") is a network of bank accounts that facilitates the timely and efficient collection, management, and disbursement of funds used in the Debtors' business. The Cash Management System is operated through a network of bank accounts (collectively, the "Bank Accounts") that are held in the name of certain Debtors. Generally, through the Cash Management System, the Debtors (i) collect the revenue generated by the Debtors from various clients and customers, and



(ii) process distributions through a network of Bank Accounts to satisfy the expenses and other financial obligations of the Debtors.

13. There are twenty two Debtors, of which, in addition to the parent company, eight entities operate or otherwise conduct business and generate revenue (collectively, the “Operating Debtors”): (i) Real Time Staffing Services, Inc., (ii) Remedy Temporary Services, Inc., (iii) Remedy Intelligent Staffing, Inc., (iv) Select Temporaries, Inc., (v) Select Trucking Services, Inc., (vi) Westaff (USA), Inc., (vii) RemSC LLC, and (viii) RemUT LLC. It should be noted that the operations of Select Temporaries, Inc. are limited to the day-to-day management of the other Operating Debtors. A corporate organizational chart that identifies Koosharem, the Operating Debtors, and the other affiliated Debtors is annexed hereto as Exhibit A.

14. The Debtors’ business is based primarily on providing staffing and temporary employees to their clients either directly or through one of their franchisees operating a staffing office under the name of the Debtors. In that regard, the Cash Management System is designed to effectuate the collection of revenue from clients and customers, the maintenance of funds in the Bank Accounts, and the disbursement of (i) payroll to the Debtors’ approximately 76,500 employees that are located throughout the United States (as discussed further in the Eisenberg Declaration), (ii) payroll tax obligations, and (iii) non-employee operating expenses. Any disruption caused by requiring the Debtors to close and open new bank accounts and establish a new cash management system would jeopardize the Debtors’ ability to satisfy employee obligations and maintain their relationships with their franchisees.

15. As of the Petition Date, the Debtors have approximately \$3 million in cash or cash equivalents.<sup>2</sup> On the average, as an example of scale, approximately \$10 million flows through the Cash Management System on a daily basis. As described in greater detail below, most of the funds collected by the Debtors reside in Bank Accounts located at U.S. Bank, Citibank or Wells Fargo, and are then disbursed to the other Bank Accounts as necessary.

16. A list of each of the Debtors' Bank Accounts is annexed hereto as Exhibit B. Cash flow charts that describe the movement of cash among the Bank Accounts are annexed hereto as Exhibit C. As reflected in Exhibit B and Exhibit C, the Debtors' primary Bank Accounts are located at U.S. Bank, Citibank, Wells Fargo Bank ("Wells Fargo"), Bank of America ("BofA"), and JP Morgan Chase Bank ("Chase"). However, the Debtors also maintain accounts at Hawaii National Bank and Holly Springs Bank so that all of the Debtors' employees are able to deposit their paychecks in the same geographic region in which they are employed.

**C. Customer Deposit, Concentration, and Payroll Accounts**

**(i) Customer Deposits in U.S. Bank, Citibank and Wells Fargo Accounts**

17. The Debtors utilize accounts at U.S. Bank, Citibank, and Wells Fargo to aggregate deposits generated by their various clients and customers. Specifically, for such

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<sup>2</sup> The cash and cash equivalents are subject to liens by certain of the Debtors' secured creditors. Contemporaneously with the filing of this Motion, the Debtors are also seeking authorization to use cash collateral that is encumbered by such secured creditors. Further, the Debtors note that the average daily balances scheduled in Exhibit B substantially exceed the Debtors' aggregate cash estimate set forth above. In particular, large average amounts are set forth in Exhibit B for the Koosharem concentration account \*\*\*\*\*9185. Large amounts of money (approximately \$10 million or more on average) move into and out of this account on a daily basis for funding payroll and other obligations, and the bank statements for this account (on which the information in Exhibit B was based) are snapshots taken when substantial amounts of cash happen to be in the account just prior to being transferred to other accounts. Thus, given the timing of the bankruptcy filing and the timing of the transfers in/out of such account, the aggregate amount of cash and cash equivalents actually held by the Debtors as of the Petition Date is significantly lower than the average amounts reflected in Exhibit B, and is not indicative of any abrupt withdrawal of the Debtors' funds shortly prior to the Petition Date.

purpose, the Debtors have (1) two zero balance accounts located at U.S. Bank (funds in the first zero balance account, a deposit account (the "U.S. Bank ZB Account 1"), are automatically transferred to the second zero balance account, a funding account (the "U.S. Bank ZB Account 2")); (2) an operating account at Citibank, which is designated internally as a Koosharem operating account (the "Citibank Operating Account"); and (3) a concentration account at Wells Fargo (the "Wells Concentration Account"). These accounts are included in Diagram 1, Diagram 2, and Diagram 3 of Exhibit C. With respect to the Wells Concentration Account, as represented by Diagram 2 and Diagram 3, cash is transferred to this account from multiple sources: (a) customer deposits made to three Citibank lockboxes, and (b) customer deposits made into three Wells Fargo lockboxes; as needed, cash is transferred from the Wells Concentration Account to the Citibank Operating Account.

18. The funds deposited into the foregoing accounts are transferred to various accounts located at U.S. Bank, Citibank, Wells Fargo, BofA, Chase and Hawaii National Bank, out of which accounts disbursements, as described below, are made.

(ii) Payroll and Disbursements

(a) U.S. Bank Accounts

19. As necessary, the funds in the U.S. Bank ZB Account 2 are transferred to (i) three accounts located at U.S. Bank in order to satisfy payroll obligations<sup>3</sup> and related workers' compensation disbursements, and (ii) the Citibank Operating Account. The flow of

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<sup>3</sup> The Debtors are seeking authorization to satisfy and maintain their various employee obligations in a motion that was filed contemporaneously herewith ("Employee Wage and Benefits Motion"). The various disbursements made to employees through the Bank Accounts are all on the same payroll cycles as described in the Employee Wage and Benefits Motion.

funds into, through, and out of the Bank Accounts located at U.S. Bank is described in Diagram 1 of Exhibit C.

(b) Citibank Accounts

20. As needed, the funds in the Citibank Operating Account are transferred to ten accounts located at Citibank to satisfy the payroll obligations of various Debtors. In the case of one of these ten accounts (the "Citibank Account 6230"), cash therein is used to (i) pay certain other accounts payable, (ii) fund the Hawaii National Bank account (described further below) for payroll obligations, (iii) fund a BofA concentration account (for subsequent transfers for payroll obligations), and (iv) fund three Chase accounts (again, for payroll obligations). The flow of funds into, through, and out of the Citibank Bank Accounts is described on Diagram 2 of Exhibit C.

(c) Wells Fargo, BofA and Chase Accounts

21. As noted above, funds in the Citibank Account 6230 are also transferred to accounts located at Chase and BofA, as well as Hawaii National Bank, to generally fund additional payroll obligations. The payroll related disbursement accounts at Chase and BofA are represented in Diagram 4 and Diagram 5 of Exhibit C.

22. As represented in Diagram 3, cash in the Wells Concentration Account is generally used to make fund payments to vendors and taxing authorities (on account of payroll tax obligations) (as noted above, some cash is also used to fund the Citibank Operating Account).

23. It is necessary for the Debtors to maintain accounts at the foregoing banks (as opposed to utilizing accounts only at, for example, U.S. Bank and Citibank) because no one bank or two banks have branches/accounts at all of the particular locations where the Debtors' employees cash their checks. The flow of funds into, through, and out of the Bank Accounts at Wells Fargo, Chase, and BofA are described on Diagram 3, Diagram 4 and Diagram 5, respectively, of Exhibit C.

(d) Hawaii National Bank Account

24. Further, the Debtors utilize a Bank Account at Hawaii National Bank, wherein funds are wired from Citibank Account 6230 and said funds are used to cover payroll checks issued to employees in Hawaii. As set forth on Exhibit B, typically, this Bank Account has only several thousand dollars in cash, on average.

(e) Holly Springs Bank Account

25. The Debtors also have a certificate of deposit (CD) account at Holly Springs Bank, which serves as collateral for Holly Springs Bank to cash the Debtors' employee payroll checks presented to it (in the case of employees in Mississippi with no bank account). This CD account typically has a balance of only about \$5,500, and if Holly Springs Bank were not to be reimbursed on a cashed payroll check, it could draw down on the CD. Checks cashed by Holly Springs Bank are presented to the Debtors' bank to be paid from funds in the applicable payroll disbursement account against which the presented check was written.

**D. Investment Account**

26. The Debtors utilize a money market investment account (the "Investment Account") located at U.S. Bank to secure the performance of certain self-insurance worker's compensation obligations. As of the Petition Date, the balance of the Investment Account is approximately \$589,000. Funds are not moved into or out of this account unless the funds are used to fund the underlying workers' compensation obligations. The funds are invested in a money market fund in order to maximize the interest accruing on such funds. The money market fund invests in a diversified portfolio of money market instruments (high quality, short-term debt obligations), which may include notes, bonds, debentures, commercial paper, interests in bank loans to companies, certificates of deposit, bankers' acceptances and repurchase agreements, and as noted, this account is maintained at U.S. Bank which is a designated as an authorized depository by the U.S. Trustee.

**The Court Should Authorize the  
Debtors to Maintain Existing Bank Accounts**

27. The United States Trustee for the District of Delaware has established certain operating guidelines for debtors in possession. One such provision requires a chapter 11 debtor in possession to close all existing bank accounts and open new bank accounts. The United States Trustee Guidelines also require that a debtor maintain the new bank accounts in certain financial institutions designated as authorized depositories by the United States Trustee. This requirement, designed to provide a clear line of demarcation between prepetition and postpetition claims and payments, helps protect against the inadvertent payment of prepetition claims by preventing banks from honoring checks drawn before the Petition Date.

28. The Debtors seek a waiver of the United States Trustee's requirement that the Bank Accounts be closed and new postpetition bank accounts be opened at depositories authorized by the United States Trustee. If strictly enforced in these cases, the requirement to close and open new accounts would cause a severe disruption in the Debtors' activities and would impair the Debtors' ability to operate under chapter 11.

29. Maintenance of the Bank Accounts and the Cash Management System will greatly facilitate the Debtors' operations in chapter 11. As noted above, the Debtors' businesses supply employees to companies as needed on a temporary or temp-to-hire basis throughout the United States. As a result, the continued maintenance of the Debtors' Bank Accounts is of paramount importance because the accounts are used to collect revenues and effectuate payments to their employees, as well as vendors. As described on Exhibit B hereto, all revenues and income realized by the Debtors are collected into one of several deposit accounts and flow through an interlinked and streamlined Cash Management System; disbursements are made from various Bank Accounts to satisfy payroll, payroll taxes, and operating expenses.

30. If the Bank Accounts were closed, the Debtors would have to open new accounts and then attempt to arrange alternative electronic and manual payment procedures for payments into and out of the Debtors' accounts, which would completely disrupt the flow of postpetition receipts and disbursements. In addition, closing the Bank Accounts would require the Debtors to cancel and reinstitute wire transfer instructions which would be difficult to modify under exigent circumstances. These disruptions would severely impact and could irreparably harm the Debtors' ability to operate their business at this critical juncture. To avoid these

disruptions and delays in the operation of the Debtors' business, the Debtors should be permitted to maintain their existing Bank Accounts and, if necessary, to open new accounts as debtor-in-possession accounts or to close any unneeded existing accounts.

31. To guard against improper transfers resulting from the postpetition honoring of prepetition checks, the Debtors will promptly notify each bank at which a Bank Account resides not to honor checks drawn on the Debtors' accounts before the Petition Date, except upon limited Court-approved exceptions. Subject to a prohibition against honoring prepetition checks or offsets without specific authorization from this Court, the Debtors request that they be authorized to maintain and continue the use of these accounts in the same manner and with the same account numbers, styles and document forms as those employed during the prepetition period.

32. If the relief requested herein is granted, the Debtors will not pay, and each of the banks where the Bank Accounts are maintained will be required not to pay, any debts incurred before the Petition Date, other than as specifically authorized through this Motion or otherwise ordered by the Court.

**The Court Should Authorize the Debtors to  
Continue Their Existing Cash Management System**

33. The Debtors hereby seek authority to continue to use their Cash Management System, as such system may be modified pursuant to the requirements of any Court-approved cash collateral order, and related order of this Court.

34. For the reasons set forth above, the Debtors' Cash Management System constitutes an essential business practice and was created and implemented by the management



of the Debtors in the exercise of their business judgment. The widespread use of this particular Cash Management System, moreover, is attributable to the numerous benefits it provides, including the ability to (a) process and timely pay payroll, payroll taxes, and expenses; (b) allow a mechanism for deposits from revenues; (c) ensure cash availability; (d) control and monitor corporate funds; and (e) reduce administrative expenses by facilitating the movement of funds and the development of timely and accurate balance and presentment information. In addition, preserving a “business as usual” atmosphere and avoiding the unnecessary distractions that would inevitably be associated with a substantial disruption of the Cash Management System will facilitate and enhance the Debtors’ efforts to continue to operate postpetition. Moreover, the Debtors submit that the relief requested is consistent with the relief provided to debtors in a number of other cases pending in this District.

**The Court Should Authorize the Debtors  
to Use Existing Business Forms and Checks**

35. To minimize expense to their estates, the Debtors also request authority (i) to continue to use all correspondence and business forms (including, but not limited to letterhead, purchase orders, invoices, *etc.*) without reference to their “debtor in possession” status, each without modification until their existing stock is exhausted and (ii) to continue using their existing check stock without reference to their “debtor in possession” status until such time as they are able to modify their electronic software to enable it to affix the “Debtor in Possession” label to such forms.

**Payment of Outstanding Routine Prepetition Expenses  
Relating to the Operation of the Cash Management System**

36. In the ordinary course of the operation and maintenance of the Cash Management System, the Debtors incur routine bank charges and fees relating to the administration of the Cash Management System. While it is difficult to readily determine the aggregate amount of unpaid prepetition banking fees as of the Petition Date (given, for example, the applicable banks' varying timing of charging/deducting such fees from a given account), on average, the Debtors pay approximately \$160,000 in monthly banking fees and charges; the aggregate amount owed prepetition by the Debtors would likely be less than this average amount.

37. The Debtors seek authority, in their sole discretion, to pay any such routine prepetition banking fees and charges owed to any affected bank.

**The Debtors Should Be Authorized to Continue Their Intercompany  
Arrangements/Treatment; Postpetition Intercompany Claims  
Should Be Afforded Administrative Expense Status**

38. Prior to the Petition Date, the Debtors engaged in intercompany transactions in the ordinary course of business (collectively, the "Intercompany Transactions") that were effectuated through the Cash Management System. At any given time, there may be balances due and owing from one Debtor to another Debtor. These balances represent the payment of claims by the applicable Debtor through one of the Bank Accounts made in the ordinary course of business and are an essential component of the Cash Management System. However, the Debtors maintain records of these transfers and can ascertain, trace, and account

for these Intercompany Transactions. The Debtors, moreover, will continue to maintain such records, including records of all current intercompany accounts receivable and payable.

39. If Intercompany Transactions are accorded administrative priority expense status, each entity utilizing funds flowing through the Cash Management System should continue to bear ultimate repayment responsibility for such ordinary course transactions. Thus, to ensure each individual Debtor will not, at the expense of its creditors, fund the operations of another entity, the Debtors respectfully request that, pursuant to sections 503(b)(1) and 364 of the Bankruptcy Code, all intercompany claims arising after the Petition Date against a Debtor by another Debtor or non-debtor subsidiary as a result of ordinary course intercompany transactions (collectively, "Intercompany Claims"), be accorded administrative priority expense status; *provided*, for the avoidance of doubt, that such Intercompany Claims shall at all times be junior and subordinate (i) the secured claims and administrative priority claims granted to the Debtors' postpetition secured lenders pursuant to any order entered by the Court approving postpetition financing to one or more of the Debtors ("DIP Financing Order"), and (ii) the secured claims held by the Debtors' prepetition secured lenders and any replacement liens and administrative priority claims granted to such secured lenders pursuant to any DIP Financing Order or any other order entered by the Court in connection with any of the Debtors' use of cash collateral, as set forth in greater detail in the Eisenberg Declaration.

**Generally Debtors' Bank Accounts Are in Compliance  
With Section 345(b) of the Bankruptcy Code, But Out of Caution,  
a Limited Waiver Is Appropriate**

40. The Debtors' Bank Accounts are either (a) with banking institutions that have standing collateral agreements with the Office of the United States Trustee and/or

(b) covered by FDIC insurance and contain amounts which are within the limits of such insurance. Accordingly, the Debtors' Bank Accounts are in compliance with the requirements under section 345(b) of the Bankruptcy Code. As set forth on Exhibit B, most of the Bank Accounts are located at banking institutions (U.S. Bank, Citibank, Chase, Wells Fargo, and BofA) that have standing collateral agreements with the Office of the United States Trustee,<sup>4</sup> and the funds at the other banking institutions (Hawaii National Bank and Holly Springs Bank) are relatively small and substantially below the FDIC insurance coverage limit. Nonetheless, out of caution, the Debtors seek a waiver (including an interim 60 day waiver) of section 345(b) of the Bankruptcy Code in respect to the Investment Account -a limited money market, investment account maintained at US Bank- as described further below.

**Authority for the Requested Relief**

**A. The Continued Use of the Debtors' Routine Cash Management System, Bank Accounts and Business Forms Is Essential to the Debtors' Operations, and Approval to Maintain the Status Quo Is Routinely Granted Under the Bankruptcy Code Sections 363 and 105**

41. Bankruptcy courts routinely grant chapter 11 debtors authority to continue utilizing existing cash management systems, and treat requests for such authority as a relatively "simple matter." *In re Baldwin-United Corp.*, 79 B.R. 321, 327 (Bankr. S.D. Ohio 1987). This is particularly true where, as here, the chapter 11 case involves affiliated entities with complex financial affairs. In *In re Charter Co.*, 778 F.2d 617 (11th Cir. 1985), for example, the bankruptcy court entered an order authorizing the debtor and forty-three (43) of its subsidiaries

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<sup>4</sup> Further, as set forth on Exhibit B, the Cash Management System is comprised of numerous zero balance accounts at Citibank, Wells Fargo and U.S. Bank, wherein the funds remain only as long as is necessary to clear payroll and other disbursements (approximately 24-48 hours).

“to continue to consolidate the management of its cash as has been usual and customary in the past, and to transfer monies from affiliated entity to entity, including operating entities that are not debtors.” *Id.* at 620. The Eleventh Circuit Court of Appeals then affirmed a subsequent district court decision denying a creditor’s motion for leave to appeal the bankruptcy court’s cash management order, holding that authorizing the debtor to utilize its prepetition “routine cash management system” was “entirely consistent” with applicable provisions of the Bankruptcy Code. *Id.* at 621.

42. Likewise, in another context, the bankruptcy court in the *Columbia Gas* chapter 11 case explained that a centralized cash management system “allows efficient utilization of cash resources and recognizes the impracticabilities of maintaining separate cash accounts for the many different purposes that require cash.” *In re Columbia Gas Sys., Inc.*, 136 B.R. 930, 934 (Bankr. D. Del. 1993), *aff’d in part and rev’d in part*, 997 F.2d 1039 (3d Cir. 1993), *cert. denied sub nom Official Comm. of Unsecured Creditors v. Columbia Gas Transmission Corp.*, 114 S. Ct. 1050 (1994). The Third Circuit agreed, emphasizing that a requirement to maintain all accounts separately “would be a huge administrative burden and economically inefficient.” *Columbia Gas*, 997 F.2d at 1061. *See also In re Southmark Corp.*, 49 F.3d 111, 114 (5th Cir. 1995) (cash management system allows debtor “to administer more efficiently and effectively its financial operations and assets”); *In re UNR Indus., Inc.*, 46 B.R. 25, 27 (Bankr. N.D. Ill. 1984).

43. Section 363(c)(1) of the Bankruptcy Code authorizes the debtor in possession to “use property of the estate in the ordinary course of business without notice or a hearing.” 11 U.S.C. § 363(c)(1). The purpose of section 363(c)(1) of the Bankruptcy Code is to

provide a debtor in possession with the flexibility to engage in the ordinary transactions required to operate its business without undue oversight by creditors or the court. *Medical Malpractice Ins. Ass'n. v. Hirsch (In re Lavigne)*, 114 F.3d 379, 384 (2d Cir. 1997). Included within the purview of section 363(c) is a debtor's ability to continue the "routine transactions" necessitated by a debtor's cash management system. *Amdura Nat'l Distrib. Co. v. Amdura Corp. (In re Amdura Corp.)*, 75 F.3d 1447, 1453 (10<sup>th</sup> Cir. 1996). Accordingly, the Debtors seek authority under section 363(c)(1) of the Bankruptcy Code to continue the collection, concentration, and disbursement of cash pursuant to their Cash Management System as described above.

44. Additionally the Court may exercise its equitable powers to grant the relief requested herein. Section 105(a) of the Bankruptcy Code empowers the Court to "issue any order, process, or judgment that is necessary to carry out the provisions of this title." 11 U.S.C. § 105(a). Continuing the Debtor's Cash Management System without interruption is vital to the success of these chapter 11 cases.

45. In other cases in this District, this Court has granted relief substantially similar to that requested in this Motion. *See, e.g., In re AES Energy, L.P.*, Case No. 14138 (KJC) (Bankr. D. Del. Jan. 26, 2012); *In re William Lyon Homes*, Case No. 11-14019 (CSS) (Bankr. D. Del. Dec. 20, 2011); *In re Affiliated Media, Inc.*, Case No. 10-10202 (KJC) (Bankr. D. Del. January 26, 2010); *In re Point Blank Solutions, Inc., et al.*, Case No. 10-11255 (PJW) (Bankr. D. Del. Apr. 16, 2010); *In re NTK Holdings, Inc., et al.*, Case No. 09-13611 (KJC) (Bankr. D. Del. Oct. 23, 2009); *In re Champion Enterprises, Inc., et al.*, Case No. 09-14019 (KG) (Bankr. D. Del. Nov. 17, 2009); *In re MagnaChip Semiconductor Finance Company, et al.*, Case No. 09-

12008 (PJW) (Bankr. D. Del. June 15, 2009); *In re Filene's Basement, Inc., et al.*, Case No. 09-11525 (MFW) (Bankr. D. Del. May 5, 2009); *In re Monaco Coach Corporation, et al.*, Case No. 09-10750 (KJC) (Bankr. D. Del. March 10, 2009).<sup>5</sup>

46. It is well within the Court's equitable power under section 105(a) to approve the continued use of the Cash Management System and Bank Accounts, and to authorize the Debtors' continued use of their existing business forms, including, but not limited to, purchase orders, letterhead, envelopes, promotional materials, checks and business forms, (collectively, the "Business Forms") without reference to the Debtors' debtor in possession status, for such time as is necessary for the Debtors to imprint the "Debtor in Possession" label on their Business Forms.

**B. Generally, the Debtors' Bank Accounts Are In Compliance With Section 345(b) of the Bankruptcy Code, But Out of Caution, a Limited Waiver of Section 345(b) in Respect to a Money Market Account Is Appropriate in These Cases**

47. Section 345(a) authorizes deposits or investments of money "as will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment." Section 345(b) provides:

Except with respect to a deposit or investment that is insured or guaranteed by the United States or by a department, agency, or instrumentality of the United States or backed by the full faith and credit of the United States, the trustee shall require from an entity with which such money is deposited or invested --

1) a bond --

A. in favor of the United States;

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<sup>5</sup> Because of the voluminous nature of the orders cited herein, they are not attached to this Motion. Copies of these orders, however, are available upon request.

- B. secured by the undertaking of a corporate surety approved by the United States trustee for the district in which the case is pending; and
- C. conditioned on --
  - i) a proper accounting of all money so deposited or invested and for any return on such money;
  - ii) prompt repayment of such money and return; and
  - iii) faithful performance of duties as a depository; or
- 2) the deposit of securities of the kind specified in section 9303 of title 31 unless the court for cause orders otherwise.

48. The Court's ability to excuse strict performance of the deposit and investment requirements of section 345(b) "for cause" arises from the 1994 amendments to the Bankruptcy Code. The legislative history of that amendment provides:

Section 345 of the Code governs investments of funds of bankruptcy estates. The purposes (sic) is to make sure that funds of a bankrupt that are obliged to creditors are invested prudently and safely with the eventual goal of being able to satisfy all claims against the bankruptcy estate. Under current law, all investments are required to be FDIC insured, collateralized or bonded. While this requirement is wise in the case of smaller Debtor with limited funds that cannot afford a risky investment to be lost, it can work to needlessly handcuff larger, more sophisticated Debtors. This section would amend the Code to allow the courts to approve investments other than those permitted by section 345(b) for just cause, thereby overruling *In re Columbia Gas Systems, Inc.*, 33 F.3d 294 (3d Cir. 1994).

*In re Service Merchandise Company, Inc.*, 240 B.R. 894, 896 (Bankr. M.D. Tenn. 1999) (quoting H.R. Rep. 103-834, 103<sup>rd</sup> Cong., 2<sup>nd</sup> Sess. 224 (Oct. 4, 1994); 140 Cong. Rec. H10767 (Oct. 4, 1994)) (emphasis added).



49. In determining whether the “for cause” standard has been met, the Court should consider a “totality of the circumstances,” utilizing the following factors:

- a. The sophistication of the debtor’s business;
- b. The size of the debtor’s business operations;
- c. The amount of the investments involved;
- d. The bank ratings (Moody’s and Standard and Poors) of the financial institutions where the debtor in possession funds are held;
- e. The complexity of the case;
- f. The safeguards in place within the debtor’s own business of insuring the safety of the funds;
- g. The debtor’s ability to reorganize in the face of a failure of one or more of the financial institutions;
- h. The benefit to the debtor;
- i. The harm, if any, to the estate; and
- j. The reasonableness of the debtor’s request for relief from section 345(b) requirements in light of the overall circumstances of the case.

*Id.*

50. As noted above, the majority of the Bank Accounts are located at banks that have standing collateral agreements with the office of the United States Trustee. For the Bank Accounts located at banks that do not have standing agreements with the United States Trustee, the Debtors believe that the regular balances of such accounts are within the limits of the FDIC insurance coverage as reflected on Exhibit B. Generally, the Debtors’ Bank Accounts are in compliance with the security or bonding requirements prescribed by section 345 of the Bankruptcy Code and therefore no security or bonds are necessary to secure the funds in such accounts.

51. However, as described above, the Debtors also utilize a money market account -the Investment Account- held at U.S. Bank (a U.S. Trustee-authorized depository) to secure the performance of certain self-insurance worker's compensation obligations. As of the Petition Date, the balance of the Investment Account was approximately \$589,000; funds are not moved into or out of this account unless the funds are used to fund the underlying workers' compensation obligations. Generally, the money market funds are invested in a diversified portfolio of money market instruments (high quality, short-term debt obligations). Out of caution, the Debtors request the authority to continue to invest and maintain cash in the Investment Account even if the Debtors' investment practices may not strictly adhere to section 345 requirements. Cause exists here to waive the requirements, to the extent necessary, under section 345(b) of the Bankruptcy Code based on various factors and circumstances: (i) as detailed above and in the Eisenberg Declaration, the Debtors' business operations are very large, complex and sophisticated; (ii) the Investment Account is a special account with a particularized, limited purpose, with funds therein used for certain purposes, as described above; (iii) the account is comprised of relatively low-risk money market investments and maintained with U.S. Bank, a reputable banking institution with high ratings from Moody's and S&P, which account will continue to be carefully monitored by the Debtors; (iv) the Debtors filed their prepackaged bankruptcy cases to effect a restructuring and under their prepackaged plan (contemplating certain sources of funding), substantially all creditors will be unimpaired or their claims reinstated (including general unsecured creditors),<sup>6</sup> and thus no party in interest is prejudiced by

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<sup>6</sup> As discussed above, of those classes entitled to vote, only the Prepetition First Lien Loan Claims in Class 4 and the Prepetition Second Lien Loan Claims in Class 5 are impaired under the Plan.

the waiver of section 345(b) requirements; and (v) the Debtors anticipate emerging from bankruptcy to consummate their restructuring transactions in short order, and requiring the Debtors to modify their investment practices and the Cash Management System would distract their management, slow the Debtors' momentum, and cause the estates to incur potentially substantial costs unnecessarily to the detriment of creditors and the Debtors' estates.

52. In other large, complex chapter 11 cases, courts in this jurisdiction have found that cause exists to excuse compliance with the requirement of section 345(b) of the Bankruptcy Code. *See, e.g., In re Fisker Auto. Holdings, Inc.*, No. 13-13087 (KG) (Bankr. D. Del. Dec. 13, 2013) (waiving the requirements of section 345(b) of the Bankruptcy Code); *In re Longview Power, LLC*, No. 13-12211 (BLS) (Bankr. D. Del. Sept. 3, 2013) (same); *In re Dex One Corp.*, No. 13-10533 (KG) (Bankr. D. Del. Mar. 19, 2013) (same); *In re Buffets Rests. Holdings, Inc.*, No. 12-10237 (MFW) (Bankr. D. Del. Jan. 19, 2012) (same). The Debtors submit that, based on the circumstances of these cases as discussed above, good cause exists to excuse compliance here.

**C. The Debtors Should Be Permitted to Continue  
Intercompany Transactions in the Ordinary Course of Business**

53. Throughout the reorganization process, it will be critically important that the Debtors are allowed to maintain their intercompany practices. As noted above, continuation of the Intercompany Transactions is important to the Debtors' efforts to operate their businesses in the ordinary course. Specifically, the balances among the Debtors represent the payment of claims through one of the Bank Accounts with revenue generated by one of the Debtors. The Debtors, however, maintain records of all Intercompany Transactions and can ascertain, trace,

and account for these Intercompany Transactions so that the income and expenses are properly allocated to the appropriate Debtor even though the disbursements are being made through a Bank Account held by a certain Debtor. The Debtors, moreover, will continue to maintain such records, including records of all current intercompany accounts receivable and payable.

54. Thus, the Debtors respectfully request authority to continue performing Intercompany Transactions in the ordinary course of business without need for further Court order, and any intercompany claims arising postpetition should be accorded administrative priority status under section 503(b) of the Bankruptcy Code just like any other postpetition claim. Courts have routinely granted such authority in other complex, multi-debtor chapter 11 cases for similar reasons. *See, e.g., In re CHL, LTD.*, Case No. 12-12437 (KJC) (Bankr. D. Del. Aug. 31, 2012); *In re Lee Enters., Inc.*, Case No. 11-13918 (KG) (Bankr. D. Del. Dec. 13, 2011); *In re Affiliated Media, Inc.*, Case No. 10-10202 (KJC) (Bankr. D. Del. January 26, 2010); *In re Point Blank Solutions, Inc., et al.*, Case No. 10-11255 (PJW) (Bankr. D. Del. Apr. 16, 2010); *In re NTK Holdings, Inc., et al.*, Case No. 09-13611 (KJC) (Bankr. D. Del. Oct. 23, 2009); *In re Champion Enterprises, Inc., et al.*, Case No. 09-14019 (KG) (Bankr. D. Del. Nov. 17, 2009); *In re MagnaChip Semiconductor Finance Company, et al.*, Case No. 09-12008 (PJW) (Bankr. D. Del. June 15, 2009); *In re Visteon Corp.*, Case No. 09-11786 (CSS) (Bankr. D. Del. July 17, 2009); *In re Source Interlink Companies, Inc.*, Case No. 09-11424 (KG) (Bankr. D. Del. April 30, 2009).

**Waiver of Bankruptcy Rules 6003 and 6004**

55. Pursuant to Rule 6003(b) of the Federal Rules of Bankruptcy Procedure,

“a motion to pay all or part of a claim that arose before the filing of the petition” shall not be granted by the Court within 21 days of the Petition Date “[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm . . . .” Fed. R. Bankr. P. 6003(b). For the reasons described more fully above, and as supported by the Eisenberg Declaration, and to the extent that the relief requested herein implicates Bankruptcy Rule 6003(b), the Debtors submit that the requirements of Bankruptcy Rule 6003 have been met and that the relief requested in this Motion is necessary to avoid immediate and irreparable harm.

56. Finally, to implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h), to the extent these rules are applicable.

#### Notice

57. Notice of this Motion has been given to the following parties or, in lieu thereof, to their counsel, if known: (i) the Office of the United States Trustee; (ii) the Steering Committee; (iii) the Prepetition First Lien Agent; (iv) the Prepetition Second Lien Agent; and (v) the Consenting Equity Holder. Because the Motion is seeking “first day” relief, within two business days after the hearing on the Motion, the Debtors will serve copies of the Motion and any order entered respecting the Motion as required by Delaware Local Bankruptcy Rule 9013-1(m). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

**No Prior Request**

58. No prior motion for the relief requested herein has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that the Court grant the relief requested herein and such other further relief as the Court deems appropriate.

Dated: April 1, 2014

PACHULSKI STANG ZIEHL & JONES LLP



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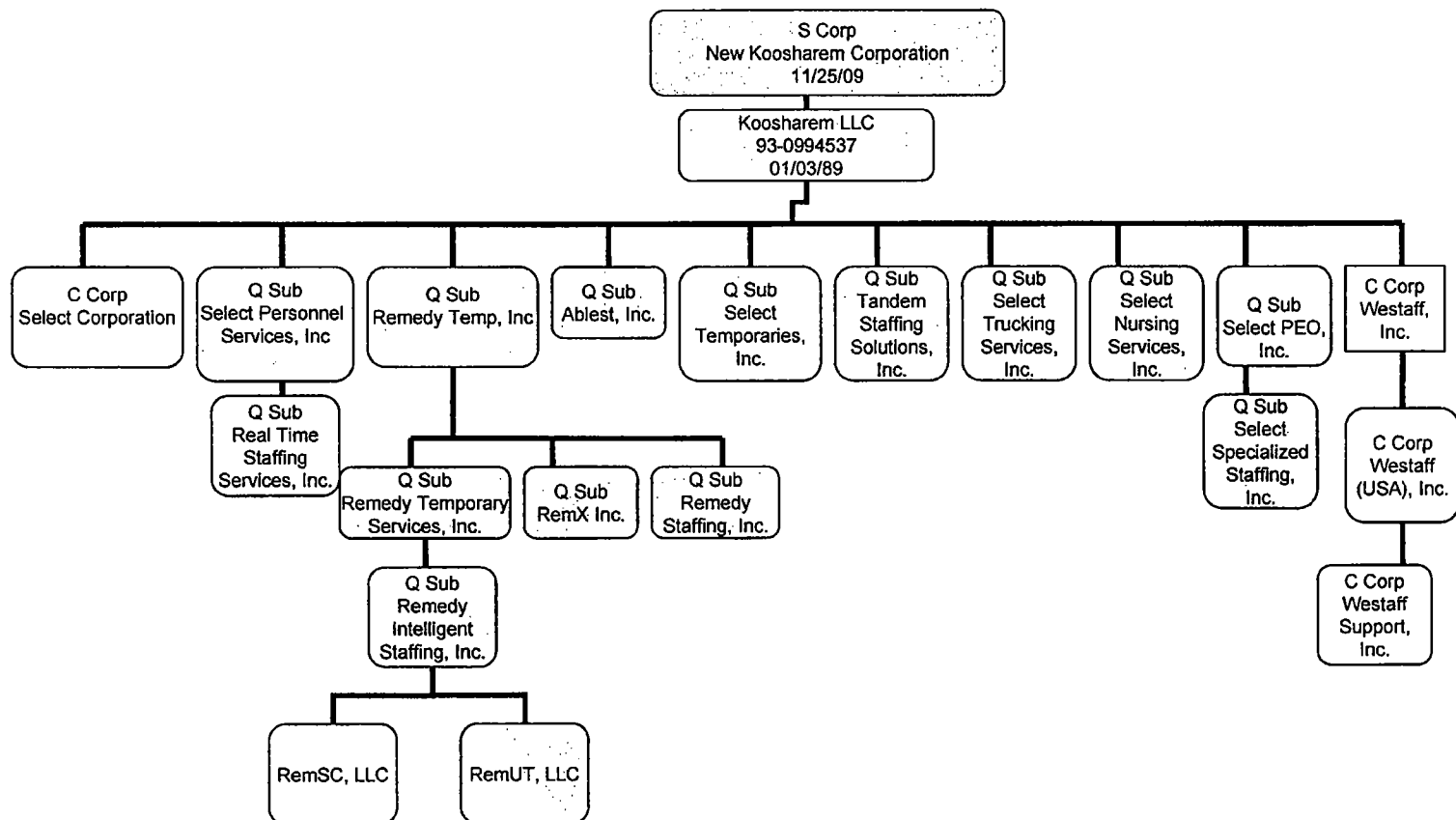
[Proposed] Co-Counsel to Debtors and  
Debtors in Possession

**EXHIBIT A**

**(Corporate Organizational Chart)**



## EXHIBIT A



**EXHIBIT B**

**(Bank Accounts)**

**EXHIBIT B - DEBTORS' BANK ACCOUNTS**

Bank	Account				Average Daily Balance			
	Number	Legal Entity	Name	Purpose	November	December	January	February
Bank of America	*****2945	Westaff (USA), Inc.	Westaff USA Inc.	Funds are automatically transferred from account 1459339185 and are subsequently used to cover associate payroll	78,395	47,774	24,626	23,530
Bank of America	*****6146	Westaff (USA), Inc.	Westaff USA Inc.	Funds are automatically transferred from account 1459339185 and are subsequently used to cover associate payroll	55,298	33,329	36,513	51,709
Bank of America	*****6615	Remedy Temporary Services, Inc.	Remedy Temps Inc.	Funds are automatically transferred from account 1459339185 and are subsequently used to cover associate payroll	43,472	31,571	21,060	20,952
Bank of America	*****9180	Remedy Intelligent Staffing, Inc.	Remedy Intelligent	Funds are automatically transferred from account 1459339185 and are subsequently used to cover associate payroll	118,336	123,263	96,397	121,875
Bank of America	*****9185	Koosharem, LLC	Koosharem Corp. (Concentration Account)	Receipt account for funds transferred from Citibank	23,314,918	23,835,419	32,710,277	17,816,650
Bank of America	*****9307	Koosharem, LLC	Koosharem Corp	Funds are automatically transferred from account 1459339185 and are subsequently used to cover associate payroll	741,805	68,639	379,753	220,656
Bank of America	*****6155	Select Trucking Services, Inc.	Select Trucking Services, Inc.	Funds are automatically transferred from account 1459339185 and are subsequently used to cover associate payroll	2,798	2,212	1,363	993
Bank of America	*****7574	RemSC, LLC	RemSC LLC	Disbursements to cover associate payroll	0	0	0	0
Citibank	*****6230	Koosharem, LLC	Koosharem - AP	A/P Disbursements	ZBA Account	ZBA Account	404,585	156,467
Citibank	*****0522	Koosharem, LLC	Koosharem - Coll Payroll	Disbursements to cover colleague payroll	ZBA Account	ZBA Account	ZBA Account	ZBA Account
Citibank	*****0514	Koosharem, LLC	Koosharem - Operating	Funds received from customers via Lockbox, Wire and ACH payment methods	3,729,609	4,560,159	3,461,649	980,380
Citibank	*****1827	Real Time Staffing Services, Inc.	Real Time - Asc Payroll	Disbursements to cover associate payroll	ZBA Account	ZBA Account	ZBA Account	ZBA Account
Citibank	*****1736	Remedy Intelligent Staffing, Inc.	Remedy Intelligent - Fran Asc Payroll	Disbursements to cover associate payroll	ZBA Account	ZBA Account	ZBA Account	ZBA Account
Citibank	*****6263	Remedy Temporary Services, Inc.	Remedy Temp - Asc Payroll	Disbursements to cover associate payroll	ZBA Account	ZBA Account	ZBA Account	ZBA Account
Citibank	*****0613	Remedy Temporary Services, Inc.	Remedy Temp - Coll Payroll	Disbursements to cover colleague payroll	ZBA Account	ZBA Account	ZBA Account	ZBA Account
Citibank	*****9201	Select Trucking Services, Inc.	Select Trucking - Coll & Asc Payroll	Disbursements to cover colleague and associate payroll	ZBA Account	ZBA Account	ZBA Account	ZBA Account
Citibank	*****0365	Westaff (USA), Inc.	Westaff - Coll Payroll	Disbursements to cover colleague payroll	ZBA Account	ZBA Account	ZBA Account	ZBA Account
Citibank	*****6248	Westaff (USA), Inc.	Westaff - Franchise Asc Payroll	Disbursements to cover associate payroll	ZBA Account	ZBA Account	ZBA Account	ZBA Account
Citibank	*****6255	Westaff (USA), Inc.	Westaff - Paybill Asc Payroll	Disbursements to cover associate payroll	ZBA Account	ZBA Account	ZBA Account	ZBA Account

Bank	Account				Average Daily Balance			
	Number	Legal Entity	Name	Purpose	November	December	January	February
Chase Bank	*****4668	Koosharem, LLC	Koosharem Corporation	Disbursements to cover associate payroll	127,025	52,639	90,984	103,955
Chase Bank	*****1247	Remedy Intelligent Staffing, Inc.	Remedy Intelligent Staffing Inc.	Disbursements to cover associate payroll	170,008	117,298	105,059	92,852
Chase Bank	*****5237	Westaff (USA), Inc.	Westaff USA Inc	Disbursements to cover associate payroll	44,302	27,034	18,870	21,924
Chase Bank	*****7012	RemUT, LLC	RemUT LLC	Disbursements to cover associate payroll	-	-	-	-
Hawaii Nat'l	*****5153	Remedy Intelligent Staffing, Inc.	Remedy Intelligent Staffing Inc.	Disbursements to cover associate payroll	2,774	2,008	2,117	2,811
Holly Springs	*****6875	Ablest, Inc.	Select Staffing	Account is a CD account which provides a balance necessary to cover and provide a location where the associates may cash their checks.	5,534	5,535	5,537	5,539
US Bank	*****4000	Remedy Intelligent Staffing, Inc.	Remedy Intelligent Staffing, Inc. (Money Market Investment)	Escrow account	589,740	589,750	589,769	589,784
US Bank	*****1256	Remedy Intelligent Staffing, Inc.	Remedy Intelligent Staffing, Inc. (Controlled Disbursement)	Funds are ZBA to 7635 account	ZBA Account	ZBA Account	ZBA Account	ZBA Account
US Bank	*****7635	Remedy Intelligent Staffing, Inc.	Remedy Intelligent Staffing, Inc. (Disbursement Funding Account)	Funds are ZBA to 0159 account and are subsequently used for the issuance of ACH payments of Westaff workers' compensation	ZBA Account	ZBA Account	ZBA Account	ZBA Account
US Bank	*****6693	Remedy Intelligent Staffing, Inc.	Remedy Intelligent Staffing, Inc. (Deposit Account)	Deposit account for the receipt of customer payments	ZBA Account	ZBA Account	ZBA Account	ZBA Account
US Bank	*****0159	Remedy Intelligent Staffing, Inc.	Remedy Intelligent Staffing, Inc. (Funding Account)	Funds are automatically transferred from account 153490526693 and are subsequently transferred as needed into the respective disbursement accounts	ZBA Account	ZBA Account	ZBA Account	ZBA Account
US Bank	*****1141	Remedy Intelligent Staffing, Inc.	Remedy Intelligent Staffing, Inc.	Funds are ZBA to 0159 account	ZBA Account	ZBA Account	ZBA Account	ZBA Account
Wells Fargo	*****5700	Koosharem, LLC	Koosharem Corp. (Concentration Account)	Receipt account for funds wired from Citibank	3,408,127	3,297,397	2,520,166	3,222,388
Wells Fargo	*****5973	Koosharem, LLC	Koosharem Corp. (Corporate Petty Cash Account)	CLOSING ACCOUNT, ZBA account, funds are transferred from account 464105700 as needed	ZBA Account	ZBA Account	ZBA Account	ZBA Account

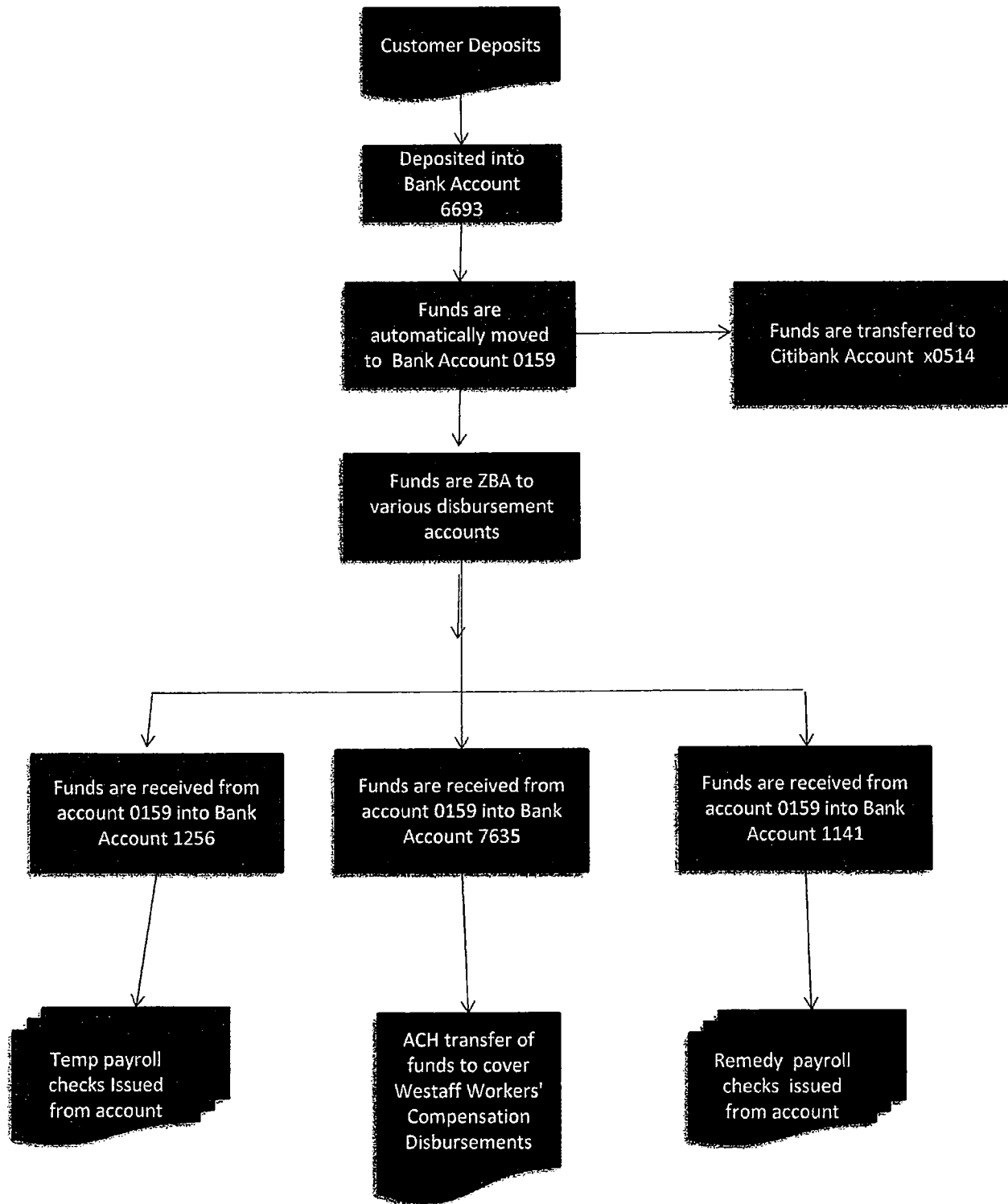
**EXHIBIT C**

**(Bank Flow Charts)**

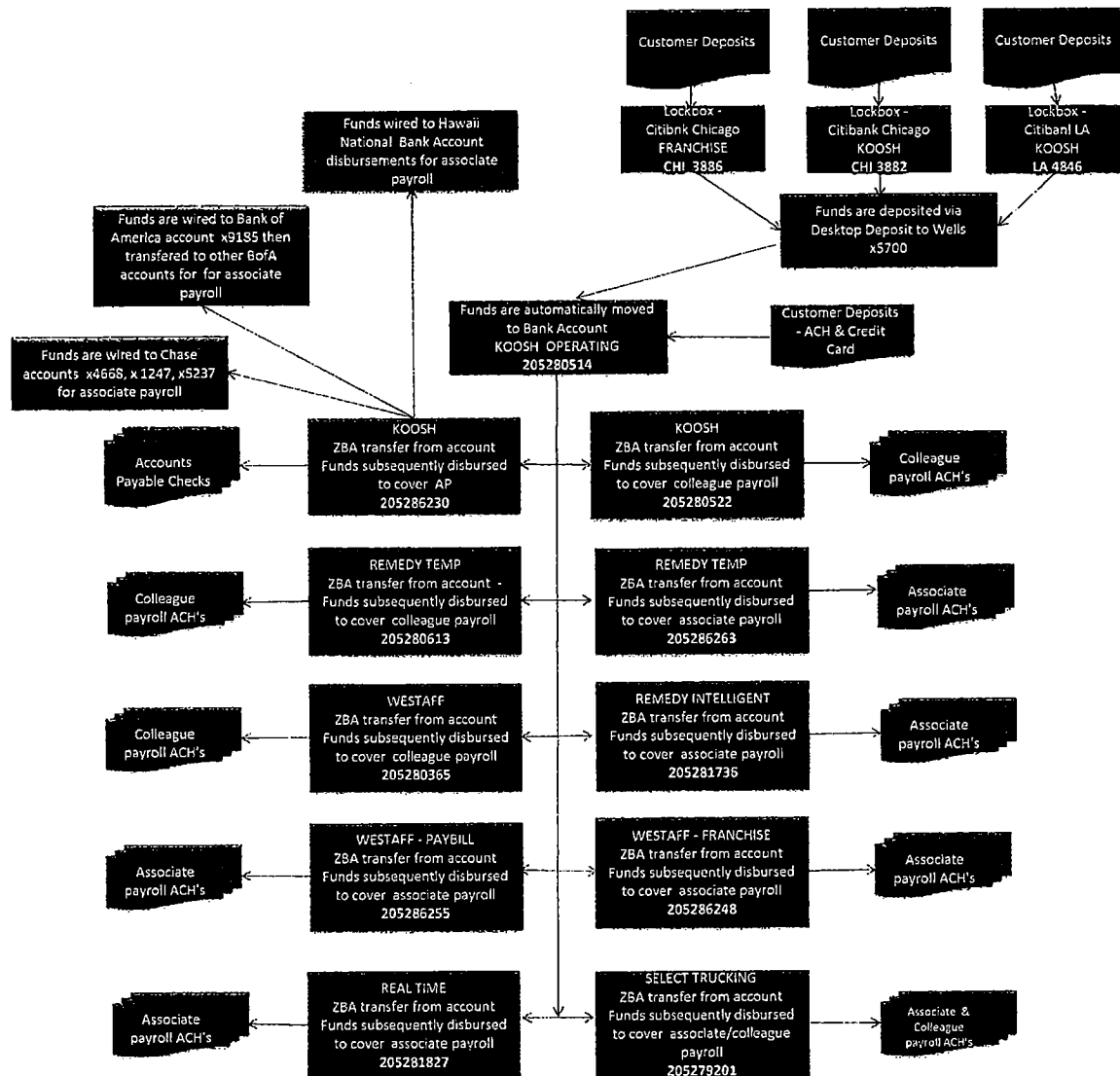
## EXHIBIT C - DIAGRAM 1

### US BANK

#### FLOWCHART OF FUNDS

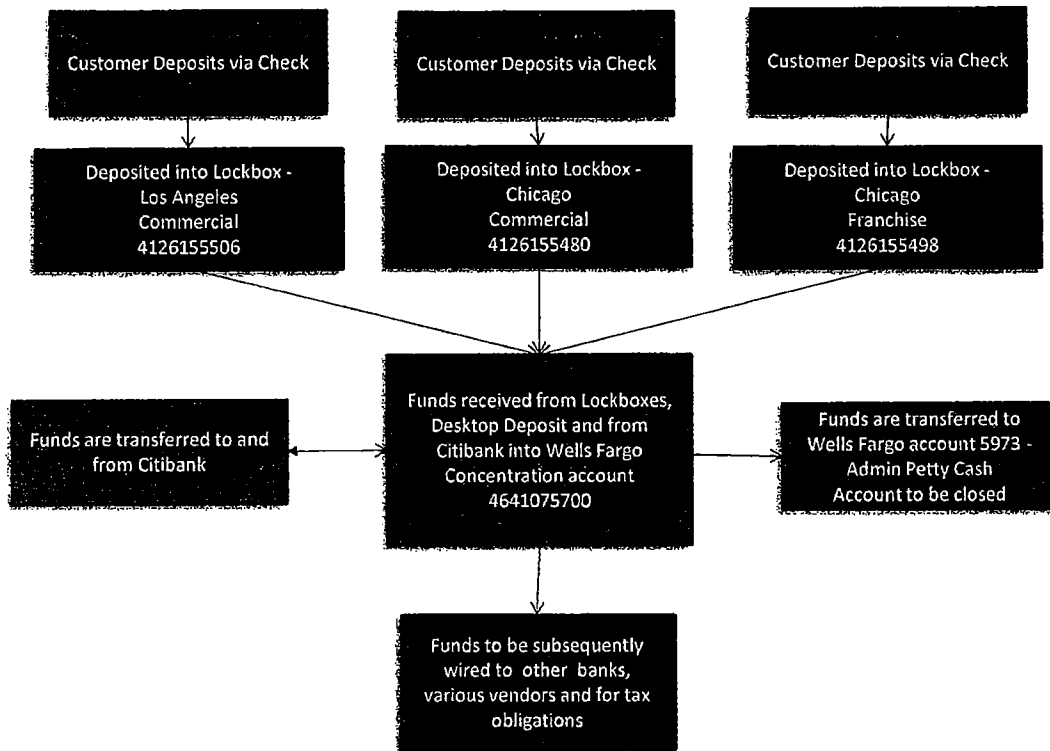


**EXHIBIT C - DIAGRAM 2**  
Citibank Flowchart of Funds



**EXHIBIT C - DIAGRAM 3  
WELLS FARGO**

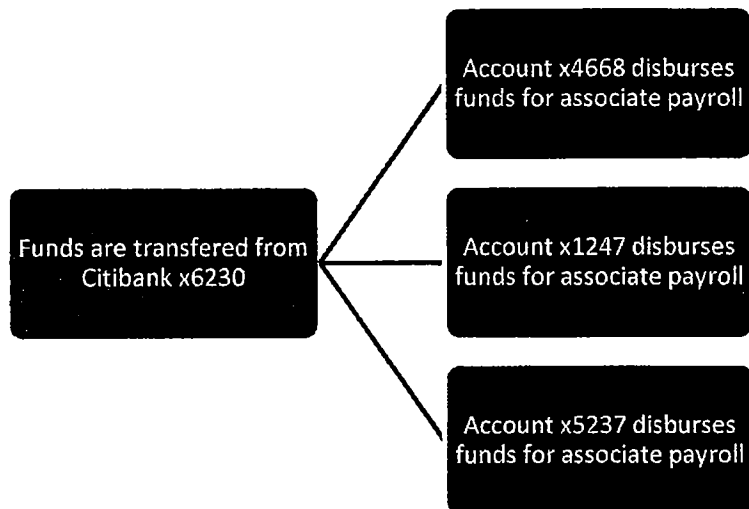
**FLOWCHART OF FUNDS**





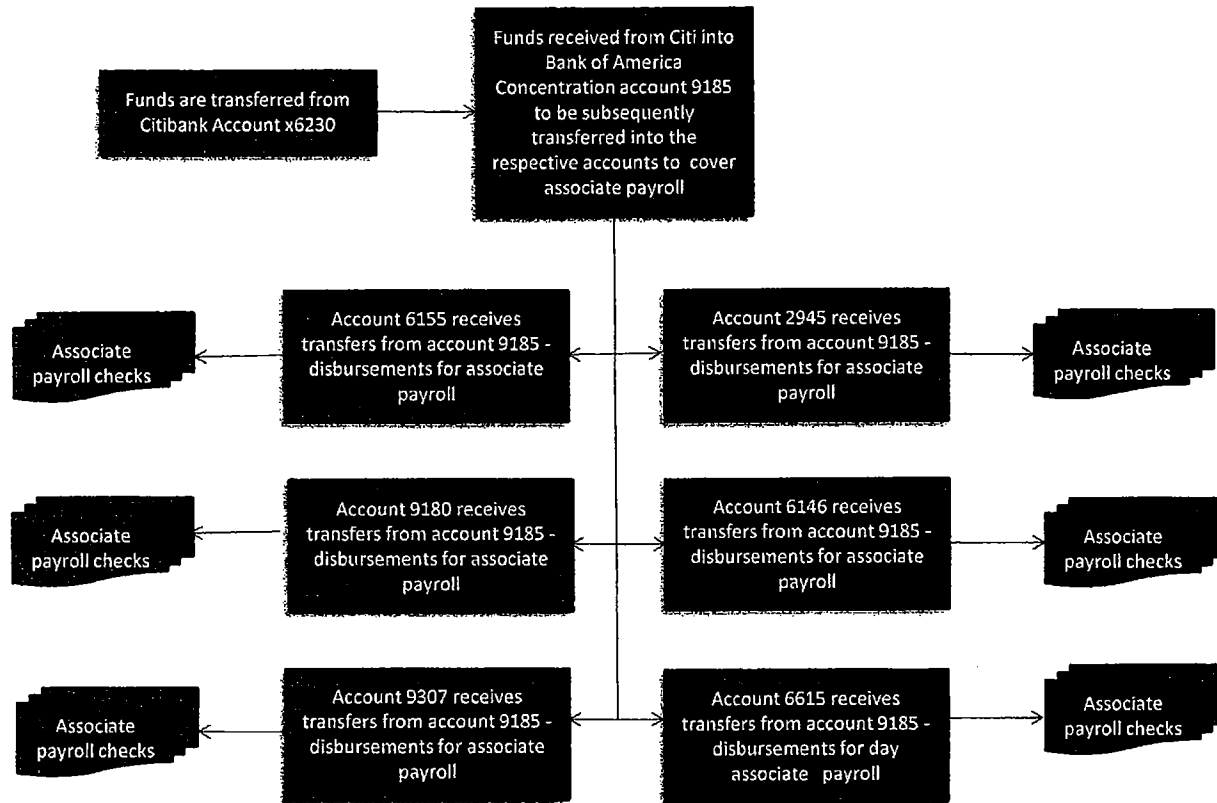
## EXHIBIT C - DIAGRAM 4

### Chase Flowchart



**EXHIBIT C - DIAGRAM 5  
BANK OF AMERICA**

**FLOWCHART OF FUNDS**



IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re: ) Chapter 11  
 )  
 ABLEST INC., et al.,<sup>1</sup> ) Case No. 14-10717 ( )  
 )  
 Debtors. ) (Joint Administration Requested)

**ORDER UNDER SECTIONS 345, 363, 503(b), 1107 AND 1108 OF  
THE BANKRUPTCY CODE AUTHORIZING (I) MAINTENANCE  
OF EXISTING BANK ACCOUNTS, (II) CONTINUED USE OF EXISTING  
BUSINESS FORMS, (III) CONTINUED USE OF EXISTING CASH  
MANAGEMENT SYSTEM, (IV) CONTINUED PERFORMANCE OF INTERCOMPANY  
TRANSACTIONS AND PROVIDING ADMINISTRATIVE PRIORITY STATUS  
TO POSTPETITION INTERCOMPANY CLAIMS, AND (V) LIMITED  
WAIVER OF SECTION 345(b) DEPOSIT AND INVESTMENT REQUIREMENTS**

Upon consideration of the motion (the “Motion”)<sup>2</sup> filed by the debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases seeking entry of an Order under sections 105, 345, 363, 364, 1107 and 1108 of title 11 of the United States Code (the “Bankruptcy Code”) authorizing the (i) maintenance of existing bank accounts including the authority to pay routine prepetition banking fees owed to financial institutions, (ii) continued use of existing business forms, (iii) continued use of the existing cash management system for the Debtors, (iv) continued performance of intercompany transactions and provision of administrative priority to postpetition intercompany claims; and (v) limited waiver of the

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<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification numbers are: Ablest Inc. (8462); Koosharem, LLC (4537); New Koosharem Corporation (9356); Real Time Staffing Services, Inc. (8189); Remedy Intelligent Staffing, Inc. (0963); Remedy Staffing, Inc. (0080); RemedyTemp, Inc. (0471); Remedy Temporary Services, Inc. (7385); RemX, Inc. (7388); Select Corporation (6624); Select Nursing Services, Inc. (5846); Select PEO, Inc. (8521); Select Personnel Services, Inc. (8298); Select Specialized Staffing, Inc. (5550); Select Temporaries, Inc. (7607); Select Trucking Services, Inc. (5722); Tandem Staffing Solutions, Inc. (5919); Westaff, Inc. (6151); Westaff (USA), Inc. (5781); Westaff Support, Inc. (1039); RemSC LLC (8072); and RemUT LLC (0793). The mailing address for each of the Debtors is: 3820 State Street, Santa Barbara, CA 93105.

<sup>2</sup> Unless otherwise noted, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

deposit/investment requirements under section 345(b) of the Bankruptcy Code; and upon the *Declaration Randall S. Eisenberg in Support of First Day Motions*; and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors and other parties in interest; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (M) and (O); and due and adequate notice of the Motion having been given under the circumstances; and after due deliberation and cause appearing therefor; it is hereby

ORDERED that the Motion is GRANTED; and it is further

ORDERED that the Debtors are authorized, but not directed, in the reasonable exercise of their business judgment, (i) to designate, maintain and continue to use, with the same account numbers, all of the bank accounts in existence on the Petition Date, including, without limitation, those accounts identified on Exhibit B to the Motion (the "Bank Accounts"); (ii) to use, in their present form, checks and other documents related to the Bank Accounts; and (iii) to treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession; and it is further

ORDERED that the banks set forth on Exhibit B to the Motion and any other bank (collectively, the "Banks") at which any Bank Account is or may be maintained are hereby authorized to continue to service and administer such Bank Account as an account of the Debtors as debtors in possession without interruption and in the usual and ordinary course of business, and to receive, process, honor and pay any and all checks and drafts drawn on the Bank Account after the Petition Date by the holders or makers thereof, as the case may be; *provided, however,*

that any check that the Debtors advise any Bank to have been drawn or issued by the Debtors before the Petition Date may be honored by any Bank only if specifically authorized by order of this Court; and it is further

ORDERED that (i) that certain existing arrangements between the Debtors and the Banks with respect to the Bank Accounts and with respect to the transfers to and from the Bank Accounts shall continue to govern the postpetition cash management relationship between the Debtors and each of the Banks; (ii) the Debtors and each of the Banks may, without further order of this Court, agree to and implement changes to the Cash Management System and procedures in the ordinary course of business, including, without limitation, the opening and closing of bank accounts with notice to the United States Trustee; and (iii) in the course of providing cash management services to the Debtors, each Bank is authorized, without further order of this Court, to continue to deduct from the appropriate accounts of the Debtors, the Bank's customary fees and expenses associated with the nature of the deposit and cash management services rendered to the Debtors; and is further

ORDERED that no later than the close of business on the fifth (5<sup>th</sup>) business day following entry of this Order, the Debtors shall make reasonable efforts to provide to the Banks a list (the "Prepetition Check List") of applicable checks that have not been honored prior to the Petition Date (the "Prepetition Checks"), designate whether or not such Prepetition Checks should be honored pursuant to any orders entered by the Court, and that a Bank's reasonable reliance on the Prepetition Check List in connection with its honoring or dishonoring of a

Prepetition Check, as the case may be, shall not constitute a violation of this Order; and it is further

ORDERED that each Bank that maintains a disbursement account of any of the Debtors shall implement reasonable handling procedures designed to effectuate the terms of this Order, and no Bank that implements such handling procedures and then honors a prepetition check or other item drawn on any account that is the subject of this Order either (i) at the direction of the Debtors to honor such prepetition check or item, (ii) in good faith belief that the Court has authorized such prepetition check or item to be honored, or (iii) as a result of an innocent mistake made despite implementation of such handling procedures, shall be deemed in violation of this Order; and it is further

ORDERED that the Debtors may continue to fund their businesses and operations through the Bank Accounts, including without limitation, the Debtors' affiliates that are not in chapter 11; and it is further

ORDERED that the Debtors shall maintain detailed records reflecting all transfers of funds under the terms and conditions provided for by the existing agreements with the institutions participating in the Debtors' Cash Management System. In connection with the ongoing utilization of their Cash Management System, the Debtors shall continue to maintain detailed records with respect to all transfers of cash so that all transactions may be readily ascertained, traced and recorded properly on the applicable accounts; and it is further

ORDERED that nothing contained herein shall prevent the Debtors from opening any new bank accounts or closing any existing bank accounts as they may deem necessary and

appropriate with notice to the United States Trustee, the Debtors' principal lenders, and to any official committee appointed in these cases; *provided, however*, that any new account shall be with a bank that is insured by the Federal Deposit Insurance Corporation and organized under the laws of the United States or any state therein; and it is further

ORDERED that the Debtors are authorized to continue to use their existing Business Forms until such stock is exhausted and are authorized to use their check stock in their current form until such reasonable time as the Debtors are able to effectuate the necessary changes to their software to affix the "Debtor in Possession" label on such checks; and it is further

ORDERED that the Debtors are authorized to continue utilizing their Cash Management System to manage the Debtors' cash, in a manner consistent with the Debtors' prepetition practice; and it is further

ORDERED that the Debtors are authorized to deposit funds, in excess of amounts insured by the Federal Depository Insurance Corporation so long as such funds are deposited in a Bank Account with a bank that has a standing collateral agreements with the Office of the United States Trustee and that all other deposits shall be within the amounts insured by the Federal Depository Insurance Corporation; and it is further

ORDERED that the requirements of section 345 of the Bankruptcy Code, to the extent applicable, are waived on an interim basis for a period of 60 days from the Petition Date, which period may be further extended by order of the Court at the request of the Debtors, and the

Debtors are authorized to continue their prepetition investment practices through (and including) such date;

ORDERED that the authority and approvals granted by the terms of this Order to the Debtors, including with respect to the opening and closing of bank accounts and continuation of their Cash Management System, shall be in all respect subject to any requirements imposed on the Debtors under any approved cash collateral order; and it is further

ORDERED that the Debtors shall cause a copy of this Order to be served on each bank at which a Bank Account is maintained within five (5) business days of the date hereof; and it is further

ORDERED that pursuant to section 503(b)(1) of the Bankruptcy Code, the Debtors are authorized to consummate Intercompany Transactions in the ordinary course of business as may be necessary, and all Intercompany Claims by and against the Debtors are accorded administrative priority expenses status; *provided*, for the avoidance of doubt, that such Intercompany Claims shall at all times be junior and subordinate to (i) the secured claims and administrative priority claims granted to the Debtors' postpetition secured lenders pursuant to any order entered by the Court approving postpetition financing to one or more of the Debtors ("DIP Financing Order"), and (ii) the secured claims held by the Debtors' prepetition secured lenders and any replacement liens and administrative priority claims granted to such secured lenders the relief granted to the Debtors' secured lenders pursuant to any DIP Financing Order or any other order entered by the Court in connection with any of the Debtors' use of approved cash collateral; and it is further



ORDERED that the requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion; and it is further

ORDERED that the notice requirements under Bankruptcy Rule 6004(a) and the stay under Bankruptcy Rule 6004(h) are hereby waived, to the extent that they apply; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated: \_\_\_\_\_, 2014

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UNITED STATES BANKRUPTCY JUDGE

## **Exhibit 5 - Retainers Paid**

As of April 1, 2014

Professional Firm	Retainer on Account
AlixPartners, LLP	200,000
Pachulski Stang Ziehl & Jones*	200,000
Skadden, Arps, Slate, Meagher & Flom LLP	225,475

\* Amount is estimated

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

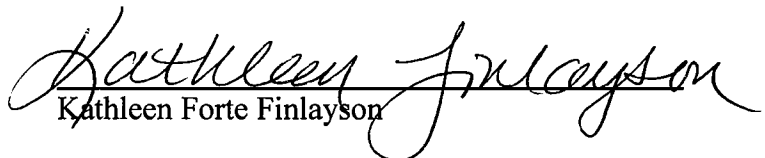
In re: ) Chapter 11  
ABLEST INC., et al.,<sup>1</sup> ) Case No. 14-10717 (KJC)  
Debtors. ) (Jointly Administered)

**AFFIDAVIT OF SERVICE**

STATE OF DELAWARE )  
COUNTY OF NEW CASTLE ) ss:  
)

Kathleen Forte Finlayson, being duly sworn according to law, deposes and says that she is employed by the law firm of Pachulski Stang Ziehl & Jones LLP, attorneys for the Debtors in the above-captioned action, and that on the 15<sup>th</sup> day of April 2014 she caused a copy of the following document(s) to be served upon the parties on the attached service lists in the manner indicated:

**Initial Monthly Operating Report**

  
Kathleen Forte Finlayson

Sworn to and Subscribed before  
me this 15 day of April 2014

 K.A. JOHN BOWER  
NOTARY PUBLIC  
STATE OF DELAWARE  
Commission Exp.: My commission expires Nov. 13, 2014

<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification numbers are: Ablest Inc. (8462); Koosharem, LLC (4537); New Koosharem Corporation (9356); Real Time Staffing Services, Inc. (8189); Remedy Intelligent Staffing, Inc. (0963); Remedy Staffing, Inc. (0080); RemedyTemp, Inc. (0471); Remedy Temporary Services, Inc. (7385); RemX, Inc. (7388); Select Corporation (6624); Select Nursing Services, Inc. (5846); Select PEO, Inc. (8521); Select Personnel Services, Inc. (8298); Select Specialized Staffing, Inc. (5550); Select Temporaries, Inc. (7607); Select Trucking Services, Inc. (5722); Tandem Staffing Solutions, Inc. (5919); Westaff, Inc. (6151); Westaff (USA), Inc. (5781); Westaff Support, Inc. (1039); RemSC LLC (8072); and RemUT LLC (0793). The mailing address for each of the Debtors is: 3820 State Street, Santa Barbara, CA 93105.

Special Service List  
Ablest Operating Report  
4/15/14

**Hand Delivery**

(U.S. Trustee)

Mark S. Kenney, Esquire

The Office of the United States

Trustee for the District of Delaware

J. Caleb Boggs Federal Building

844 N. King Street, Suite 2207

Lock Box 35

Wilmington, DE 19801