



**Final Confirmation for:  
Smurfit-Stone Container Enterprises,  
Inc.**

Prepared for:  
AON RISK SERVICES CENTRAL, INC

Prepared by:  
Roger Levine

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05/01/2009

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04/01/2010



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**Program Summary**  
**Option: 1.5M WC 2 M AL 2.5 GL paid loss**

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Program	Total	Workers Compensation	Workers Compensation	Workers Compensation	Workers Compensation	General Liability	Automobile Liability
Program		Deductible Paid	Retro Paid	SIR	Deductible Paid	Deductible Paid	
Plan Type		\$1,500,000	\$1,500,000	n/a	\$2,500,000	\$2,000,000	
Deductible/Loss Limitation/SIR		Including Monthly Throughout	Including Monthly Throughout	Including Monthly Throughout	Including Monthly Throughout	Including Monthly Throughout	
ALAE Treatment		66	66	n/a	0	0	
Loss Billing / Adjustment Frequency		1	1	1	1	1	
Converts to Incurred at month (from policy inception)							
Number of Installments							
<b>Exposures</b>							
U.S. Exposures Incl. Stop Gap Payroll		\$211,088,681	\$34,622,850	663936477	\$5,783,283,000	490	
Exposure Basis		Payroll	Payroll	Per \$100 Payroll	Sales	Power Units	
Stop Gap Payroll		\$4,561,295	\$0	n/a	n/a	n/a	
Michigan Power Units		n/a	n/a	n/a	n/a	8	
States Included					All	All	
Canadian Exposure		n/a	n/a	n/a	Flat	160	
Exposure Basis					n/a	Power Units	
<b>Fixed Costs</b>							
Estimated U.S. Premium	\$1,215,167	\$224,809	\$552,883	\$391,723	\$3,000	\$42,752	
Rate		0.1065	1.5969	0.0590	0.0005	84.0000	
Per		100	100	100	1000	1	
Rate per power unit (Michigan only)		n/a	n/a	n/a	n/a	199.0400	
Minimum Premium	\$530,427	\$179,847	\$0	\$313,378	\$3,000	\$34,202	
Estimated Terrorism/TRIA Premium	\$32,537	\$25,612	\$6,925	\$0	Included	Included	
Estimated DTEC Premium	\$11,414	\$7,952	\$3,462	\$0	n/a	n/a	
Expense Constant(s)	\$558	\$338	\$220	n/a	n/a	n/a	
Estimated Surcharges / Assessments	\$95,480	\$91,704	Incl.	\$1,732	\$17	\$2,027	
<b>Total</b>	\$1,355,156	\$350,415	\$563,490	\$393,455	\$3,017	\$44,779	
Estimated Canadian Premium	\$14,940	n/a	n/a	n/a	\$1,500	\$13,440	
Rate		n/a	n/a	n/a	n/a	84.0000	
Per		n/a	n/a	n/a	n/a	1	
Premium will not be less than (Minimum)	\$14,940	n/a	n/a	n/a	\$1,500	\$13,440	
<b>Total Canada</b>	\$14,940	n/a	n/a	n/a	\$1,500	\$13,440	
Retro Subject Premium	\$552,883	n/a	\$552,883	n/a	n/a	n/a	
Retro Excess Premium	\$0	n/a	incl	n/a	n/a	n/a	
Retro Tax Multiplier		n/a	1.0362	n/a	n/a	n/a	
<b>Total Estimated Fixed Costs</b>	\$817,213	\$350,415	\$10,607	\$393,455	\$4,517	\$58,219	



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Commission Amount		Estimated Premium	Approved TPA	Approved TPA	Approved TPA	Approved TPA	Approved TPA	Estimated Premium	Estimated Premium	Estimated Premium
Applied to		Estimated Premium	Approved TPA	Approved TPA	Approved TPA	Approved TPA	Approved TPA	Estimated Premium	Estimated Premium	Estimated Premium
<b>Claim Handling</b>			Approved TPA	Approved TPA	Approved TPA	Approved TPA	Approved TPA			
Claim Handler	TPA Billing (Losses)	TPA bills direct	TPA bills direct	TPA bills direct	TPA bills direct	TPA bills direct	TPA bills direct	TPA bills direct	TPA bills direct	TPA bills direct
Loss Conversion Factor (LCF)	LCF applied to	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
		Paid Losses	Paid Losses	Paid Losses	Paid Losses	Paid Losses	Paid Losses	Paid Losses	Paid Losses	Paid Losses
<b>Policy Limits</b>			Statutory	Statutory	Statutory	Statutory	Statutory	\$2,500,000	\$2,500,000 /	\$3,000,000
Per Occurrence / Per Accident	WC/EL; GL Prod. Agg./Gen'l	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$500,000	\$2,500,000 /	\$2,500,000	n/a
Agg.								\$2,500,000		

Combined Elements	Amount	Lines Included
LOC	\$7,045,000	
Loss Fund	TPA Holds	
Loss Fund Adjustment	FIXED	

**Additional Comments**  
 Bankruptcy Court Order

This proposal is conditioned upon the entry of an order, in form and substance acceptable to the Company, in the chapter 11 proceeding of the Insured pursuant to which the Insured assumes all of its obligations to the Company under all agreements, including but not limited to the portion representing IBNR or unreported claims as of the confirmation of any plan, which order shall recognize that the automatic stay imposed by the bankruptcy filing of the Insured shall not prohibit the Company from cancelling the Policies and/o Bonds pursuant to the terms of the Policies, Bonds, the Non-Policy Agreements and applicable law.

The due date section of the Program Summary should require the entry of the order on or before April 30, 2009.

**WAIVER OF SUBROGATION CHARGES**

ARK. TBD  
 NC TBD  
 NY TBD  
 WISC. \$ 10,841

**Documents Required (as applicable)**

UM/UM/PIP selection/rejection forms and Summary Form	Policy Effective Date	Due Date
NJ Deductible Notice of Election	50 days from Policy Effective Date	
Retro Notice of Election	30 days from Policy Effective Date	
Non Policy Agreement(s)	30 days from date of receipt	
Collateral	Due on or before the Policy Effective Date	
Massachusetts Large Commercial Policyholder Acknowledgment	Policy Effective Date	



**Program Summary**  
**Option: 1.5M WC 2 M AL 2.5 GL paid loss**

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**Installation Information**

The total amount for all premium, taxes, surcharges and assessments shown for this Option is payable in installments. An initial payment as determined by the Company is due upon the inception of the policy. Subsequent premium, tax, surcharge and assessment payments, unless otherwise indicated, will be made in 0 equal installments.

Additional premium resulting from changes to the policy may, in the Company's sole discretion, be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to the policy shall be billed as a separate transaction.

An invoice indicating the amount of each payment and the due date will be sent by the Company and an endorsement evidencing the installment schedule will be included with the policy.

In the event the insured fails to pay any amount when due, the policy may be cancelled.

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**Notes:**

- 1 All premium Based Assessments/Surcharges are payable in the first installment for all states except Workers Compensation for Indiana, Kentucky, Minnesota Special Compensation Fund Surcharge, Missouri, Montana, New Jersey and New York State Assessment which will be payable in the same manner as the premium.
- 2 Canadian Provincial tax in addition to the premium shown. Premium will be collected in the deposit premium.
- 3 Canadian and Foreign Premiums and exposures are displayed in U.S. dollars in this proposal.

**Policy Numbers**

<b>Policy Number</b>	<b>Company</b>	<b>Coverage</b>
9303200 08	American Zurich Insurance Company	Workers Compensation
9303204 07	Zurich American Insurance Company	Excess Workers Compensation
9303206 07	Zurich American Insurance Company	Commercial Auto
9303212 07	Zurich American Insurance Company	General Liability
9303201 08	American Zurich Insurance Company	Workers Compensation



### Important Notes

Throughout this document the terms "the Company", "the Insured" and "the Producer" are used. These terms refer to the following entities:

the Company: Zurich American Insurance Company, American Guarantee and Liability Insurance Company, American Zurich Insurance Company, Zurich American Insurance Company of Illinois, Steadfast Insurance Company and/or Zurich Insurance Company.

the Insured:  
Smurfit-Stone Container Enterprises, Inc.

the Producer:  
AON RISK SERVICES CENTRAL, INC

The program structure and pricing components were designed using data contained in the Producer specifications. Any errors, omissions or alterations to the Producer specifications may result in a change or withdrawal of this proposal or confirmation.

No changes to the terms, conditions or pricing reflected in this document may be made without written authorization from the Company.

The use of any premium financing arrangement requires the Company's approval prior to binding.

This proposal is presented to the Insured with the understanding that neither Zurich nor any of its subsidiaries, affiliates, or employees, offer, or purport to offer, advice to the Insured concerning the proper financial, accounting, or tax treatment for the policy(ies) of insurance referenced herein and nothing herein should be considered to constitute such advice. If accounting advice, tax advice or other expert professional assistance is required, the Insured should consult with their own accountant, adviser, counsel or other similar competent professional with expertise in the required area.

The Coverage Exhibit lists the policy coverages and forms to be provided by the Company. These may deviate from the requested coverage and wording contained in the Producer Specifications. This Exhibit supersedes all other requests, proposals or discussions. The coverage forms noted herein are countrywide and do not reflect state specific required forms. The state forms, where applicable, will be endorsed on to the final policy. Any deviations from the coverages, forms and limits provided herein will require our review and must be authorized by the Company, in writing.

**Coverage for the entity(ies) shown below is subject to clearance of the Office of Foreign Asset Control, OSFI Government of Canada and Bank of England lists. If we are unable to successfully clear the entity(ies), no coverage will be provided for this entity(ies):**

None



## Important Notes – Canadian Program

### Claim Handling

Zurich Canada or Approved TPA will handle the claims, as described in the Program Summary.

### Employers Liability

"Contingent Employers Liability" coverage in Canada is provided by a Canadian General Liability policy.

### General Liability

If the insured has a Canadian entity, a policy issued by a licensed Canadian insurer is required. Non-admitted coverage is not allowed. If coverage is needed only for exports to Canada from a US entity, the standard ISO form provides coverage. Canadian jurisdiction is provided by the standard ISO form.

### Automobile

A policy must be issued by a licensed insurer in Canada to provide coverage for Canadian registered vehicles. Automobile is a regulated line (*both policy form and rates*) in Canada and some of the provinces provide a mandatory level of coverage via provincial programs.

### Broker

A Canadian broker is needed in all instances where a Canadian policy is requested.

### Conversion to Canadian currency

For comparison purposes, the Canadian program has been quoted in U. S. dollars. However, the Canadian premium(s), limits and deductibles will be converted to Canadian currency upon policy issuance.

### Exchange Rates

Canadian policies will reflect Canadian currency. The premium should be paid in Canadian dollars. The Exchange Rate used for premium will be that which was in effect on the date of policy inception. Losses will be paid in Canadian dollars.

For deductible programs: the Canadian losses will be billed to the US insured by Zurich US, the reimbursements will be in US dollars.

### Premium Payments

The premium must be remitted in Canadian dollars.

There are no installment plans for the Canadian exposures. The premium reflected on the Canadian policy should be paid direct by the Canadian broker to Zurich Canada.

### Premium Audit

Notification should be made to the Company with regard to any mid-term changes in exposures. If the GL and Auto policy(ies) are subject to audit, the US Premium Audit Department will be notified so that they obtain the Canadian exposures during the audit. Auto that is non-fleet must have each unit rated.

### This quotation is NET of ALL taxes

All applicable taxes will be due and payable, in addition to the premiums.





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**Taxes**

In Canada there are two types of taxes that are applicable to insurance policies.

(1) The first is premium tax. This is similar to the US system of taxation where the insurance carrier is responsible for remitting to the local authorities. Actual amounts will be charged for the Auto policies when issued in Canada. The Canada premiums quoted DO NOT include ANY taxes.

(2) The second type of tax is a sales tax. Our quotation is net of any Canadian sales tax. This is the responsibility of the Canadian broker to remit directly to the Canadian authorities. Local regulations state that the insurer cannot do this.



**Workers Compensation  
Coverages & Limits  
Option: 1.5M WC 2 M AL 2.5 GL paid loss**

Coverage	Limits	Basis
Workers Compensation	Statutory	
Employers Liability Insurance		
Bodily Injury by Accident	\$1,000,000	Each Accident
Bodily Injury by Disease	\$1,000,000	Policy Limit
Bodily Injury by Disease	\$1,000,000	Each Employee
<b><u>Deductible/Loss Limitation</u></b>		
Workers Compensation Bodily Injury By Accident:	\$1,500,000	Each Accident
Workers Compensation Bodily Injury By Disease:	\$1,500,000	Each Claim
Employers Liability Bodily Injury By Accident:	\$1,500,000	Each Accident
Employers Liability Bodily Injury By Disease:	\$1,500,000	Each Claim

**Applicable to All Coverages**

Notice of Cancellation or Non-Renewal                      90 Days  
 Notice of Cancellation for Non-Payment of Premium      10 Days

Coverages or Exclusions	Form Number	Fill In Language
Workers Compensation and Employers Liability Insurance Policy Information Page	WC 00 00 01 A (10/99)	Item 3.C.: "All states not listed in 3A. except OH, ND, WA and WY.
Workers Compensation and Employers Liability Insurance Policy	WC 00 00 00 A (04/92)	
Notice of Cancellation/Non-Renewal (see Limits page for number of days)	U WC 402 A CW (05/03)	
Voluntary Compensation	WC 00 03 11 A (08/91)	Employees: "All employees while in the course of their employment, including employer sponsored athletic or volunteer activities but while not subject to the Workers' Compensation or Occupational Disease law of any state." State of Employment Language: "All states shown in Item 3.A.of the Information Page, Except Wisconsin and New Jersey." Designated Workers' Compensation Law: "State of Hire".



Coverages or Exclusions	Form Number	Fill In Language
Foreign Voluntary Compensation and Employers Liability Coverage Endorsement	WC 99 03 02 (05/04)	Name(s) of Employees: "As described in Section 1. Employees Covered of this endorsement". State or Country of Operations: "All locations outside the United States, its territories or possessions (excluding any country or jurisdiction which is subject to trade or other economic sanction or embargo by the United States). Designated WC Law: The employee's state of hire.
Foreign Voluntary Compensation and Employers Liability Coverage Endorsement	U WC 198 C (07/93)	Covered Employees: Designated Covered Employees. Designated WC Law: "The employee's state of hire listed in Item 3.A. of the Information Page." Description of Work: "All operations relating to the Named Insured's business except operations in or while in transit to or from countries on the U.S. State Department's 'Ban List'."
Waiver of Our Right to Recover From Others Endorsement	WC 00 03 13 (04/84)	Schedule: "All persons or organizations."
Foreign Terrorism Premium Endorsement	WC 00 04 22 (01/06)	See Workers' Compensation Schedule
Longshore and Harbor Workers Compensation Act Coverage Endorsement	WC 00 01 06 A (04/92)	Zurich Approved Wording
Defense Base Act Endorsement	WC 00 01 01 A (04/92)	Description of Work: "Any work subject to the Defense Base Act."
Outer Continental Shelf Lands Act Coverage Endorsement	WC 00 01 09 A (04/92)	Description of Work: "All work subject to the Outer Continental Shelf Lands Act."
Maritime Coverage Endorsement	WC 00 02 01 A (04/92)	Description of work: "All operations described in the Workers Compensation Classification Schedule. Transportation, Wages, Maintenance and Cure Premium: Show premium charge or "Included". Limits of Liability: Not to exceed those in Item 3B of the Information Page.
Premium Due Date Endorsement	WC 00 04 19 (01/01)	Not applicable in AZ, CA, GA, HI, MA, MI, OR, TN, TX, VA.
Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement	WC 00 04 22A (09/08)	
Catastrophe (Other Than Certified Acts of Terrorism) Premium Endorsement	WC 00 04 21C (09/08)	



**Excess Insurance for Self-Insurer of Workers Compensation and Employers Liability  
Coverages & Limits  
Option: 1.5M WC 2 M AL 2.5 GL paid loss**

Coverage	Limits	SIR
Limit of Indemnity		
Workers Compensation	Statutory	Each Accident or Each Employee for Disease
Claim Expense		Claim Expense
		\$1,500,000 Including
Employers Liability		
Bodily Injury by Accident	\$500,000	Each Accident
Bodily Injury by Disease	\$500,000	Policy Limit
Bodily Injury by Disease	\$500,000	Each Employee
Claim Expense		Claim Expense
		\$500,000 Including
Workers Compensation and Employers		
Liability Combined Aggregate Limit		
Claim Expense	Not Applicable	

**Applicable to All Coverages**

Notice of Cancellation or Non-Renewal	90 Days
Notice of Cancellation for Non-Payment of Premium	10 Days

Coverages or Exclusions	Form Number	Fill In Language
Excess Insurance Policy for Self-Insurer of Workers Compensation and Employers Liability	UEW004CCW	
Information Pages - Excess Insurance Policy for Self-Insurer of Workers Compensation and Employers Liability	UEWD04BCW	
Table of Contents - Excess Insurance Policy for Self-Insurer of Workers Compensation and Employers Liability	UEW002BCW	
Alternate Employer Endorsement	UEW118ACW	
Federal Employers Liability Act Exclusion	UEW110ACW	
Foreign Voluntary Compensation Coverage Endorsement	UEW121CCW	
Longshore and Harbor Workers Compensation Act, Inclusion for	UEW106ACW	
Outer Continental Shelf Land Act Coverage Endorsement	UEW120ACW	
Voluntary Compensation Coverage Endorsement	UEW116	
Waiver of Subrogation Endorsement	UEW117BCW	

State specific form numbers and editions may vary.



### **Excess for Self-Insurer of Workers Compensation and Employers Liability**

#### Notice of Accident

1. The Insured or the independent claims adjusting company will give the Company immediate written notice of any high potential accident, claim or suit which might result in a claim under this policy. A high potential accident, claim or suit is one which meets one or more of the following criteria, including but not limited to:
  - a. Death;
  - b. Brain damage;
  - c. Paraplegic or quadriplegic impairment;
  - d. Amputation or serious functional impairment of any major limb;
  - e. Severe burns involving more than 25% of the body or causing serious disfigurement;
  - f. Sensory impairment (sight, hearing, taste or smell);
  - g. Severe internal body organ damage or loss;
  - h. Multiple fractures involving more than one body part;
  - i. Permanent and total disability;
  - j. Sexual abuse or molestation;
  - k. Psychological / neurological involvement;
  - l. Any accident, claim or suit which is still pending 36 months after the inception date of this policy, and all notices of injury subsequently received 36 months after the inception date of this policy; or
  - m. Any accident, claim or suit in which We are a named party or defendant.
2. The Insured will also give the Company prompt notice if an accident claim, or suit occurs which appears to involve a loss equal to 50% or more of the Self-Insured Retention.

#### Administration of Losses

The Insured agrees that they will administer their own claims which are within the coverage of this policy. If the Insured decides to contract with a claim service organization to administer such claims, the Insured agrees to provide the Company with prompt written notice of such contract and the name and address of the claim service organization.



**General Liability  
Coverages & Limits  
Option: 1.5M WC 2 M AL 2.5 GL paid loss**

Coverage	Limits	Limits Basis	Coverage Basis	Coverage Deductible/Loss Limitation/SIR
General Aggregate Limit	\$2,500,000			
Per Location Aggregate (subject to General Aggregate Limit)	n/a			
Products/Completed Operations Aggregate Limit	\$2,500,000			
Each Occurrence Limit	\$2,500,000			\$2,500,000
Damages to Premises Rented to You Limit	\$100,000	Any one premises		\$2,500,000
Medical Expense Limit	\$5,000	Any one person		\$2,500,000
Personal and Advertising Injury Limit	\$2,500,000	Any one person or organization		\$2,500,000
Employee Benefits Liability Coverage	\$1,000,000	Each Claim Limit	Claims Made	\$2,500,000
	\$1,000,000	Aggregate Limit		
	01/15/1999	Retroactive Date		

**Defense is a Supplementary Payment in addition to the policy limit.**

**Applicable to All Coverages**

Notice of Cancellation	90 Days
Notice of Cancellation for Non-Payment of Premium	10 Days



Coverages or Exclusions	Form Number	Fill In Language
Commercial General Liability Coverage Form	CG 00 01 (12/07)	
Employee Benefits Liability Claims-Made Coverage Form	U GL 849 B CW (08/04)	
Employee Benefits Liability - Claims-Made Sub-Declarations page	U GL D849 B CW (09/04)	Zurich Approved Wording
Broad Form Named Insured – More than 50% ownership	U GL 1114 A CW (10/02)	Any subsidiary company as now formed or constituted, and any other company over which the Named Insured has active control so long as the Named Insured or any subsidiary company has an ownership interest of more than 50% of such company.
Waiver of Subrogation	U GL 925 B CW (12/01)	
Amended Definition of Bodily Injury to include mental anguish, mental injury, shock, fright, or death resulting from bodily injury, sickness or disease.	U GL 1055 A CW (12/01)	
Nonowned Watercraft Endorsement	U GL 920 A CW (12/97)	
Asbestos Exclusion Endorsement	U GL 1178 A (07/03)	
Employment-Related Practices Exclusion	CG 21 47 (07/98)	
Fungi or Bacteria Exclusion Disclosure Notice	U GL 1195 B CW (06/04)	
Nuclear Energy Liability Exclusion Endorsement	IL 00 21 (07/02)	
Pollution Liability Exclusion Notification Schedule	U GL 1203 A CW (04/04)	Zurich Approved Wording
Total Pollution Exclusion With A Hostile Fire Exception	CG 21 55 (09/99)	
Exclusion - Violation of Statutes That Govern E-Mails, Fax, Phone Calls or Other Methods of Sending Material or Information	CG 00 67 (03/05)	
Additional Insured - Automatic - Owners, Lessees or Contractors	U GL 1175 B CW (03/07)	
Additional Insured - Vendors	CG 20 15 (07/04)	Zurich Approved Wording
Additional Insured - Designated Person or Organization	CG 20 26 (11/85)	Zurich Approved Wording
Knowledge of Occurrence	U GL 919 B CW (12/01)	Position or Department: "Knowledge by any person in the Risk Management Department, the Law Department or any Executive that is responsible for receiving or acting upon such information."
Deductible Endorsement	U GL 1114 A CW (10/02)	
Disclosure of Important Information Relating to TRIA	U GU 630 C (12/07)	Not Applicable - Terrorism Exclusion
Notification of Important Changes Relating to TRIA	U GU 766 A (12/07)	



Coverages or Exclusions	Form Number	Fill In Language
Cap on Losses from Certified Acts of Terrorism	U GU 767 A CW (01/08)	This endorsement applies to all Coverage Parts included in this policy.
Calculation of Premium	IL 00 03 (09/07)	





**Automobile  
Coverages & Limits**  
Option: 1.5M WC 2 M AL 2.5 GL paid loss

Coverage	Covered Autos	Limits	Limits Basis	Coverage Basis	Coverage Deductible/Loss Limitation/SIR
<b>Liability Coverage</b>					
Liability	1	\$3,000,000	Combined Single Limit	Any One Accident	\$2,000,000
Personal Injury Protection (PIP)	5	Separately stated in each P.I.P. End. Minus Deductible			\$2,000,000
Added P.I.P.	5	Separately stated in each Added P.I.P. End			\$2,000,000
Property Protection Ins. (PPI) (Michigan only)	5	Separately stated in each P.P.I. End. Minus Deductible			\$2,000,000
Auto Medical Payments	2			Any One Accident	\$2,000,000
Uninsured Motorists (UM)	6	Rejected/Minimum Mandatory Coverage		Each Accident	\$2,000,000
Underinsured Motorists (when not included in UM Cov.)	6	Rejected/Minimum Mandatory Coverage		Each Accident	\$2,000,000

**Applicable to All Coverages**

Notice of Cancellation	90 Days
Notice of Cancellation for Non-Payment of Premium	10 Days

**Notes to Attached Automobile Coverages:**

Form: ISO Simplified Auto Policy will be used in all states.

**Uninsured/Underinsured Motorists.**

See UM/UIM Selection/Rejection Summary Form (UCA309H) for coverages and limits applicable, sent under separate cover. Please refer to the UM/UIM Selection/Rejection Summary form packet and wording below, as it contains information regarding the insured's obligation to Zurich if the insured fails to return the signed Selection/Rejection Summary form and the mandatory state-specific Selection/Rejection forms.

The premium reflected under the Automobile Liability policy in this proposal is based on Rejected/Minimum Mandatory Coverage for Uninsured/Underinsured Motorist coverage. The Insured will receive specific Uninsured/Underinsured Motorists Coverage Selection/Rejection and Limits Options forms including a summary selection form. The Insured's signature on the summary form will serve as the Insured's agreement that the Insured has read and understands each state-specific form and that the selections or rejections marked on the state forms have been accepted by the Insured.

As each state has specific laws and regulations governing the appropriate method for obtaining the Insured's approval for the Uninsured/Underinsured Motorists Coverage, the summary form will indicate with an asterisk (\*) those states where the first named insured must sign that state's selection/rejection form.

The laws in a number of jurisdictions require that the Insured make their selection/rejection prior to policy issuance. Should the Insured fail to return the signed Uninsured/Underinsured Motorist (UM/UIM) Selection/Rejection Summary Form and required state-specific forms **prior** to the policy inception date(s), the Automobile Liability policy may be issued with coverage limits imposed by operation of state law. In such event, the Insured agrees that they shall reimburse the Company for the payments made on UM/UIM claims. The amount of the Insured's reimbursement obligation shall be equal to the amount of loss paid in excess of the UM/UIM limits shown in the Automobile Liability Limits section of this proposal.



Coverages or Exclusions	Form Number	Fill In Language
Business Auto Coverage Form	CA 00 01 (10/01)	
Business Auto Coverage Form	CA 00 01 (03/06)	
Pollution Liability-Broadened Coverage For Covered Autos-Business Auto, Motor Carrier and Truckers Coverage Forms	CA 99 48 (03/06)	
Uninsured Motorist	Various State Forms	
Underinsured Motorist	Various State Forms	
Auto Medical Payments Coverage	CA 99 03 (03/06)	
Personal Injury Protection	Various State Forms	
Drive Other Car Coverage - Broadened Coverage For Named Individuals	CA 99 10 (09/02)	
Hired Autos Specified as Covered Autos You Own	CA 99 16 (12/93) or CA 775 (12/93)	"All autos hired under a written agreement whose terms extend for 6 months or longer."
Employee Hired Autos	CA 20 54 (10/01)	
Non-Owned Auto Liability	CA 00 01 (10/01) (included in Business Auto Coverage Form)	
Fellow Employee Coverage	CA 20 55 (10/01)	
Broad Form Named Insured	U CA 388 A (07/94)	
Employees As Insureds	CA 99 33 (02/99)	
Designated Insured	CA 20 48 (02/99)	
War Exclusion	CA 00 38 (12/02)	
Nuclear Energy Liability Exclusion	IL 00 21 (07/02)	
Deductible Endorsement	U CA 388 A (07/94)	
Limited Mexico Coverage	CA 01 21 (02/99)	
Knowledge of Occurrence	U GL 919 B CW (12/01)	Knowledge by any person in the Risk Management Department, the Law Department or any Executive that is responsible for receiving or acting upon such information.
Waiver of Transfer of Rights of Recovery Against Others to Us	U CA 320 B CW (04/94)	Only those persons or organizations for whom you are required to waive your rights of recovery under the terms of a written contract.
Calculation of Premium	IL 00 03 (09/07)	Not applicable.



**POLICYHOLDER NOTICE  
FOR  
RETROSPECTIVELY RATED POLICIES**

Your insurance policies are being priced under a retrospective rating plan which includes the Large Risk Alternative Rating Option (LRARO).

The Large Risk Alternative Rating Option provides that a risk may be retrospectively rated as mutually agreed upon by carrier and insured. It is an available option for risks that meet the annual standard premium requirement for Workers Compensation individually or in any combination with General Liability, Hospital Professional Liability, Commercial Automobile, Crime, Glass or Workers Compensation.



## TERRORISM DISCLOSURE NOTICE FOR WC

**THIS DISCLOSURE DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER ANY POLICY.**

**DISCLOSURE OF IMPORTANT INFORMATION  
RELATING TO TERRORISM RISK INSURANCE ACT**

## SCHEDULE\*

Premium attributable to risk of loss from certified acts of terrorism for lines of insurance subject to TRIA:

\$32,537

\*Any information required to complete this Schedule, if not shown above, will be shown in the quote or proposal.

**A. Disclosure of Premium**

In accordance with the federal Terrorism Risk Insurance Act ("TRIA"), as amended, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to the risk of loss from terrorist acts certified under that Act for lines subject to TRIA. That portion of premium attributable is shown in the Schedule above. The premium shown in the Schedule above is subject to adjustment upon premium audit, if applicable.

**B. Disclosure of Federal Participation in Payment of Terrorism Losses**

The United States Government may pay a share of insured losses resulting from an act of terrorism. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the insurer retention. The insurer retention equals 20% of the insurer's prior calendar year direct earned premium associated with lines of insurance subject to TRIA. TRIA is scheduled to expire on December 31, 2014.

**C. Disclosure of \$100 Billion Cap on All Insurer and Federal Obligations**

If aggregate insured losses attributable to terrorist acts certified under TRIA exceed \$100 billion in a Program Year (January 1 through December 31) and an insurer has met its deductible under the program, that insurer shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of Treasury.

**D. Availability**

As required by TRIA, we have made available to you for lines subject to TRIA coverage for losses resulting from acts of terrorism certified under TRIA with terms, amounts and limitations that do not differ materially from those for losses arising from events other than acts of terrorism.

**E. Definition of Act of Terrorism under TRIA**

TRIA defines "act of terrorism" as 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:

1. to be an act of terrorism;
2. to be a violent act or an act that is dangerous to human life, property or infrastructure;
3. to have resulted in damage within the United States, or outside of the United States in the case of an air carrier (as defined in section 40102 of Title 49, United States Code) or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), or the premises of a United States mission; and
4. 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.

No act may be certified as an "act of terrorism" if the act is committed as part of the course of a war declared by Congress (except for workers' compensation) or if losses resulting from the act, in the aggregate for insurance subject to TRIA, do not exceed \$5,000,000.



## TERRORISM DISCLOSURE NOTICE FOR GL

**THIS DISCLOSURE DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER ANY POLICY.**

## DISCLOSURE OF IMPORTANT INFORMATION RELATING TO TERRORISM RISK INSURANCE ACT

### SCHEDULE\*

Premium attributable to risk of loss from certified acts of terrorism for lines of insurance subject to TRIA:
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<b>Included</b>
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\*Any information required to complete this Schedule, if not shown above, will be shown in the quote or proposal.

#### A. Disclosure of Premium

In accordance with the federal Terrorism Risk Insurance Act ("TRIA"), as amended, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to the risk of loss from terrorist acts certified under that Act for lines subject to TRIA. That portion of premium attributable is shown in the Schedule above. The premium shown in the Schedule above is subject to adjustment upon premium audit, if applicable.

#### B. Disclosure of Federal Participation in Payment of Terrorism Losses

The United States Government may pay a share of insured losses resulting from an act of terrorism. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the insurer retention. The insurer retention equals 20% of the insurer's prior calendar year direct earned premium associated with lines of insurance subject to TRIA. TRIA is scheduled to expire on December 31, 2014.

#### C. Disclosure of \$100 Billion Cap on All Insurer and Federal Obligations

If aggregate insured losses attributable to terrorist acts certified under TRIA exceed \$100 billion in a Program Year (January 1 through December 31) and an insurer has met its deductible under the program, that insurer shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of Treasury.

#### D. Availability

As required by TRIA, we have made available to you for lines subject to TRIA coverage for losses resulting from acts of terrorism certified under TRIA with terms, amounts and limitations that do not differ materially from those for losses arising from events other than acts of terrorism.

#### E. Definition of Act of Terrorism under TRIA

TRIA defines "act of terrorism" as 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:

1. to be an act of terrorism;
2. to be a violent act or an act that is dangerous to human life, property or infrastructure;
3. to have resulted in damage within the United States, or outside of the United States in the case of an air carrier (as defined in section 40102 of Title 49, United States Code) or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), or the premises of a United States mission; and
4. 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.

No act may be certified as an "act of terrorism" if the act is committed as part of the course of a war declared by Congress (except for workers' compensation) or if losses resulting from the act, in the aggregate for insurance subject to TRIA, do not exceed \$5,000,000.



TERRORISM DISCLOSURE FOR AUTO

THIS NOTICE DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

NOTICE REGARDING TERRORISM PREMIUM (FOR COMMERCIAL AUTOMOBILE INSURANCE)

SCHEDULE\*

Premium attributable to risk of loss resulting from terrorism for the Commercial Automobile line of insurance:

Included

\*Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Terrorism Risk Insurance Act ("TRIA")

The Commercial Automobile line is not part of TRIA. On December 22, 2005, the President of the United States signed the first TRIA extension act into law and, at that time, the Commercial Auto line was removed from the program. The federal government does not share in Commercial Automobile terrorism losses.

B. Disclosure of Terrorism Premium

We have elected to provide notice to you of the amount of the total policy premium attributable to the risk of loss from terrorism for the Commercial Automobile line of insurance.



### **Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents (DTEC) Premium-Workers Compensation**

Your policy provides coverage for workers compensation losses caused by acts of domestic terrorism, earthquakes, and/or catastrophic industrial accident including workers compensation benefit obligations dictated by state law. Coverage for such losses is still subject to all terms, definitions, exclusions, and conditions in your policy, and any applicable federal and/or state laws, rules, or regulations.

The premium charge provides funding for the risk of earthquakes, catastrophic industrial accidents, and acts of domestic terrorism. It does not provide funding for acts of foreign terrorism as that term is defined in the Foreign Terrorism Premium Endorsement (WC 00 04 22), attached to this policy.

The following definitions apply:

- Domestic Terrorism: All acts of terrorism, certified (as defined in the Terrorism Risk Insurance Act of 2002), or non-certified, that are outside the scope of the Foreign Terrorism Premium Endorsement (WC 00 04 22), and where aggregate workers compensation losses are in excess of \$50 million.
- Earthquake: The shaking and vibration at the surface of the earth resulting from underground movement along a fault plane or from volcanic activity where aggregate workers compensation losses from the single event are in excess of \$50 million.
- Catastrophic Industrial Accident: Any single event resulting in aggregate workers compensation losses in excess of \$50 million.

Workers Compensation Estimated DTEC Premium is \$11,414





### Massachusetts Large Commercial Policyholder Acknowledgment

**A. Important Information:**

The policy applied for is not subject to all insurance laws that apply to other commercial lines products and may contain significant differences from a policy that is subject to all insurance laws.

A listing of policy forms and endorsements are set forth in the Schedule of Forms and Endorsements.

**B. Certification You Meet Statutory Exemption Requirements:**

The undersigned, as an authorized representative of the policyholder, hereby certifies that it meets the following criteria:

- 1. The policyholder is a corporation, partnership, trust, sole proprietorship or other business or public entity; and
- 2. The policyholder has aggregate property and casualty insurance premiums of \$30,000 excluding workers' compensation; and
- 3. The policyholder meets at least two of the following criteria (**check all that apply**):

- net worth of \$10,000,000 or more;
- net revenue or sales of \$5,000,000 or more;
- more than 25 employees per individual company or more than 50 employees per holding company aggregate;
- nonprofit or public entity with an annual budget or assets of \$25,000,000 or more;
- municipality with a population of 20,000 or more; or
- retains a risk manager who shall be a full-time employee or a person retained by a large commercial policyholder, either of which shall be licensed and shall be 1 of the following: -- (i) a certified insurance counselor; (ii) a chartered property and casualty underwriter; (iii) an associate in risk management; (iv) a certified risk manager; or (v) a licensed insurance advisor in property and casualty insurance.

**C. Policyholder's Acknowledgement:**

I hereby acknowledge that I have read the above disclosure notice and have received a copy of the same. I also hereby elect to be treated as a Large Commercial policyholder and further understand the limited regulatory oversight of Large Commercial Policyholders.

Name of Policyholder \_\_\_\_\_

Authorized Representative \_\_\_\_\_  
(signature)

Authorized Representative \_\_\_\_\_  
(print)

Date \_\_\_\_\_



### Premium Based Assessments and Surcharges

#### Workers Compensation

State	Description	Assmt./Surch.	Estimated Charge
AK	AK Insurance Guaranty Assoc. (AIGA), Co 02 AZ		\$0
CA	CA Insolvency Surcharge		\$1
CA	CA WC Fraud Assessment		\$2
CA	CA User Funding		\$6
CA	CA Uninsured Employers Benefit Trust Fund		\$1
CA	CA Subsequent Injuries Benefits Trust Fund		\$1
CA	CA Occupational Safety & Health Fund		\$1
CT	CT Second Injury Fund		\$8,134
CT	CT Assessment Fund		\$5,152
GA	GA Insurers Insolvency Pool WC Surcharge, Co 02 AZ		\$0
KY	KY Assessment		\$2,641
MA	MA Assessment		\$18,392
MN	MN Insurance Guaranty Assoc. Surcha		\$0
MN	MN Special Comp Fund Surcharge, Co 02 AZ		\$12,674
MO	MO Second Injury Fund		\$32
MO	MO Deductible Administrative Surcharge		\$8
NJ	NJ Second Injury Fund		\$1,340
NJ	NJ Uninsured Employers Fund Surcharge		\$26
NY	NY State Assessment		\$42,014
NY	NY Security Fund Surcharge		\$1,265
SD	SD Special Policy Fee		\$14
TX	TX Maintenance Tax Surcharge		\$0
<b>Total</b>			<b>\$91,704</b>

#### Workers Compensation-SIR

State	Description	Assmt./Surch.	Estimated Charge
CA	CA Insolvency Surcharge		\$0
FL	FL Hurricane Catastrophe Fund		\$495
FL	FL Insurance Guaranty Assoc. (FIGA)		\$0
FL	FL FIGA Emergency		\$248
FL	FL 2007 FIGA		\$941
OR	OR Insurance Guaranty Association Assessment		\$0
VA	VA Birth-Related Neurological Injury Comp Fund		\$47
WA	WA Regulatory Surcharge		\$1
<b>Total</b>			<b>\$1,732</b>

**General Liability**

<b>State</b>	<b>Description</b>	<b>Assmt./Surch.</b>	<b>Exposure Basis</b>	<b>Estimated Charge</b>
CA	CA Insolvency Surcharge		176	\$0
FL	FL Hurricane Catastrophe Fund		358	\$4
FL	FL Insurance Guaranty Assoc. (FIGA)		358	\$0
FL	FL FIGA Emergency		358	\$2
FL	FL 2007 FIGA		358	\$7
KY	KY Municipal Tax		10	\$0
KY	KY Collection Fee		10	\$0
KY	KY Surcharge		10	\$1
MN	MN Insurance Guaranty Assoc. Surcha		108,147,39	\$0
NJ	NJ Prop Liab Ins Guar Assoc Surcharge		16	\$1
OR	OR Insurance Guaranty Association Assessment		25	\$0
VA	VA Birth-Related Neurological Injury Comp Fund		238	\$1
WA	WA Regulatory Surcharge		9	\$1
<b>Total</b>				<b>\$17</b>

**Automobile Liability**

<b>State</b>	<b>Description</b>	<b>Assmt./Surch.</b>	<b>Exposure Basis</b>	<b>Estimated Charge</b>
CA	CA Insolvency Surcharge		2,169	\$0
CA	CA AUTO SPECIAL PURPOSE SURCHARGE		37	\$67
FL	FL Hurricane Catastrophe Fund		15,576	\$156
KY	KY Municipal Tax		220	\$0
KY	KY Collection Fee		220	\$0
KY	KY Surcharge		220	\$3
MI	MI Catastrophe Claims Surcharge		15	\$1,726
NJ	NJ Prop Liab Ins Guar Assoc Surcharge		361	\$3
NY	NY Motor Vehicle Law Enforcement Fee		7	\$35
OR	OR Insurance Guaranty Association Assessment		220	\$0
SC	SC Recoupment Surcharge		728	\$0
TX	TX Auto Theft Prevention Authority		26	\$26
VA	VA Birth-Related Neurological Injury Comp Fund		4,104	\$10
WA	WA Regulatory Surcharge		294	\$1
<b>Total</b>				<b>\$2,027</b>



The Premium Based Assessments/Surcharges are estimates only. The insured is obligated to pay the Company all Premium Based Assessments/Surcharges based on the rates applicable for the states identified in the policy at the time it is issued. All premium Based Assessments/Surcharges are payable in the first installment for all states except Workers Compensation for Indiana, Kentucky, Minnesota Special Compensation Fund Surcharge, Missouri, Montana, New Jersey and New York State Assessment which will be payable in the same manner as the premium. The final Premium Based Assessments/ Surcharges will be determined at the time the policy is audited. If the audited exposures include states for which Assessments/Surcharges are payable, the Insured will be billed at audit based on the effective state rates. This also includes, but is not limited to, all new or modified state Assessments/Surcharges or change in the basis upon which it is calculated after the effective date.

Michigan Catastrophic Claims Surcharge, if any, will not be included within the Assessments/Surcharges and will be charged within the Automobile Liability premium.



### Loss Based Assessments

State	Base of Assessment	LBA Factor	Estimated Amount
KS	Paid Loss	0.0290	
MI	Paid Loss	0.0030	
AL	Paid Loss	0.0060	
ID	Paid Loss	0.0130	
<b>Total</b>			<b>0</b>

**Incurred or Paid-Unbundled:**

A deposit for the Loss Based Assessments is required and payable per the installment{s} schedule. Commencing eighteen (18) months after the effective date of the Workers Compensation policy, and annually thereafter, the Company will bill the Insured for additional Loss Based Assessments. The Insured will be billed for the applicable state Loss Based Assessment based on the loss billings provided by the Company or the TPA.

**Other Charges and Assessments**

The Insured will be billed for actual Other Charges and Assessments at any time. The Company will provide the Insured with information about the rate, application and purpose of all Other Charges and Assessments.



## Collateral Requirements

	<u>Total Amount of Collateral</u>
Form of Collateral	LOC
<b>Total Collateral Needed:</b>	<b>\$7,045,000</b>

The entire Additional Collateral Amount is due on or before the inception date. The LOC must be clean, irrevocable, unconditional and contain an Evergreen Clause (automatically renewable) including thirty (30) days notice of intent not to renew. The LOC must be issued by a bank which is on the NAIC approved list. If the issuing bank is subsequently removed from the NAIC list, the Insured must provide the Company with a replacement LOC issued by an approved bank upon the earliest of the following events: expiration; extension; renewal; modification; or amendment of the LOC.

If satisfactory collateral is not received within thirty (30) days from the effective date of coverage, the Company will bill the insured for the amount of the security in cash. Payment will be due within 10 days of receipt of the bill. If payment is not received by such time, the deductible feature of the policies may be invalid and the premium may be recalculated on a first dollar basis and immediately due and owing.

### DEP

As the Insured has purchased a DEP to pay on behalf of their obligations within the Deductible Amount(s) as stated on the underlying deductible policy(ies) (plus variable expenses (LCF & LBA)), no Collateral is required as of the policy effective date. If the limits of liability under the DEP become exhausted or if for any reason payment under the DEP is not received when due, the Insured will remain responsible for the payment of their obligations under the Policy(ies) and the posting of Collateral pursuant to the terms of the Agreement.

### Collateral Adjustment

The amount of the Collateral, or any replacement thereof may be adjusted from time to time at the sole option of the Company. An amendment to the LOC for any increase or decrease in the amount is required within thirty (30) days of request.

The Insured will be required to provide audited financial statements annually or upon the Company's request.

The adjustment of the Collateral will include, but not be limited to:

The sum of: the Ultimate Retrospective Rating Premium [plus any Other Charges and Assessments] less Premium installments paid (excluding the Excess Premium); plus

The sum of: Deductible Incurred Losses within the Deductible Amount(s) plus Incurred ALAE plus ULAE plus LBA, that sum multiplied by LDF, plus Other Charges and Assessments; less,

The sum of: the Loss Fund held by the Company plus payments received for Incurred Loss billings [and any Other Charges and Assessments].



## General Terms and Conditions

This Final Confirmation supersedes and replaces all prior communications, proposals, and negotiations between the Company and Insured. In the event of any conflict, inconsistency, or ambiguity between this Final Confirmation and any prior Final Confirmation, this Final Confirmation shall control.

### **Payment Terms:**

All deposit and installment premiums are due and payable as specified in the policy and must be paid outside the account current. Surcharges and special assessments as mandated by various regulatory bodies are due and payable on the policy effective date, unless otherwise noted. All premiums which result from a final audit are due and must be paid within ten (10) days of receipt of the Company's bill. See the Installment Schedule for payment details. Payment mailing address:

Zurich North America  
8745 Paysphere Circle  
Chicago, Ill. 60674

The issued policy premium may vary slightly from the premiums contained in this document based on final exposure and rate variations. The initial deposit payment will remain as shown in the Installment(s) Schedule. Any variations will be reflected in the subsequent installments.

Past due payments, including payments in dispute, are subject to a late charge due and payable to the Company unless the Company has waived, in writing, our rights to the late charges. The late charge will consist of interest accruing on the late payment as of the date the payment was due and will be calculated by using the three (3) month US Treasury Bill rate as reported in the Wall Street Journal on the next business day after the payment due date.

### **Premium Audit Requirements:**

An audit for the Policy(ies) will be conducted in accordance with the provisions of the Policy(ies). The adjustable elements of this Agreement will be adjusted based on the audited exposures. Upon completion of the audit, the Insured will pay any additional amounts due the Company or the Company will pay any amounts due the Insured as stated on the audit invoice.

### **Non Policy Agreement:**

The agreement outlines the rights and obligation of the Company and the Insured. A copy of the Agreement must be signed by the Insured and returned to the Company based on the "Due Date" as described in "Documents Required" section of the Program Summary.

### **Arbitration:**

Any dispute arising out of the existence, validity, interpretation, performance, termination or alleged breach of the Non Policy Agreement(s) shall be referred to binding arbitration administered by the American Arbitration Association (AAA) under its Commercial Arbitration Rules in effect as of the time of that the dispute arises, and the following procedures:

The panel shall be made up of three arbitrators with specific rules regarding the selection of the arbitrators;

Arbitration shall take place in Schaumburg, Illinois;

No award in excess of compensatory damages; and

Each party to pay the expense of its own arbitrator, counsel and witnesses and equally pay the expenses of the third arbitrator and any other expenses of the arbitration proceeding.



**Retrospective/Deductible Rating Selection Forms:**

Upon acceptance of the Company's proposal, state mandated selection forms will be sent to the Insured. These forms must be signed by the Insured and forwarded within fifty (50) days of the effective date of coverage.

If the signed forms are not sent to the states in the time indicated, the Company may, at its sole option, revert the insurance program to Guaranteed Cost effective as of the policy inception.

**Retrospective Formula:**

The Retrospective Rating Premium is the sum of the  $[(\text{Basic Premium} + \text{Excess Loss Premium} + (\text{Converted Losses} \times \text{any applicable LDF/IBNR factor})) \times \text{Tax Multiplier}]$ . The Retrospective Rating Premium will not be less than the Minimum Retrospective Rating Premium nor more than the Maximum Retrospective Rating Premium

The Retrospective Maximum is not applicable if the program is subject to an Aggregate Retention Program (see Program Summary). The Company will calculate the retrospective premium using loss information the Company has as of 0 months after the rating period ends and annually thereafter.

**Retrospective Premium Calculations:**

Retrospective Premium will be calculated using all Incurred Losses and ALAE valued 0 months from the policy inception date and thereafter at each annual anniversary. The audit will be billed in conjunction with the Retrospective Premium adjustment.

**ALAE Definition:**

**Allocated Loss Adjustment Expense ("ALAE")** is an expense directly allocable to a specific claim and shall include but not be limited to: all supplementary payments as defined under the Policy(ies); all court costs, fees and expenses; all costs, fees, and expenses for all attorneys, witnesses, experts, depositions, reported or recorded statements, summonses, service of process, legal transcripts or testimony, copies of any public records; alternative dispute resolution; interest; investigative services, non-employee adjusters, medical examinations, autopsies, medical cost containment; declaratory judgment, subrogation and any other fees, costs or expenses reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or a loss under the Policy(ies).

**ALAE Handling Options:**

ALAE will be handled and paid as follows and the Insured is obligated to reimburse the Company for ALAE even if there is no indemnity payment.

**Included**

ALAE is included within the Deductible/Loss Limitation under the Policy(ies) and is reimbursed to the Company by the Insured up to the Deductible/Loss Limitation. The Company pays the indemnity and ALAE excess of the Deductible/Loss Limitation/SIR.

**Paid Loss Billing-TPA:**

The TPA will bill the Insured directly for Paid Losses, Paid ALAE and actual TPA expenses. If for any reason the TPA's services are discontinued and the Company assumes the claim handling and claim administration services or, at our discretion the Company funds the TPA on the Insured's behalf, the Company will bill the Insured the Paid Loss billings directly. The Insured is obligated to pay the Company for all Paid Loss billings and the Insured will be billed after the close of the calendar Monthly Throughout following the effective date of the policy(ies) and each subsequent calendar Month.

Once the Plan is converted, the Insured will be billed for incurred losses on an annual basis every year thereafter. The Insured is obligated to pay the Company for all Incurred Loss billings.





**TPA Oversight**

Ownership of Files: All Claims, related Files and Data generated by the Third Party Claims Administrator will remain at all times the property of Zurich, with the exception of any supporting data required by the Third Party Claims Administrator to make any accountings to Zurich.