



**HUMAN RESOURCES
DEPARTMENT**
City of Burlington

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Vermont Relay: call 711
or 800-253-0191

To: City Council

From: Susan Leonard, Director of Human Resources

Date: September 18, 2013

Re: Recommendation to City Council for Approval of Workers' Compensation Contract with Traveler's Insurance Company

I am recommending approval of a contract with Traveler's Insurance Company to partner with the City and Hickok and Boardman to manage the City's Workers' Compensation Insurance Program. While Traveler's Insurance Company provides many services to the City of Burlington in concert with Hickok and Boardman, the Human Resources Department has been charged with managing the Workers' Compensation Program. The Workers' Compensation related expenses are approximately \$1,500,000. The contract and supporting materials are attached.

The premium for the Fiscal Year 2014 is \$555,788, which represents an 11.6% increase from Fiscal Year 2013. This increase is due to the increases in our payroll and the rates being charged by Traveler's. Attached is the Workers' Compensation expenses and select information for the past several years.

Traveler's Insurance Company has been contracted to provide these services since 2007. In that time, the City's Expenditures on Workers' Compensation has been reduced by millions of dollars. A request to Traveler's Insurance Company to comply with the Livable Wage Ordinance, through authorized signing of a Certificate of Compliance, was denied earlier this year. Please see the attached communication from Traveler's regarding compliance with the Livable Wage Ordinance. I believe this satisfies the requirements under the current Ordinance.

The contract has been reviewed by City Attorney Blackwood and the Board of Finance voted to recommend approval of this contract to the City Council at their September 16, 2013 meeting.

A resolution has been forwarded for your deliberation.

I look forward to answering any questions you may have.

WORKERS' COMPENSATION PROGRAM COST

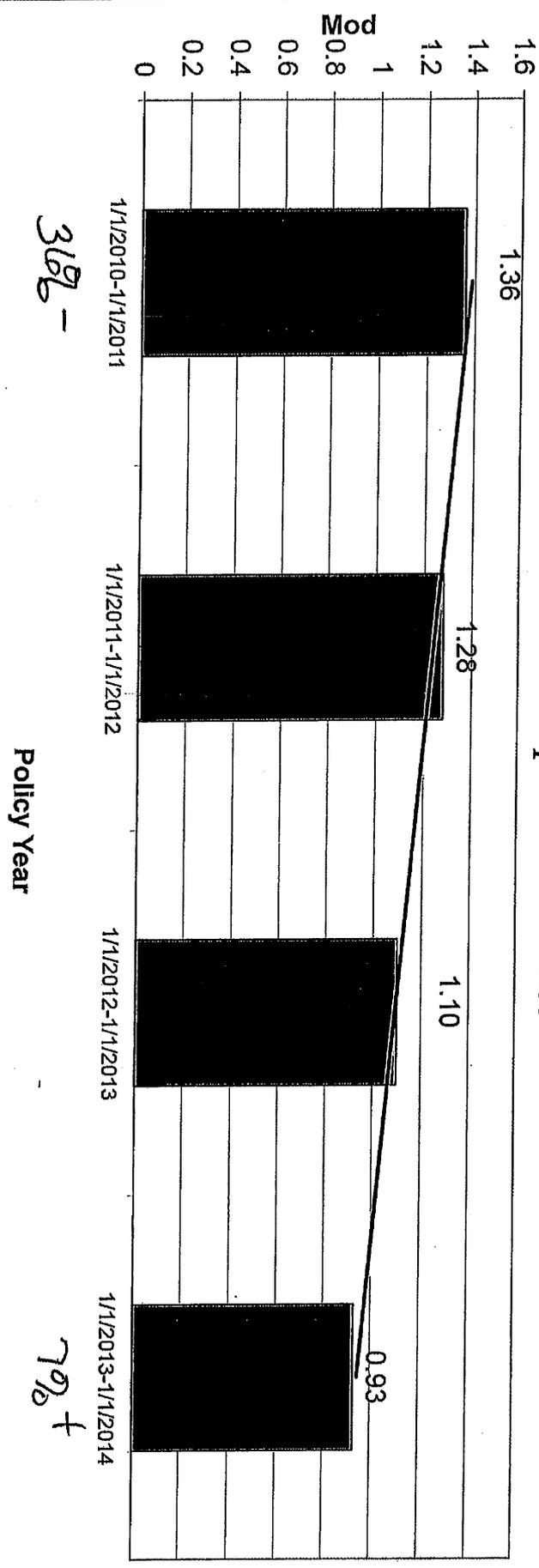
Policy Year	Aggregate Payroll	Premium	Paid Claims (incl claim admin expenses)	Reserved Claims (incl claim admin expenses)	Total Cost
2013	44,604,524	550,788	46,252.00	7,607.06	604,647.06
2012	43,305,363	497,912	414,278.25	535,236.01	1,447,426.26
2011	42,565,321	459,502	714,341.41	91,493.41	1,265,336.82
2010	40,859,127	459,502	1,052,580.43	0.00	1,512,082.43
2010 <i>without the Loss of Life Claim</i>		459,502	680,077.06	0.00	1,139,579.06
2009	39,451,902	654,936	612,898.71	0.00	1,267,834.71
2008	38,356,650	595,231	1,142,359.65	20,730.30	1,758,320.95
2007	32,597,153	505,863	1,229,238.75	21,103.29	1,756,205.05

Premium = (Payroll/100) x Rate {Payroll is subject to audit at policy expiration}

Paid & Reserved Claim estimates are valued as of 09.05.2013

Total Cost = Premium + Paid Claims+ Reserved Claims

**City of Burlington
NCCI Experience Modifier**

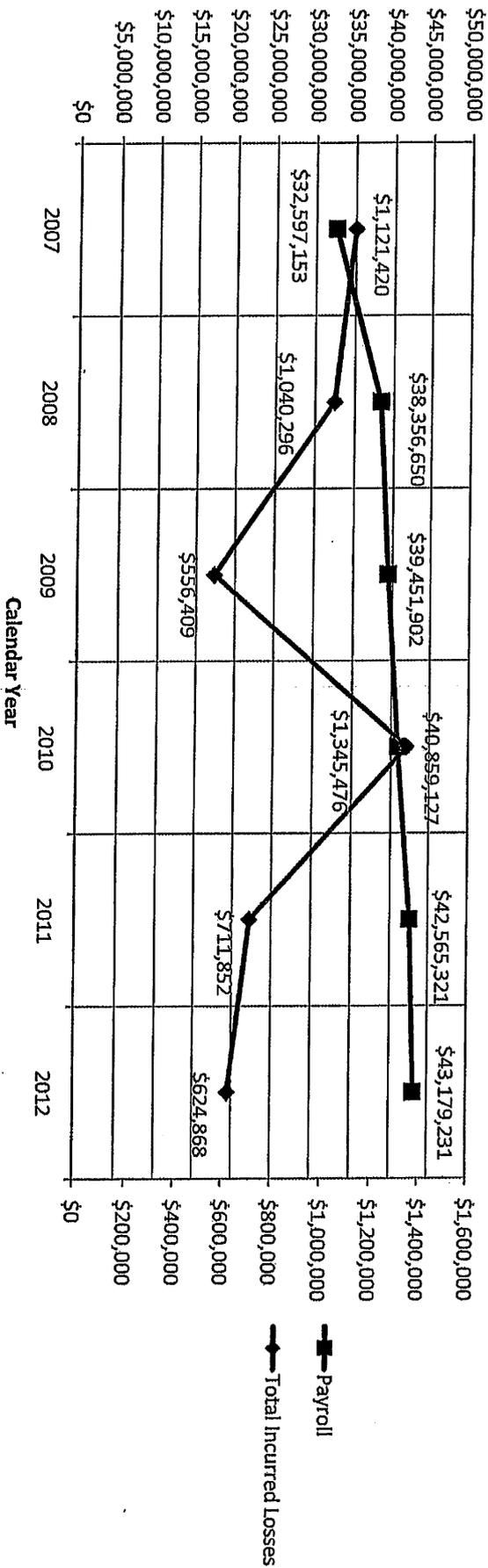


WHAT IS AN EXPERIENCE MODIFICATION FACTOR (EXPERIENCE MOD)?

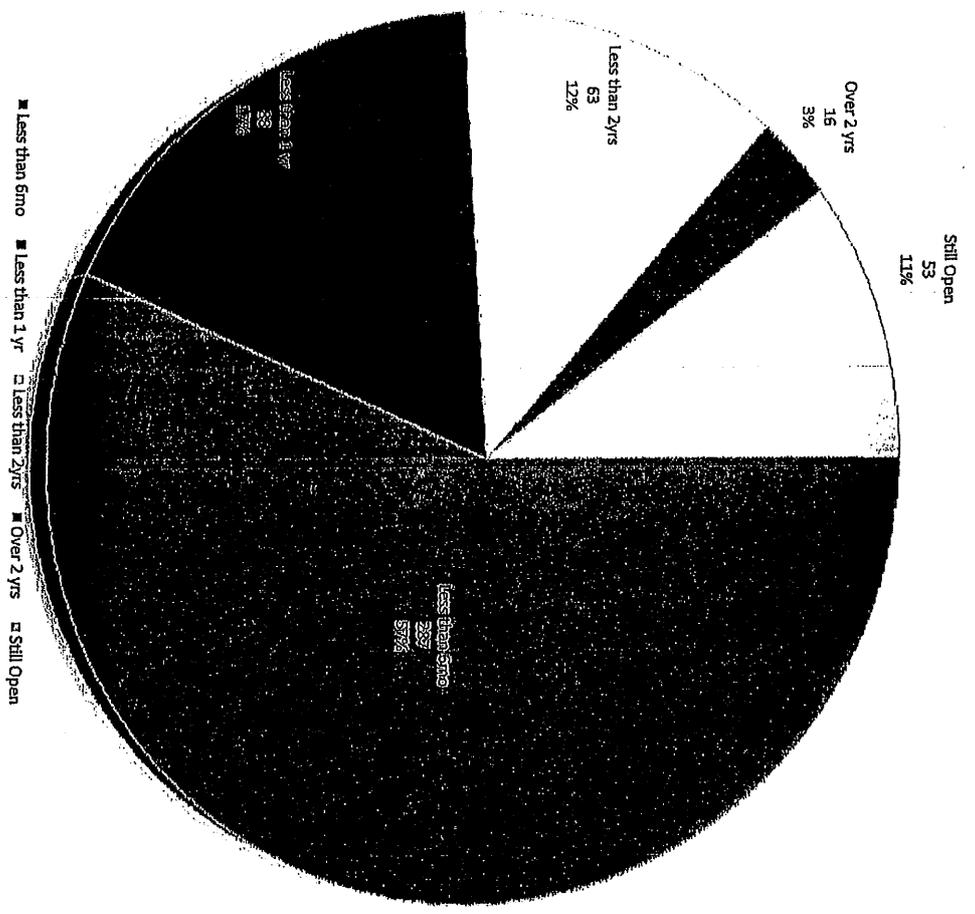
An experience mod is a factor that is calculated for each employer who qualifies (typically premium in excess of \$10,000 or a 3 year average premium of \$5,000, depending on the state). The mod factor is a value that compares the claim profile of the employer to the claim profile that would be expected of an employer of similar size (payroll) in the same industry (class codes).

A value of 1.00 is average, meaning the frequency and severity of actual losses equaled the expected losses. A mod factor greater than 1.00 means the employer experienced worse than expected losses during the rating period, and a mod of less than 1.00 indicates the employer's losses were better than expected for the rating period.

City of Burlington Workers' Compensation Payroll and Total Incurred Losses

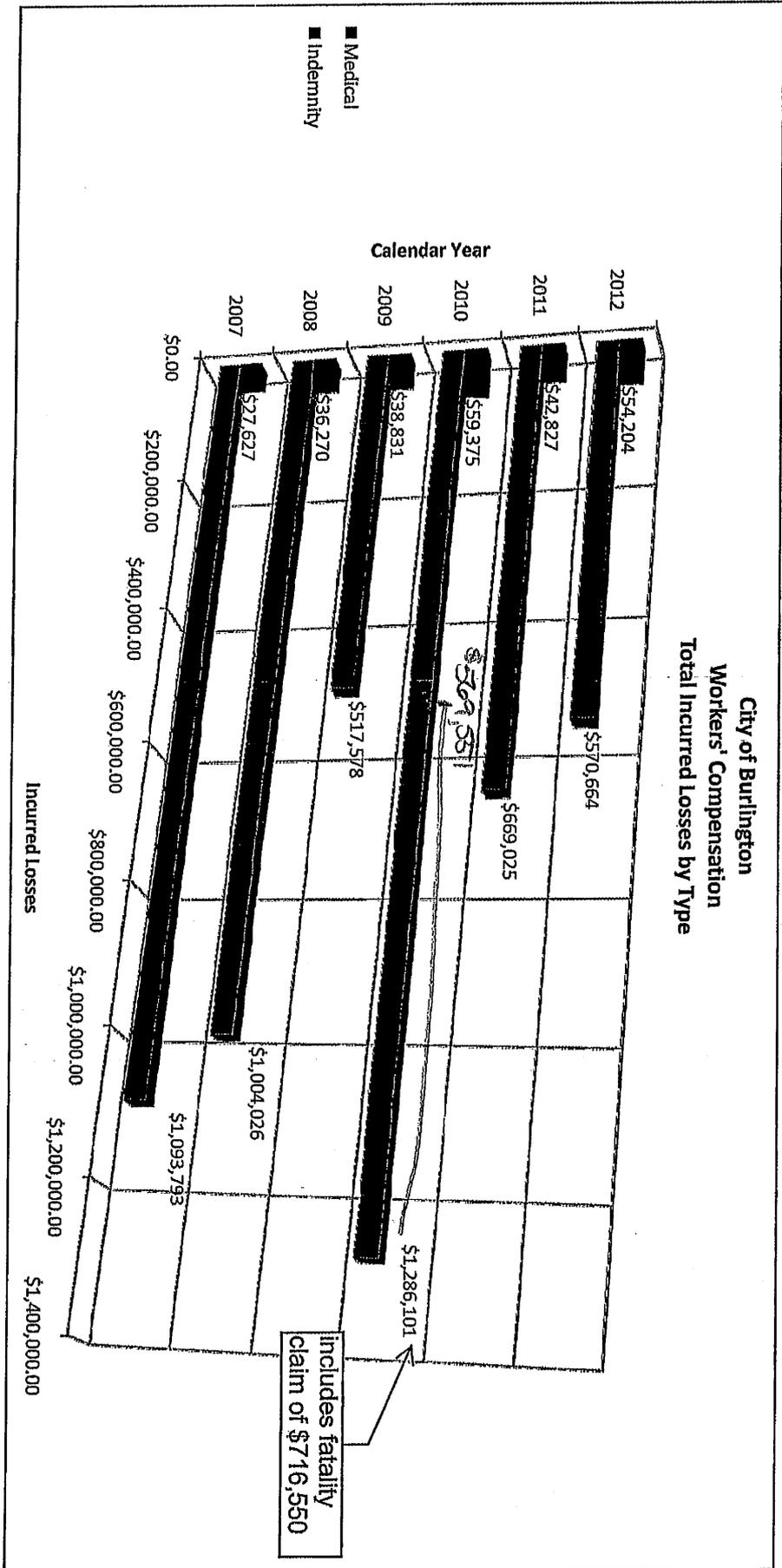


**City of Burlington's
Workers' Compensation
Claim Closing %
All Claims
2007-2012**



■ Less than 6mo ■ Less than 1 yr □ Less than 2yrs ■ Over 2 yrs □ Still Open

**City of Burlington
Workers' Compensation
Total Incurred Losses by Type**



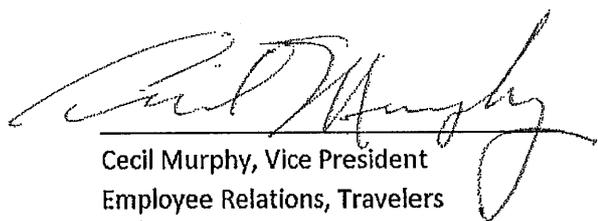
To Whom It May Concern:

The Travelers Indemnity Company has received your request to provide information that supports that its employees working on the City of Burlington workers compensation program satisfy the Livable Wage Ordinance. In support of our compliance, we submit the following information:

- We have identified all employees who currently have any involvement in producing this workers compensation program and can confirm that the lowest paid employee among them earns a salary equivalent to more than \$27 per hour.
- We have identified all those employees who now handle or might handle claims in the future for this workers compensation program and can confirm that the lowest paid among them earns a salary equivalent to more than \$24 per hour.
- All of these employees are eligible for our employee benefits package, which includes health insurance, as per the enclosed materials from our website which can also be found at www.travelers.com/about-us/careers/life-at-travelers/compensation.aspx.

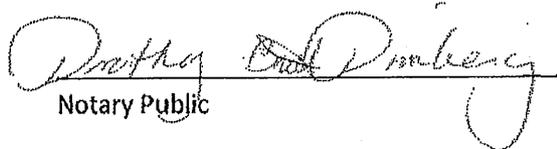
The foregoing information is provided after a diligent search of our Company records and is true and accurate to the best of my knowledge.

Dated at Hartford, Connecticut on this 6th day of September 2013.


Cecil Murphy, Vice President
Employee Relations, Travelers

CERTIFICATION

Subscribed and Sworn to me on this 6th day of September 2013 in the County of Hartford, State of Connecticut.


Notary Public

D. BRETT DIMBERG
NOTARY PUBLIC
MY COMMISSION EXPIRES JAN. 31, 2017



Insurance Program Agreement

For

CITY OF BURLINGTON, VT

Period:

July 01, 2013 to July 01, 2014

TRAVELERS  **J**

July 15, 2013

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Insurance Program Agreement

Program Summary

NAMED INSURED: CITY OF BURLINGTON, VT

PROGRAM EFFECTIVE DATE: From July 01, 2013 to July 01, 2014

RATING PLAN(S)

The following rating plan formulas apply for your insurance program;

LOSS RESPONSIVE RATING PLAN(S)

Deductible Plan Computation Formula

Deductible Plan Losses + Deductible Plan Claims Handling Reimbursement Charges + Administrative Expense Reimbursement = Deductible Plan Charges

subject to a

Maximum Loss Content Formula(s)

Maximum Loss Content Rate x Exposure Base, but in no event less than the Minimum Maximum Loss Content Amount shown in the Maximum Loss Content and Minimum Program Cost part of the Program Summary
and a

Minimum Program Cost Formula

Minimum Program Cost Rate x Exposure Base, but in no event less than the sum of the minimum amounts shown in other parts of the Program Summary.

How we charge for the medical cost containment expense component of ALAE is set forth in the Rating Plan(s) Computation Section.

NON-LOSS RESPONSIVE RATING PLAN

Non-Loss Responsive Premium Formula (other than Guaranteed Cost Policies):

Non-Loss Responsive Rate(s) x Corresponding Exposure Base(s), but in no event less than any stated Minimum Non-Loss Responsive Premium shown in the Non-Loss Responsive Premiums part of the Program Summary

Miscellaneous Charges are exclusive of, and in addition to, your Rating Plans. Your premium and premium tax amounts will include any residual market charges which may be assessed by the various states.

CITY OF BURLINGTON, VT

Insurance Program Agreement

Program Summary

AMOUNTS RETAINED BY YOU

The following retentions apply:

Deductible Plan Amount(s)
 Workers Compensation & Employers Liability Loss including ALAE \$350,000

Workers Compensation and Employers Liability Losses including Allocated Loss Adjustment Expenses (ALAE) arising out of a single accident shall be limited to the amount indicated above. For Occupational Disease Claims, this limitation shall apply to each employee.

EXPENSES

	Minimum Amount	Estimated Amount
Administrative Expense Reimbursement <i>\$0.2642 Per \$100 of Audited Total WC Payroll Excluding Monopolistic States Payroll</i>	\$117,850	\$117,850
Total Expenses included in the Installment Schedule		\$117,850

CLAIM HANDLING CHARGES

	Basis	Rate
Deductible Plan Claims Handling Reimbursement Charges		
Workers Compensation & Employers Liability		
Files Designated CM	Per Claim	\$155
Files Designated CM - Plus	Per Claim Plus Nurse Charges @ Prevailing Rate	\$155
Files Designated CB	Per Claim	\$1,250
Per Incident	Per Incident	\$75

The Per Claim Charges are lifetime charges. The Per Claim Charges are multiplied by the applicable Claim Count beginning on the commencement date and according to the billing basis and billing frequency noted in the Key Dates part of this Program Summary.

An "Incident-Only" Claim is a report of an accident or occurrence to the claim handler for "reporting purposes only" or an accident or occurrence which does not require claim management due to inactive medical treatment. There is no financial activity on Incident-Only Claims and no claim adjusting beyond the entry of up to three case manager-entered file notes.

CM and CB Claims are defined in the Definition of Workers Compensation Medical Only ("CM") and ("CB") Claims Exhibit attached hereto and incorporated herein by reference.

CITY OF BURLINGTON, VT

Insurance Program Agreement

Program Summary

NON-LOSS RESPONSIVE PREMIUM

	Minimum Amount	Estimated Amount
Workers Compensation Deductible Premium \$0.9566 Per \$100 of Audited Total WC Payroll Excluding Monopolistic States Payroll	\$426,687	\$426,687
Total Estimated Non-Loss Responsive Premium		\$426,687

Your premium amounts referenced above will include any residual market charges which may be assessed by the various states.

You will pay premium tax in accordance with individual state regulations.

MAXIMUM LOSS CONTENT AND MINIMUM PROGRAM COST

Amount

Your Loss Responsive Rating Plan is subject to the following maximum and minimums:

Estimated Maximum Loss Content Amount	\$3,229,500
Minimum Maximum Loss Content Amount	\$3,229,500
Rating Plan Components Subject to Maximum Loss Content: WC Deductible Plan Losses	

Maximum Loss Content Rate: \$7.2403 Per \$100 of Audited Total WC Payroll Excluding Monopolistic States Payroll

Estimated Minimum Program Cost Amount	\$544,537
Rating Plan Components Subject to the Minimum Program Cost: Administrative Expense Reimbursement Workers Compensation Deductible Premium	

Minimum Program Cost Rate: \$1.2208 Per \$100 of Audited Total WC Payroll Excluding Monopolistic States Payroll, but in no event less than the sum of the minimum amounts shown in other parts of the Program Summary

All other rating plan components are NOT subject to the Maximum Loss Content or the Minimum Program Cost.

MISCELLANEOUS CHARGES - SURCHARGES AND ASSESSMENTS

Deposit/Estimated Amount

Estimated and/or Deposit Surcharges - Refer to Miscellaneous Charges Exhibit	\$6,251
Miscellaneous Charges - Surcharges and Assessments included in the Installment Schedule:	\$6,251

CITY OF BURLINGTON, VT

Insurance Program Agreement

Program Summary

LOSS FUNDS	Amount
Deductible Plan Deposit	
Amount Required for ALL Policy Years (Historical and Current)	\$24,620
Currently Holding for Historical Policy Years	\$19,620
Additional or (Return) Amount Due	\$5,000
Total Loss Funds Due or (Return)	\$5,000

INSTALLMENT SCHEDULE	Amount Due
Payments Begin: July 15, 2013	
 Rating Plan Obligations:	\$544,537
Payable in 12 equal installments, beginning July 15, 2013 and the 1st day of each succeeding month thereafter.	
 Surcharges and Assessments:	\$6,251
Payable in 12 equal installments, beginning July 15, 2013 and the 1st day of each succeeding month thereafter.	
 Loss Fund:	\$5,000
Due with first installment	
 Installments Payment: <i>Remit to Agent/Broker</i>	
Paid Loss Payment: <i>Remit to Agent/Broker</i>	
Plan Adjustment Payment: <i>Remit to Agent/Broker</i>	

CITY OF BURLINGTON, VT

Insurance Program Agreement

Program Summary

KEY DATES

	Commencement Date	Billing Frequency	Billing Basis
Deductible Plan Deductible Plan Losses	July 01, 2013	DB-Weekly Issued	Paid
Deductible Plan Claims Handling Reimbursement Charges Workers Compensation	July 01, 2013	Monthly	Claim Count
Administrative Expense Reimbursement Adjustment Administrative Expense Reimbursement Adjustment	January 01, 2015	Annually	As per Expenses Part of Program Summary
Non-Loss Responsive Premium(s) Non-Loss Responsive Premium(s) Adjustment	January 01, 2015	Annually	As per Non-Loss Responsive Premium part of the Program Summary
Miscellaneous Charges Assessments/Surcharges	As of January 01, 2015	Annually	See Misc Chrgs Exhibit

- Paid Basis means the amount of each loss actually paid within your plan layer. Claim Count is the actual number of claims within your plan layer.

Insurance Program Agreement

Program Summary

COLLATERAL REQUIREMENT

	Letter Of Credit
Amount Required for All Policy Years	\$1,850,000
Currently Holding	\$1,500,000
Additional or (Return) Amount Due	\$350,000
 Collateral Schedule	
Amount Available July 01, 2013	\$200,000
Amount Available January 01, 2014	\$350,000

ESTIMATED EXPOSURES

Estimated
Exposure
Amount

EXPOSURES APPLICABLE TO OTHER THAN GUARANTEED COST POLICIES:

WC Payroll Deductible Plan States VT	\$44,604,525
Total WC Payroll Excluding Monopolistic States	\$44,604,525
 WC Payroll Deductible Plan Monopolistic States ND, OH, PR, WA, WY	\$0
Total WC Payroll Including Monopolistic States	\$44,604,525

NOTICES

INSURED:

CITY OF BURLINGTON, VT
149 CHURCH ST
BURLINGTON, VT 05401
Attention: Susan Leonard
sleonard@burlington.vt.gov

THE TRAVELERS INDEMNITY COMPANY:

The Travelers Indemnity Company
60 South Street, Suite 900, Two Financial Center
Boston, MA 02111
Attention: Katherine Brown
KEBROWN2@travelers.com

EXHIBITS

1. Definition of Workers Compensation Medical Only ("CM") and ("CB") Claims Exhibit
2. Definition of CM-Plus Exhibit
3. Fraud Statement
4. Loss Funding Exhibit
5. Medical Cost Containment Expense Component of ALAE Exhibit
6. Miscellaneous Charges Exhibit
7. Policy Exhibit
8. Terrorism Exhibit

Insurance Program Agreement**Definitions Section**

This Insurance Program Agreement is made as of the Program Effective Date, referenced on the Program Summary, between the Named Insured referenced on the Program Summary and The Travelers Indemnity Company and such other company(ies) issuing any of the Policies listed in the Policy Exhibit ("Policy(ies)") attached hereto and incorporated herein by reference. As used in this Agreement the words "we", "us", "our" and "Travelers" mean The Travelers Indemnity Company and each of its property casualty insurance and service subsidiaries and affiliates, but only to the extent such companies have issued Policies or are performing services for you under this Agreement, as well as St. Paul Fire and Marine Insurance Company and each of its property casualty insurance subsidiaries and affiliates, but only to the extent such companies have issued Policies or are performing services for you under this Agreement. The words "you" and "your" mean and include the Named Insured referenced on the Program Summary and each of its predecessors and successors and each of its affiliates, divisions, subsidiaries, general partners and/or limited partners who are named insureds on any of the Policies and with respect to workers compensation insurance, who are employers referenced in Item 1. of the Information Pages of the workers compensation Policies.

If you request and we agree that Collateral to secure all or a portion of your Obligations will be provided by one of your successors, or by one of your affiliates, divisions or subsidiaries which is a named insured on any of the Policies listed on the Policy Exhibit of this Agreement, any past Agreements or any renewal Agreements or Amendments, and the Collateral is in fact so provided, you agree that the entity providing the Collateral is bound by all of the terms and conditions of this Agreement, including but not limited to the provisions that the Collateral provided secures all Obligations under this Agreement and under all of the Policies (regardless of the amount of Collateral provided by that entity) and that the duties and Obligations of that entity and you and your other successors and affiliates, divisions and subsidiaries are joint and several.

You agree that your duties and Obligations are joint and several in nature. "The parties" refers to you and us collectively. This Agreement represents the agreement the parties have reached whereby we will provide to you certain insurance coverages and services for the Policies we have issued pursuant to this Agreement, which Policies are incorporated herein by reference, in consideration of your payment of the Obligations described in the Sections and Exhibits comprising this Agreement.

In consideration of the mutual promises contained in this Agreement, the parties agree as follows:

DEFINITIONS SECTION

In addition to the terms defined in the preceding paragraphs, the following terms have special meaning in this Agreement. All defined terms should be equally applicable to both the singular and plural.

"Administrative Expense Reimbursement" is the amount we charge for our non-risk bearing expenses for policies subject to a Deductible Plan.

"Allocated Loss Adjustment Expense" or "ALAE" has the same meaning as "Allocated Loss Adjustment Expense" or "ALAE" or "claim expense" in the applicable Policy or, if the Policy contains no such definition, means the following costs which can be directly allocated to a particular claim:

1. Fees of attorneys or other authorized representatives where permitted for legal services, whether by outside or staff representatives.
2. Court, Alternate Dispute Resolution and other specific items of expense whether incurred by an outside vendor or by one of our employees, including but not limited to:
 - Medical examinations of a claimant to determine the extent of our liability, degree of permanency or length of disability;
 - Expert medical or other testimony;
 - Autopsy;

Insurance Program Agreement

Definitions Section

- Witnesses and summonses;
 - Copies of documents such as birth and death certificates and medical treatment records;
 - Arbitration fees;
 - Fees or costs for surveillance or other professional investigations which are conducted as part of the handling of a Claim;
 - Fees or costs for Risk Control personnel and fees or costs for rehabilitation nurses or other nurses, if the cost of such nurses is not included in losses, for services which are conducted as part of the handling of a Claim;
 - Appeal bond costs and appeal filing fees;
 - All reasonable expenses incurred by you in the investigation or defense of a Claim.
3. Medical cost containment expenses incurred with respect to a particular Claim, whether by an outside vendor or done internally by an employee for the purpose of controlling losses, to ensure that only reasonable and necessary costs of services are paid. The expenses include but are not limited to:
- Bill auditing expenses for any medical or vocational services rendered, including hospital bills (inpatient or outpatient), nursing home bills, physician bills, chiropractic bills, medical equipment charges, pharmacy charges, physical therapy bills, medical or vocational rehabilitation vendor bills.
 - Hospital and other treatment utilization reviews, including pre-certification/pre-admission, concurrent or retrospective reviews.
 - Preferred Provider Network/Organization expenses.
 - Medical fee review panel expenses.
4. Expense(s) not defined as losses which are directly related to and directly allocated to the handling of a particular Claim and are required to be performed by statute or regulation.
5. Supplementary Payments, as defined in those Policies which have a Supplementary Payments provision, except for salaries, overhead and traveling expenses of carrier employees who are not doing activities previously listed as allocated expenses.
6. Defense Costs, as defined in those Policies which have a Defense Cost provision, except for salaries, overhead and traveling expense of carrier employees who are not doing activities previously listed as allocated expenses.

The following shall not be included as "Allocated Loss Adjustment Expense":

1. Salaries, overhead and traveling expenses of carrier employees, except for employees while doing activities previously listed as allocated expenses.
2. Fees paid to independent Claims professionals or attorneys (hired to perform the function of Claim investigation normally performed by Claim adjusters) for developing and investigating a Claim so that a determination can be made of the cause, extent or responsibility for the injury, disease, or damage, including evaluation and settlement of covered Claims.
3. Expenses which are defined as either an indemnity or medical loss.

"Claim" shall be any request or demand for consideration of payment or investigation of a Deductible Plan Loss with respect to the Policies.

Insurance Program Agreement

Definitions Section

"Collateral" means security for your Obligations which you are required to provide to us pursuant to this Agreement and which is acceptable to us in form, content, issuer and amount.

"Deductible Plan Loss" or **"Deductible Loss"** shall mean all losses actually paid within the Deductible Plan layer applicable to any Policy. For each line of insurance, the Amounts Retained By You part of the Program Summary denotes whether Allocated Loss Adjustment Expense is included in or in addition to Deductible Plan Loss.

"Incurred Loss" means all losses actually paid, the reserves for unpaid losses as estimated by us, and all actual and estimated Allocated Loss Adjustment Expenses attributed to the Deductible Plan Policies but only for purposes of calculating the surcharge and assessment bases referenced in the Miscellaneous Charges Section and the Miscellaneous Charges Exhibit.

"Maximum Loss Content" is, subject to the formula listed in the Maximum Loss Content and Minimum Program Cost part of the Program Summary, the most we will charge you for losses listed therein. Claims Handling Charges and Premium Tax associated with these losses are not part of the Maximum Loss Content and will continue to be billed and payable until the Maximum Loss Content is reached. Surcharges and Assessments associated with these losses are not part of the Maximum Loss Content but will continue to be billed and payable after the Maximum Loss Content is reached.

"Minimum Program Cost" is, subject to the formula listed in the Maximum Loss Content and Minimum Program Cost part of the Program Summary, the least we will charge you for the Policies.

"Modified Tariff Premium" is, for the purpose of calculating your surcharge and assessment liability, manual premium after application of experience modification, but prior to application of any deductible credit.

"Modified Discounted Tariff Premium" is, for the purpose of calculating your surcharge and assessment liability, manual premium after application of experience modification and premium discount, but prior to application of any deductible credit.

"Obligations" means any indebtedness or liability of any kind owed or owing by you to us, whether direct or indirect, joint or several, now existing or hereafter arising in connection with this Agreement, the Policies, any past or future agreement letters or insurance program agreements, any agreements incorporated herein by reference, and any other similar agreements, including, but not limited to, any indemnity or self-funded retention agreements between you and United States Fidelity and Guaranty Company, Discover Property & Casualty Insurance Company or any of our other affiliates, and all costs and expenses, including, but not limited to, attorneys' fees incurred by us in enforcing your Obligations to us.

"Paid Loss" means losses and Allocated Loss Adjustment Expenses actually paid by us attributed to the Deductible Plan Policies but only for purposes of calculating the surcharge and assessment bases referenced in the Miscellaneous Charges Section and the Miscellaneous Charges Exhibit.

"Written Premium" is, for the purpose of calculating your surcharge and assessment liability, earned loss responsive premium plus Non-Loss Responsive Premium.

Insurance Program Agreement Rating Plan(s) Computation Section

RATING PLAN(S) COMPUTATION SECTION

Certain of your Policies are subject to a Deductible Plan. This Section describes certain additional Obligations, terms and conditions associated with such Policies. We issue such Policy(ies) based upon your compliance with the terms and conditions set forth in this Section. All formulas, capitalized terms, rates, exposure bases, and charges associated therewith which are referenced in the following subsections are set forth in the applicable part of the Program Summary.

A. Deductible Plan Computation

The total deductible Obligation for the Policies subject to a Deductible Plan shall be calculated using the Deductible Plan Computation Formula, which is subject to the following additional terms, conditions, limitations, adjustments and rates:

1. Deductible Plan Losses

Deductible Plan Losses are subject to the Deductible Plan Amounts as set forth in the Amounts Retained By You part of the Program Summary.

2. Deductible Plan Claims Handling Reimbursement Charges

Your Deductible Plan Claims Handling Reimbursement Charges are set forth in the Claim Handling Charges part of the Program Summary.

3. Administrative Expense Reimbursement

Your Administrative Expense Reimbursement amount is calculated using the Administrative Expense Reimbursement rate and the estimated exposure base as set forth in the applicable part of the Program Summary.

4. Reimbursement

You are required to reimburse us for all amounts you owe us pursuant to the application of the Deductible Plan Computation Formula and all other amounts for which you have agreed to indemnify and hold us harmless pursuant to the provisions of this Rating Plan(s) Computation Section. We will also require a deposit of a portion of your Deductible Plan Losses. That amount is set forth in the Loss Funds part of the Program Summary. The exact nature of how you must pay the Obligations calculated under this Deductible Plan Computation Section is set forth in the Payment Section.

B. Maximum Loss Content and Minimum Program Cost

Your estimated Maximum Loss Content, and rating plan components subject to your Maximum Loss Content, are stated in the Maximum Loss Content and Minimum Program Cost part of the Program Summary. These amounts will be calculated using the Maximum Loss Content Formula as set forth in the Maximum Loss Content and Minimum Program Cost part of the Program Summary.

Your estimated Minimum Program Cost, and rating plan components subject to your Minimum Program Cost, are stated in the Maximum Loss Content and Minimum Program Cost part of the Program Summary. Your Minimum Program Cost will be calculated using the Minimum Program Cost Formula as set forth in the Maximum Loss Content and Minimum Program Cost part of the Program Summary.

Insurance Program Agreement Rating Plan(s) Computation Section

C. Non-Loss Responsive Premium(s) Computation

The total Non-Loss Responsive Premium Obligations for the Non-Loss Responsive Premium components of the Policies shall be calculated using the various Non-Loss Responsive Premium Computation Formulas which are subject to the following additional terms, conditions, limitations, adjustments and rates:

1. Workers Compensation Deductible Plan Premium

Your Workers Compensation Deductible Plan Premium is developed pursuant to any Workers Compensation Deductible Plan endorsements attached to those Policies which are subject to a Workers Compensation Deductible Plan.

Your estimated Workers Compensation Deductible Plan Premium is stated in the Non-Loss Responsive Premium(s) part of the Program Summary.

D. Audit(s)

We will adjust or audit your records on either a physical or statement basis, at our option or as required by law, to determine your actual exposure base and calculate those charges on the Program Summary which are subject to audit. In no event will any of those charges be less than any applicable minimums set forth in the Program Summary. That amount, and the exact nature of how you must pay, is set forth in the Payment Section.

E. Hold Harmless

1. You may be required to provide evidence of insurance to interested persons, boards, bureaus, lessors or other organizations. Your agent or broker will provide such evidence of insurance.
2. You agree to indemnify and hold us harmless against any and all claims, settlements, lawsuits, payments, penalties, administrative proceedings, judgments, damages, interest charges, costs or expenses, including attorneys' fees, resulting from or arising out of or in connection with the issuance of the evidence of insurance referenced in 1. above.
3. We will bill you for any sums due pursuant to your requirement to indemnify and hold us harmless pursuant to this sub-section and you agree to pay us in accordance with the terms of that bill. These hold harmless provisions survive termination of this Agreement.

F. Medical Cost Containment Expense Component of ALAE

The pricing structure for this component of your program is set forth in the Medical Cost Containment Expense Component of ALAE Exhibit attached to this Agreement and incorporated herein by reference.

MISCELLANEOUS CHARGES SECTION

A. Special Taxes, Assessments and Surcharges

Certain premium taxes, special taxes, assessments and other surcharges are collected in addition to the premium for the Policies. These charges are considered Miscellaneous Charges and are identified and listed in the Miscellaneous Charges Exhibit attached hereto and incorporated herein by reference. This list is not intended to be an exclusive listing of these charges.

The Miscellaneous Charges amounts are estimates only, and your ultimate Obligation may change to reflect actual changes in the exposure base, changes in the definition of the surcharge or assessment basis or change in rate used in calculating such charges.

We will bill you for any increases in such Obligations, and you will pay us the full amount of any such bill as indicated on our invoice to you. The exact nature of how you will pay the Obligations calculated under this Section is set forth in the Payment Section.

B. New, Uncollected or Uncontemplated Taxes, Assessments or Surcharges

In the event that a state or other jurisdiction, in accordance with existing or future law, determines that we are liable for payment of any taxes, assessments, or surcharges (other than taxes solely based upon our net income) with respect to any aspect of this Agreement, you agree to reimburse us for the amount of any such taxes, assessments or surcharges, any interest expense assessed against or incurred by us before or after payments of such amounts, and any other charges, penalties or fines in connection therewith, including, but not limited to, attorneys' fees that we may sustain in connection with such amounts. Any such amount shall be due and payable in accordance with our invoice.

We shall have sole discretion in determining whether any claim or assessment for taxes, assessments and surcharges shall be paid, compromised, litigated or appealed and as to all matters of procedure, compromise, defense or appeal or any other aspects of any claim or assessments concerning our liability.

In the event that a state or other jurisdiction, in accordance with existing or future law, imposes upon us the duty to act as agent for collection of any tax, assessment or surcharge imposed on you with respect to any aspect of the Agreement, you will pay any such amounts to us in accordance with our invoice.

In the event that a state or other jurisdiction, in accordance with its laws returns to us an amount you paid to us under this Section, we will refund such amount to you, less a reasonable charge for expenses incurred in obtaining that refund. We will also return to you an amount of interest on such returned amount, to the extent interest has been refunded to us by the state or other jurisdiction. We will credit you with any such returned amount and any interest received, by including it in the calculation of the next Miscellaneous Charges adjustment which is performed after the interest is collected.

PAYMENT SECTION

This Section sets forth the manner in which certain of your Obligations will be paid. All of the dates and frequencies referenced herein are set forth in the Key Dates part of the Program Summary. The parties have agreed that these Obligations will be paid as follows:

A. Loss Fund(s)

1. Deductible Plan Deposit

We shall require a Deductible Plan Deposit in the amount set forth in the Loss Funds part of the Program Summary.

The Loss Fund amount as set forth in the Loss Funds part of the Program Summary is to be deposited with us on or prior to the inception date of this Agreement. We reserve the right to increase or decrease the amount of this Loss Fund or to change the item it represents at any time to include, among other things, our actuarial estimates of potential losses. You shall make additional deposits as may be required by us as indicated in our notice to you that additional funds are required. The Deductible Plan Deposit will also secure the Obligations.

B. Installments

You will pay to us the Installment amounts as set forth in the Installment Schedule part of the Program Summary.

You will pay any additional amount or we will credit any overpayment of the aforesaid charges as may be subsequently determined by audit and/or other adjustment at the time of such audit and/or other adjustment as provided for in this Agreement.

C. Billing and Adjustment Terms and Conditions for Payment of Losses and Claims Handling Charges

1. Payment of Deductible Plan Losses and Deductible Plan Claims Handling Reimbursement Charges associated with your Policies subject to a Deductible Plan Amount

Commencing on the Deductible Plan Losses commencement date, we will bill you according to the Deductible Plan Losses billing frequency and billing basis, for an amount equal to the total Deductible Plan Losses.

Commencing on the Deductible Plan Claims Handling Reimbursement Charges commencement date, we will bill you according to the Deductible Plan Claims Handling Reimbursement Charges billing frequency and billing basis, for an amount equal to the total Deductible Plan Claims Handling Reimbursement Charges.

2. Paid Loss Funding Arrangement

The parameters of the Paid Loss Funding Arrangement are attached to this Agreement as an Exhibit.

D. Plan Adjustments

1. Administrative Expense Reimbursement Adjustment

In accordance with the Rating Plan(s) Computation Section, and subject to any minimum Administrative Expense Reimbursement amount as set forth in the Expenses part of the Program

Insurance Program Agreement

Payment Section

Summary, we will compare your adjusted Administrative Expense Reimbursement amount with the amount paid to us as your estimated Administrative Expense Reimbursement amount. This calculation shall occur as of the Administrative Expense Reimbursement Adjustment Commencement Date as set forth in the Key Dates part of the Program Summary.

2. Non-Loss Responsive Premium(s) Adjustment

In accordance with the Rating Plan(s) Computation Section, and subject to any minimum Non-Loss Responsive Premium(s) as set forth in the Non-Loss Responsive Premium part of the Program Summary, we will compare your audited Non-Loss Responsive Premium(s) with the amount paid to us as your estimated Non-Loss Responsive Premium(s). This calculation shall occur as of the Non-Loss Responsive Premium Adjustment Date as set forth in the Key Dates part of the Program Summary.

3. Miscellaneous Charges Adjustment

In accordance with the Miscellaneous Charges Exhibit and the Key Dates part of the Program Summary, we will compare your actual Miscellaneous Charges with the amount paid to us as your estimated Miscellaneous Charges.

4. Applicable to All Adjustments

For all the aforementioned plan adjustments, we will either return or credit against other sums due from you any overpayments of such amounts or bill you for any deficiencies in such payments. Any such plan adjustment bill shall be payable as indicated on our invoice to you. In the event of a default as defined in the Collateral and Remedies Section of the Agreement, we may hold overpayments as security for the payment or performance of any of your Obligations to us. Any return or credit of such amounts shall not be an admission that all Obligations have been paid or performed.

E. Payment Terms

You agree to pay each bill or invoice which is submitted to you in accordance with the payment terms set forth in such bill or invoice. If no payment terms are stated on such bill or invoice, payment shall be due within thirty (30) days of the date of such bill or invoice.

F. Right of Offset

We and you may offset any balance due between ourselves under this Agreement or any other such agreement or other property-casualty agreements heretofore or hereafter entered into between ourselves.

G. Collection Costs and Damages

Within five (5) days of our demand, you shall reimburse us for any and all costs and expenses, including, but not limited to, attorneys' fees, incurred by us in connection with the collection or enforcement of any of your Obligations to us. In addition, with respect to any of your Obligations that remain outstanding beyond the due date, you agree that we may charge you interest on that Obligation. If we choose to exercise this option, interest shall accrue daily, at the prime rate of interest plus 200 basis points in effect daily at **J.P. MORGAN CHASE & CO., 270 PARK AVENUE, NEW YORK CITY, NEW YORK 10017-2070**, not to exceed the highest rate allowed by law, from the due date on the bill or invoice until the date we receive payment.

COLLATERAL AND REMEDIES SECTION

All references to type of Collateral are equally applicable to both the singular and plural of the type of Collateral referenced herein.

A. Letters of Credit

Pursuant to the schedule in the Collateral Requirement part of the Program Summary, you shall deliver to us and continue to maintain a clean, irrevocable, unconditional and automatically renewing Letter of Credit in form and content and issuer satisfactory to us. The Letter of Credit will be in the total amount set forth in the Collateral Requirement part of the Program Summary.

Such Letter of Credit will be used to assure payment and performance of your Obligations to us. You shall be obligated to maintain a Letter of Credit which meets all the requirements prescribed herein until we determine all of your Obligations to us are final or until we, in our sole discretion, decide that we no longer need the Collateral.

The parties shall in good faith attempt to agree upon each calculation of Collateral. In the absence of mutual agreement of the parties as to any such calculation, our calculation of Collateral shall be binding and conclusive for purposes of this Agreement, absent bad faith or manifest error.

B. Letters of Credit Renewal or Replacement

At least sixty (60) days prior to the expiration of any Letters of Credit delivered to us, you shall deliver to us renewal or replacement Letters of Credit in form, issuer, and content satisfactory to us. The aggregate amount of such renewal or replacement Letters of Credit shall be the same amount as the expiring Letters of Credit, unless we tell you in writing of such other amount as we have deemed necessary in the exercise of our good faith business judgment to secure all of your Obligations to us.

C. Amended Letters of Credit

We may require, at any time, changes in the form, content, amount and/or issuer of the Letters of Credit which we deem necessary in the exercise of our good faith business judgment to secure your Obligations to us. You shall provide such amended Letters of Credit within fifteen (15) days after your receipt of our notice for the need for any such changes.

D. Change in Regulatory Requirements

In the event an insurance regulatory authority promulgates a change in law or regulation which requires a change to the form of, or an increase in the total amount of, Collateral we hold, in order to comply with the law/regulation or in order for us to obtain a benefit under the law/regulation, you agree to provide such alternative form of Collateral (or increased amount of Collateral) within fifteen (15) days after your receipt of our notice of the need for any such changes.

E. Defaults and Remedies

1. You will be in default if you:
 - a. fail to pay any amount to us when due, or
 - b. fail to perform any Obligation or to satisfy any requirements under any Agreement Letters, any agreements incorporated herein by reference or other similar agreement(s) with us, or

Insurance Program Agreement

Collateral and Remedies Section

- c. fail to deliver to us within the time period specified or fail to continue to maintain any Letter of Credit or any renewal, replacement or amendment thereof required by this Agreement, or
 - d. become insolvent or unable to pay your debts as they become due or are declared bankrupt or insolvent, or if a debtor relief proceeding has been brought by or against you, or
 - e. make misrepresentations to us or breach any representations you have made to us, either orally or in writing.
2. If you are in default, then we will be entitled to immediately terminate some or all of your rights to defer payment of your Obligations, as such rights are set forth in this Agreement and we shall be entitled to immediately:
- a. consider due and payable all of your Obligations to us including, but not limited to, those Obligations accruing in the future, and/or
 - b. satisfy amounts due us by drawing up to the full amount of any Letters of Credit held by us (whether pursuant to this Agreement or otherwise) and applying the proceeds to these amounts due and/or by continuing to hold the proceeds of the Letters of Credit until such time as we have determined your Obligations to us to be final, and/or bill you for all amounts that remain outstanding, and/or
 - c. terminate your insurance program or any insurance Policy issued thereunder and cancel or non-renew any certificates of insurance or financial responsibility filings made on your behalf, and/or
 - d. subject to the terms and conditions of the applicable Deductible Plan insurance policies cease administering future Deductible Plan Losses within the Deductible Plan Amount applicable to any insurance coverage issued by us to you, and/or
 - e. pursue any and all other legal and equitable rights and remedies available to us under applicable law, including, but not limited to, the seeking of injunctive relief for your failure to provide us with Letters of Credit pursuant to the terms of this Agreement.
3. After any default, at such time or such intervals of time as we determine, we may recalculate your Obligations pursuant to the terms of this Agreement and exercise at such time, or successively at such intervals, any of our rights and remedies described in this Agreement until we determine that your Obligations are final.

You agree that any credit or return due to you pursuant to the terms of this Agreement will be held by us as security for payment of any future Obligations that may develop. We may hold the proceeds of the Letters of Credit, and we may, from time to time, apply such Letter of Credit proceeds to any of your Obligations to us. We will return any Letters of Credit or proceeds therefrom we have not applied to Obligations to the issuing bank, when we deem that all Obligations finally developed have been paid, or when we, in our sole discretion, decide that we no longer need Collateral.

4. If you are in default of this Agreement and we decide to exercise our right to draw on the Letters of Credit, you acknowledge and agree that whatever Travelers company is named as beneficiary in any Letters of Credit issued pursuant to the requirements of this Agreement has the authority and ability to draw on the Letters of Credit as an agent for any and all Travelers company(ies).

GENERAL CONDITIONS SECTION

A. Failure of Enforcement

Our failure to enforce at any time any of the provisions of this Agreement, or to exercise any option which is herein provided, or to require at any time performance by you of any of the provisions hereof shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this Agreement or any part thereof, or our right to thereafter enforce each and every provision of this Agreement or to exercise any right or remedy available to us under applicable law.

B. Cancellation of Insurance Policies

1. If, pursuant to the conditions of any Policy, such Policy is canceled by either party prior to its expiration, for the purpose of calculating your Maximum Loss Content, the audited Exposure Base for that Policy shall be calculated by adding the audited Exposure Base from the beginning of the Policy period to the date of cancellation and the estimated Exposure Base for the balance of the original Policy period, subject to your Minimum Maximum Loss Content. If such Policy is canceled by either party, your Minimum Program Cost will be calculated using the Minimum Program Cost Formula as set forth in the Maximum Loss Content and Minimum Program Cost part of the Program Summary.
2. If, pursuant to the conditions of any Policy, such Policy is canceled prior to expiration, your audited Non-Loss Responsive Premium(s), to the extent not included in the Minimum Program Cost, will be calculated by using your audited exposure base from the beginning of the Policy period to the date of cancellation subject to any minimum Non-Loss Responsive Premiums set forth in the Non-Loss Responsive Premium part of the Program Summary.
3. If, pursuant to the conditions of any Policy, such Policy is canceled prior to expiration, your audited Expense(s), to the extent not included in the Minimum Program Cost, will be calculated by using your audited exposure base from the beginning of the Policy period to the date of cancellation subject to any minimum Expense(s) set forth in the Expenses part of the Program Summary.

C. Executory Duties

The parties agree that, due to the unique rating features of this program, future performance of the terms of this Agreement by both parties is necessary and material to the accomplishment of the goals of this Agreement and that the parties have exchanged valuable consideration and will exchange consideration in the future. In support of these goals, the parties further agree, subject to applicable state and federal law, that the parties have unperformed material duties which are executory, including, but not limited to,:

1. Payment of Obligations; and
2. Cooperation in the furnishing of information regarding Claims pursuant to the terms and conditions of the Policies; and
3. Cooperation with us in the defense of Claims pursuant to the terms and conditions of the Policies; and
4. Investigation, administration and payment of Claims against you pursuant to the terms and conditions of the Policies.

The parties agree that this program affords benefits to you by virtue of the unique rating feature. Such benefits include, but are not limited to, protection from casualty loss, disruption of business, interruption of cash flow and diminution of your assets.

D. Binding Authority

You warrant and represent that the person who signs this Agreement has been duly authorized to execute the Agreement for and on behalf of you and those of your affiliates, divisions and subsidiaries, general partners and/or limited partners which are named Insureds under the Policies and with respect to workers compensation insurance, who are employers referenced in Item 1. of the Information Pages of the workers compensation Policies, and that he or she has the authority to bind you and those affiliates, divisions and subsidiaries, general partners and/or limited partners jointly and severally to the terms hereof.

E. Agreement to Arbitrate

1. The parties recognize that disputes may arise between them, and in some instances involving non-parties as well, about the parties' rights and duties relative to payment of premium and other charges under this Agreement and the Policies. In addition, disputes may arise regarding whether and how much our claims handling practices (e.g., investigation, administration, payments in connection with any claims under the Policies) may impact the amount of premium and other charges which you may owe to us under this Agreement and the Policies. The parties will attempt to resolve those disputes without resort to formal procedures. However, in the event such a dispute is not resolved, either party shall submit the matter to arbitration and the other party shall be bound by such submission, provided that you shall not submit to arbitration any matter seeking to restrict our right to draw upon the Collateral or which would have the effect of restricting our right to draw upon the Collateral.
2. Neither party shall submit to arbitration (i) any coverage disputes which arise under or in connection with claims or suits brought against the Policies; and/or (ii) claims by or against you and other Travelers policyholders with respect to other insurance programs with Travelers; and/or (iii) claims by or against you and other policyholders of any other commercial lines property casualty insurer(s), including but not limited to any claim under (ii) or (iii) which you purport to arbitrate as a representative or member of a class or as a private attorney general.
3. In the context of workers compensation coverage, neither party shall submit to arbitration any dispute the resolution of which has been committed to the exclusive jurisdiction of any state or federal governmental entity.
4. The arbitrator(s) has no authority, and is not empowered, to consolidate or direct class-action arbitration as to any disputes between the parties to this Agreement with other disputes between Travelers and any other of its policyholders or other third parties. Nor shall the arbitrator(s) have authority or be empowered to consolidate or direct disputes brought by you as a private attorney general. Any determination by the arbitrator(s) to so consolidate or direct class-action arbitration or to consolidate or direct disputes brought by you as a private attorney general shall be beyond the arbitrator's authority and jurisdiction and shall accordingly, be void. Any dispute regarding these prohibitions against consolidation of class-action arbitrations and against disputes brought by you as a private attorney general shall be heard and resolved by a court having jurisdiction over the parties as provided in the Consent to Jurisdiction provision below, not the arbitrator(s).
5. The parties agree that your insurance program with us is deemed made in the State of Connecticut and involves interstate commerce. Accordingly, we and you agree that any arbitration proceeding arising out of or related to this Agreement shall be governed by the Federal Arbitration Act ("FAA") and, to the extent not inconsistent with the FAA, Connecticut arbitration law.
6. Arbitration Procedures
 - a. All such disputes shall be submitted for decision to a panel of arbitrators composed of two party-appointed arbitrators and an umpire (the "Arbitration Panel"). Each member of the Arbitration Panel shall be a disinterested, active or retired judge, or executive officer of a property-casualty insurance company or property-casualty broker authorized to transact business in the United

Insurance Program Agreement

General Conditions Section

States. The arbitration proceedings shall take place in Hartford, Connecticut unless otherwise agreed by the parties.

- b. The party demanding arbitration ("Claimant") shall appoint its arbitrator first. The other party ("Respondent") shall appoint its arbitrator no later than two weeks after the date on which Respondent receives notice from Claimant of Claimant's appointment of its arbitrator. If the Respondent fails to appoint its arbitrator within such two week-period, then Claimant shall appoint the second arbitrator and Respondent shall forfeit any right to name the second arbitrator. The two arbitrators shall select an umpire within twenty one (21) days after both arbitrators have been appointed. If the two arbitrators fail to agree on an umpire within the twenty one (21) day period, each arbitrator shall name three umpire candidates, of whom the other arbitrator shall strike two and the decision shall be made from the remaining two umpire candidates by drawing lots.
- c. Notwithstanding anything in this 'Agreement to Arbitrate' Section to the contrary, if the amount claimed by the Claimant in its demand for arbitration is less than \$250,000, the parties agree that an abbreviated, streamlined arbitration procedure ("Streamlined Arbitration") will be followed. In such a case, the parties agree to submit the dispute to an Arbitration Panel comprised of a sole arbitrator. The sole arbitrator shall be a disinterested, active or retired judge, or executive officer of a property-casualty insurance company or property-casualty broker authorized to transact business in the United States. Within fourteen (14) days of the date the arbitration demand is served on Respondent, Claimant and Respondent shall each name three candidates. If a candidate appears on both lists of candidates, then that candidate shall be named the sole arbitrator to resolve the dispute. If there is no match on the lists, each party shall strike two names from the other's list and the sole arbitrator shall be selected from the remaining two candidates by drawing lots.

All Streamlined Arbitration proceedings shall be subject to the following rules:

- i. Each party will be permitted a maximum of three depositions.
- ii. The parties agree that time is of the essence and that the final hearing shall commence no later than six months from the date of the arbitration demand. The parties further agree that no continuances or extensions of time with respect to that six month period shall be granted unless both parties agree.
- iii. The sole arbitrator shall have the authority, in his/her discretion to decide the case without a formal hearing and based upon the written materials submitted by the parties.
- d. The Arbitration Panel is relieved from all judicial formalities and may abstain from following the strict rule of law. At the hearing, evidence may be introduced without following the strict rules of evidence, but cross examination and rebuttal shall be allowed.
- e. The Arbitration Panel shall issue its decision within fourteen (14) days following the conclusion of the hearings or, if the case is submitted on the briefs, within fourteen (14) days of the submission of the final briefs.
- f. The Arbitration Panel shall issue its decision in writing, identifying the reasons and rationale for the decision and, if the arbitration panel feels it is necessary, setting forth the findings of fact with respect to its decision.
- g. The decision of the majority of the Arbitration Panel shall be final and binding upon all parties to the proceeding. Judgment may be entered upon the award in any court having jurisdiction.
- h. The Arbitration Panel shall have authority to award pre-judgment interest, post-judgment interest, interim relief, pre-hearing security, and summary judgment.

Insurance Program Agreement

General Conditions Section

- i. Each party shall bear the expense of its own arbitrator and shall jointly and equally bear with the other party all expenses of the umpire and of the arbitration. Unless otherwise required by statute, each party shall be responsible for its own attorneys' fees and costs.

F. Consent to Jurisdiction

Subject to the terms and conditions of this Agreement, in the event any suit is commenced to enforce any right hereunder, the non-suing party hereby irrevocably submits to, consents to and waives any objection to the jurisdiction of the courts of the State of Connecticut, including the United States District Court for the State of Connecticut. In connection with any such action, process may be served within or outside of the State of Connecticut by personal service or by registered mail, return receipt requested, addressed to the address set forth in the Notices part of the Program Summary, or such other address as the non-suing party may hereafter designate in writing. The parties agree and consent that the exclusive venue (subject to the applicable rules of the courts concerning the assignment or transfer of cases) for any such action shall lie in the County of Hartford in the State of Connecticut.

G. Large Risk Alternative Rating Option; Consent to Rate

Your Obligations under this Agreement are rated and priced in accordance with the Travelers Large Deductible equivalent of the National Council on Compensation Insurance ("NCCI") Large Risk Alternative Rating Option (Filing Memorandum R-1295) or any amendments thereto, incorporated herein by reference. You acknowledge that you are paying certain rates and charges for your Obligations that may be more or less than the sum of charges that would be part of filed and approved rating plans for the underlying insurance coverages. You further acknowledge that you have negotiated and consented to the prices and rates set forth in this Agreement.

H. Notice

Any notices or communications required to be given hereunder shall be in writing and sent by (i) overnight mail via a commercial courier who will provide evidence of delivery or (ii) electronic mail to the other party at the address set forth in the Notices part of the Program Summary. Such notices shall be deemed delivered when sent.

I. Assignment

This agreement is not assignable by any party, without the prior written consent of all parties.

J. Financial Information - Other Books and Records

You will furnish us with such financial information and other books and records as we may request from time to time, including but not limited to certified financial statements on an annual basis.

K. Termination of Agreement

This Agreement shall terminate when both parties agree that all Obligations finally developed hereunder have been paid and/or otherwise performed unless terminated earlier pursuant to the Collateral and Remedies Section.

L. Legal Agreement

Nothing in this Agreement shall be construed to require the commission of any act contrary to law. In the event of a conflict between any provision of this Agreement and any law or regulation contrary to which the parties have no legal right to contract, the latter shall prevail; provided however, that in such event, the provision so affected shall be limited only to the extent necessary to permit compliance with the minimum legal requirement, and all other provisions of this Agreement shall continue in full force and effect.

In the event of a conflict between any provision of this Agreement and any provision of any Policy, the Policy shall control.

The parties have read this Agreement and they have had a full opportunity to evaluate this Agreement along with all transactions and other matters contemplated by this Agreement. The parties have had the opportunity to consult with, and have consulted with, business advisors and counselors of their choice in connection with this Agreement. If any provision of this Agreement is found ambiguous by a court or arbitration panel, such provision shall not be construed against either party based on that party's alleged drafting of such provision.

M. Choice of Law

This Agreement shall be governed by the internal laws of the State of Connecticut, without regard to Connecticut's rules regarding conflict of laws. This choice of law provision applies to this Agreement and not to coverage disputes which may arise in connection with Claims or suits brought against the Policies.

N. Acceptance - Entire Agreement

This Agreement and the Program Summary, including the Exhibits referenced in the Exhibits part of the Program Summary, and including any Integrated Agreements referenced in the Integrated Agreements part of the Program Summary and any Policies or other documents incorporated herein by reference, constitute the entire, integrated agreement of the parties with respect to the subject matter hereof and may not be amended or modified except pursuant to a written agreement executed by authorized officers of both parties; however, except as set forth below, neither this Agreement nor any other Collateral delivered hereunder releases or supersedes any Collateral which you have provided or are obligated to provide as security for your Obligations to us, and all such Collateral shall remain in full force and effect until expressly released by us in writing pursuant to the terms of the agreement(s) under which it was provided.

Notwithstanding the foregoing, you agree that, at our option, any Collateral you have provided us prior to the date of this Agreement in connection with insurance programs shall be subject to all the terms of this Agreement. This shall include, but is not limited to the provisions of this Agreement, whereby the proceeds of such Collateral may be used to satisfy your Obligations to us. If, for any reason, such Collateral may not be subject to the terms of this Agreement, then such Collateral shall remain subject to the terms of the agreement(s) under which it was provided to us.

CITY OF BURLINGTON, VT

Insurance Program Agreement

General Conditions Section

Please acknowledge your understanding of and agreement with this Agreement by signing one copy of the Agreement and returning it to us.

CITY OF BURLINGTON, VT

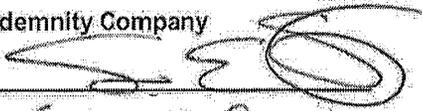
Accepted by: _____

Name (print): _____

Title: _____

Date: _____

The Travelers Indemnity Company

Accepted by: 

Name (print): Susan E. Smawley

Title: Managing Director

Date: July 15, 2013

***Definition of Workers Compensation Medical Only ("CM") and ("CB")
Claims Exhibit***

Workers Compensation Claims are categorized as **CM** or **CB**. To assist you in distinguishing the two categories of Claims, Travelers offers the following definitions of each Claim.

A '**CM**' loss designator denotes a Workers Compensation Claim which involves medical treatment only, no 24 hour voice-to-voice contact is necessary with the injured employee, employer or provider of medical services and in which:

- There is no issue requiring Investigation for compensability, offsets or subrogation.
- Lost work days do not exceed the applicable statutory waiting period but may involve a return to work under modified duty for a period of less than 90 days.
- There are no payments or reserves for categories other than medical or expense.
- No reserve advisory or status reports, customer meetings or pre-settlement concurrence review are requested.
- Injury does not require medical treatment beyond 180 days.
- Anticipated medical treatment is less than or equal to \$5,000.00.
- Injured employee is not represented by an attorney.
- There are no issues of causal relationship or excessive medical treatment.
- No issues of permanency or scarring are involved.

A '**CB**' loss designator denotes a Workers Compensation Claim that does not fall within any of the above criteria for a CM designator, provided that the Travelers Claim Unit Manager may, in the good faith exercise of his or her Claim handling judgment, classify a Claim as either a 'CB' or a 'CM', if he or she believes that the Claim can be handled as he or she has classified it, without compromising the effectiveness of the Claim handling.

These definitions may change to conform with our claim department classifications.

Definition of CM-Plus Exhibit

A "CM-Plus" level indicator denotes a Workers Compensation Claim which meets the criteria for Claims with a CM loss designator and which also meets a combination of the following Nature of Injury, Cause of Accident & Part of Body Codes. The parties agree that costs for Claim Services provided by **Travelers** which are associated with CM-Plus Claims are billed to the Claim file as Allocated Loss Adjustment Expenses (in that these are fees or costs for nurses which are incurred as part of the handling of a Claim) at **Travelers** prevailing rates at the time the activity is performed.

Nature of Injury: Inflammation, sprain, strain, video display terminal diseases, carpal tunnel syndrome, fractures, dislocation and all other cumulative injury NOC (Not Otherwise Classified).

The Nature of Injury codes amputation, concussion, enucleation, heat prostration and hernia are recommended to be **CBs** in the **CM/CB** determination logic, however if one of these Claims is given a loss designator of a **CM**, it will become a "**CM-Plus**" Claim.

Note: *Claims involving all Nature of Injury codes related to occupational disease, will be considered a **CB**, rather than a "**CM-Plus**" Claim.*

Cause of Accident: Category # 6: Strain or Injury By: continual noise, twisting, jumping, holding or carrying, lifting, pushing or pulling, reaching, using tool or machinery, welding or throwing, or repetitive motion. Category # 7: Struck or Injured By: Repetitive motion, rubbed or abraded, Not Otherwise Classified [NOC], cumulative, all other NOC.

Part of Body: Multiple neck injury, vertebrae, disc (neck & back), spinal cord, multiple upper extremities, upper & lower arm, elbow, wrist, hand, shoulder, multiple trunk, upper & lower back, spinal cord and knee.

Additional criteria that may prompt the Claim supervisor or adjuster to designate a Claim as "**CM-Plus**" include:

- ⇒ Modified Duty longer than 5 days
- ⇒ Physical Therapy or Chiropractic treatment exceeding 4 weeks or 12 visits
- ⇒ Medical bill payments greater than \$1,500.00
- ⇒ Claims assigned the following ICD-9 codes, generally after the first bill is received:
 - L 722 – Intervertebral Disc Disorders
 - L 836 – Knee Dislocations
 - L 354 – Carpal Tunnel
 - L 717 – Internal Derangement of the Knee
 - L V57 – Care Involving Use of Rehab procedures (PT/Chiro)

"**CM Plus**" **does not** include Claims that meet the definition of the "**CB**" loss designator. Claims that do not meet the above criteria will be reviewed by the supervisor and be considered for assignment of the "**CB**" loss designator or remain as a "**CM**" claim.

CITY OF BURLINGTON, VT

Fraud Statement

ARKANSAS, LOUISIANA, NEW MEXICO, VERMONT AND WEST VIRGINIA: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

CALIFORNIA: Auto: Any person who knowingly makes an application for motor vehicle insurance coverage containing any statement that the applicant resides or is domiciled in this state when, in fact, that applicant resides or is domiciled in a state other than this state, is subject to criminal and civil penalties. Other Than Auto: The "All Other States" statement applies to lines of business other than auto.

COLORADO: It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

DISTRICT OF COLUMBIA: WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

FLORIDA: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

HAWAII: For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines or imprisonment, or both.

KENTUCKY: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

MAINE, TENNESSEE, VIRGINIA AND WASHINGTON: It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, and denial of insurance benefits.

MARYLAND: Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

MASSACHUSETTS: Auto: If you or someone else on your behalf gives us false, deceptive, misleading, or incomplete information that increases our risk of loss, we may refuse to pay claims under any or all of the Optional Insurance Parts and we may cancel your Policy. Such information includes the description and the place of garaging of the vehicle(s) to be insured, the names of operators required to be listed and the answers to questions in this application about all listed operators. Check to make certain that you have correctly listed all operators and the completeness of their previous driving records. The Merit Rating Board may verify the accuracy of the previous driving records of all listed operators, including that of the applicant for this insurance. Other Than Auto: The "Kentucky" statement applies to lines of business other than auto.

NEW JERSEY: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

CITY OF BURLINGTON, VT

Fraud Statement

NEW YORK: Auto: Any person who knowingly and with intent to defraud any insurance company or other person files an application for commercial insurance or a statement of claim for any commercial or personal insurance benefits containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, and any person who in connection with such application or claim, knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the Department of Motor Vehicles or an insurance company, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation. Other Than Auto: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

OHIO: Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

OKLAHOMA: WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance Policy containing any false, incomplete or misleading information is guilty of a felony.

OREGON: Any person who knowingly and with intent to defraud or solicit another to defraud an insurer: (1) by submitting an application, or (2) by filing a claim containing a false statement as to any material fact, may be violating state law.

PENNSYLVANIA: Auto: Any person who knowingly and with intent to injure or defraud any insurer files an application or claim containing any false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven years and payment of a fine of up to \$15,000. Other Than Auto: The "Kentucky" statement applies to lines of business other than auto.

PUERTO RICO: Any person who knowingly and with the intent to defraud, presents false information in an insurance request form, or who presents, helps or has presented a fraudulent claim for the payment of a loss or other benefit, or presents more than one claim for the same damage or loss, will incur a felony, and upon conviction will be penalized for each violation with a fine of no less than five thousands dollars (\$5,000) nor more than ten thousands dollars (\$10,000); or imprisonment for a fixed term of three (3) years, or both penalties. If aggravated circumstances prevail, the fixed established imprisonment may be increased to a maximum of five (5) years; if attenuating circumstances prevail, it may be reduced to a minimum of two (2) years.

UTAH: Any person who knowingly presents false or fraudulent underwriting information, files or causes to be filed a false or fraudulent claim for disability compensation or medical benefits, or submits a false or fraudulent report or billing for health care fees or other professional services is guilty of a crime and may be subject to fines and confinement in state prison.

ALL OTHER STATES: Any person who knowingly and with intent to defraud any insurance company or another person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects the person to criminal and civil penalties.

Loss Funding Exhibit

TRAVELERS LOSS FUNDING PROGRAM

The following is a description of the terms and procedures under which Travelers Loss Funding Program with you is established and operated.

Travelers will make Deductible Loss (hereinafter referred to as "Loss(es)") and Allocated Loss Adjustment Expense payments on your behalf under your Insurance program utilizing checks drawn against a bank account of The Travelers Indemnity Co. or one of its Affiliates.

The billing and payment of Per Claim Claim Handling Charges are set forth in the Claim Handling Charges and Key Dates parts of the Program Summary, and in the Rating Plan(s) Computation and Payment Sections of the Agreement.

In order to facilitate the funding transactions, you will specify a bank and account ("Source Account") against which weekly Automated Clearing House ("ACH") debits will be drawn by Travelers in payment of your Losses and Allocated Loss Adjustment Expenses. You will provide Travelers with the necessary documentation noted below authorizing Bank of America to make weekly charges and reimbursements at the direction of Travelers. We will provide you with a sample authorization letter to be signed by you, which authorizes Travelers to direct Bank of America to draw ACH debits against your Source Account. We will also provide you with an example of the banking industry form to be provided by you to identify the Source Account codes and the Source Account's bank ABA code.

Each week Travelers will be notified of the total Losses and Allocated Loss Adjustment Expense payments which have been issued. Travelers Loss systems will also generate (as applicable) costs for Allocated Loss Adjustment Expenses as well as corrections as a result of edits on each Loss payment. Once determined, this amount will be sent electronically to Bank of America with instructions to draw an ACH debit on your Source Account. All of these payments will be processed through our billing system to determine the resulting charge for the week based upon your Insurance with us.

Reports identifying Loss(es) and Allocated Loss Adjustment Expense payments must be accessed electronically by you via e-TRACER reporting. These reports identify the Loss payments and a premium tax, if applicable for your program with Travelers.

For the Loss Funding Program we require that you deposit with Travelers the amount noted in the Loss Funds part of the Program Summary. Periodically we will perform an analysis of Loss and Allocated Loss Adjustment Expense activity, based upon data from the billing system, in order to determine the adequacy of the deposit amount. In the event that any such analysis indicates that an increase in the deposit is required, we will provide you with documentation of the analysis and notification of the amount of increase in the deposit.

Once determined, Travelers will send you an invoice for the total amount due. Upon receipt, you will pay the amount due on or before the date set forth on the invoice, which amount will be added to your Funding Deposit balance.

If your Insurance program is renewed, we may also automatically continue the Loss Funding Program and adjust the deposit balance as necessary using the same analysis, notification and procedures described above. Furthermore, if your Insurance program is not renewed, we reserve the right to adjust your deposit balance as necessary using the same analysis, notification and procedures described above. If TRACER is discontinued, Travelers will revert the Loss Funding Program to a monthly billed, and each month after TRACER is discontinued, Travelers will send you an invoice for the total amount of Losses and Allocated Loss Adjustment Expense payments due. Upon receipt, you will pay the amount due on or before the date set forth on the invoice.

Medical Cost Containment Expense Component of ALAE Exhibit

Your pricing structure consists of the following components, which apply to Workers Compensation Claims with a date of accident beginning with the Program Effective Date set forth on the Program Summary:

- 1.a. There is a 27% charge applied to any Savings resulting from the following medical bill repricing, pharmacy bill repricing and hospital bill audit activity:
 - Application of Preferred Provider Network discounts to physicians' bills, hospital bills and pharmacy bills
 - Repricing as a result of negotiation of out-of-network physicians' bills, pharmacy bills and hospital bills
 - Repricing of medical bills, pharmacy bills and hospital bills by reviewing the bills and applying state rules/edits and proprietary rules/edits
 - Repricing of medical bills, pharmacy bills and hospital bills by manual bill review by our medical review team
 - Repricing to any applicable state-mandated schedule.

- b. Savings realized from medical bill, pharmacy bill and hospital bill review to which the 27% charge is not applied are:
 - Savings realized from the detection and elimination of duplicate bills
 - Savings achieved by the Claim case manager, i.e. bills containing unrelated/unauthorized treatment
 - Savings achieved by the medical case manager, i.e. bills containing unapproved medical treatment
 - Savings realized from the elimination of non-compensable bills.

For purposes of this Exhibit, the term "Savings" shall refer to the difference between the amount billed by physician, hospital, pharmacy and other medical providers and the amount we ultimately paid. We adhere to state-mandated fee schedules and/or usual and customary pricing for certain procedures, may contract with preferred provider networks which have contractual arrangements with certain of those providers to perform certain procedures at pre-determined rates (which may be below fee schedule), and may utilize other fee negotiation resources we determine are necessary and appropriate to determine the amount that we should pay on any given medical bill.

2. The 27% charge will be capped at \$10,000 per bill and is charged to the Claim file as an Allocated Loss Adjustment Expense, unless we are required by state law to charge it to the Claim file as a different component of the applicable rating plan. The \$10,000 per bill cap applies to bills with a date of service beginning with the Program Effective Date set forth on the Program Summary.

3. Certain items are still charged separately to the Claim file as Allocated Loss Adjustment Expenses. These items include but are not limited to:
 - Utilization Review [pre-certification and concurrent review] services charged on a per activity basis
 - Independent medical examinations*
 - Second opinions by a physician*
 - Chiropractic reviews
 - Physician advisor programs.

*unless ordered by an industrial board or state equivalent, in which case it is treated as Medical.

CITY OF BURLINGTON, VT

Miscellaneous Charges Exhibit

1. Workers Compensation Assessments Applicable to the following States:

State	Fund	Assessment Basis	Estimated Rate	Line of Insurance	Estimated Assessment Deposit
DC	Dept. Labor Spec Fnd/Admn Fund	Unlimited Paid Losses (Excluding ALAE)	15.73%	WC	\$0
GA	Second Injury Fund	Unlimited Paid Losses (Excluding ALAE)	7.75%	WC	\$0
KS	Admin. Fund/WC Fund	Unlimited Paid Losses (Excluding ALAE)	3.67%	WC	\$0
SC	Second Injury Fund	Unlimited Paid Losses (Excluding ALAE)	13.44%	WC	\$0

Notes Applicable to 1. Above:

- i. These Assessments apply to all Paid Losses and to Deductible Plan Losses.
- ii. These Assessments will be levied on the basis of unlimited Paid Losses and Deductible Plan Losses (excluding ALAE) for D.C. and the States of Georgia, Kansas, and South Carolina. We have, however, agreed that the maximum Assessment amount that we will charge you on any one loss will be \$250,000. This is a cap on the amount of the Assessment that we will charge you for any one loss. It is not a cap on the loss amount used to calculate the Assessment, nor is it a cap on the total Assessment amount which you owe for all losses.
- iii. For each of these states, we will collect a deposit amount which is calculated by multiplying the estimated rates displayed in 1. above times our estimate of your Paid Losses and Deductible Plan Losses paid at eighteen (18) months after Policy inception for the indicated Assessment basis noted above.
- iv. As of eighteen (18) months after the effective dates of the Policies, and annually thereafter, we will adjust the amounts which you owe for the Assessments:
 - Actual Assessment rates of loss, as promulgated by these states, will be applied to your Paid Losses and Deductible Plan Losses in the same manner and for time periods corresponding to the Assessment periods to which the actual state rates apply.
 - For Paid Loss and Deductible Plan Loss Assessment periods for which the actual Assessment rate(s) has not yet been determined by the state(s) as of the time of our first eighteen (18) months and/or subsequent annual adjustment, we will apply the latest known rate(s) to arrive at an estimated Assessment amount for that period. At the time of the next adjustment, this estimated rate will be replaced by the actual rate applicable to that Assessment period, and we will recompute the Assessment amount for that period.

2. Surcharges

CITY OF BURLINGTON, VT

Miscellaneous Charges Exhibit

State	Fund	Surcharge Basis	Rate	Line of Insurance	Estimated Surcharge Liability
AK	Insurance Guaranty Fund(AIGA)	Written Premium**	0.65%	WC	\$0
CA	User Tax	Modified Tariff Premium	1.37%	WC	\$0
CA	Fraud Assessment	Modified Tariff Premium	0.39%	WC	\$0
CA	Subsequent Injury Fund	Modified Tariff Premium	0.17%	WC	\$0
CA	Insurance Guaranty Fund(CIGA)	Written Premium**	2.00%	WC	\$0
CA	CIGA All Other	Written Premium	0.00%	GL	\$0
CA	Uninsured Empl. Fund	Modified Tariff Premium	0.34%	WC	\$0
CA	OSHA Fund Surcharge	Modified Tariff Premium	0.29%	WC	\$0
CA	LECF Surcharge	Modified Tariff Premium	0.27%	WC	\$0
CT	Admin. Fund	Incurred Losses@ \$250,000#	1.84%	WC	\$0
CT	Second Injury Fund	Modified Tariff Premium	2.75%	WC	\$0
DC	Second Injury Fund	Written Premium**	0.00%	WC	\$0
FL	Cat Fund Emergency Assessment	Written Premium	1.30%	AL	\$0
FL	Cat Fund Emergency Assessment	Written Premium	1.30%	APD	\$0
FL	Cat Fund Emergency Assessment	Written Premium	1.30%	GL	\$0
FL	Guar Fund Surcharge	Written Premium	0.00%	GL	\$0
FL	Guar Fund Emerg Surch	Written Premium	0.00%	GL	\$0
FL	2007 Guar Fund	Written Premium	0.00%	GL	\$0
FL	2008 FL Guaranty Fund	Written Premium	0.00%	GL	\$0
FL	2011 Guar Fund	Written Premium	0.00%	GL	\$0
GA	Insolvency Pool Surcharge	Written Premium**	0.00%	WC	\$0
IA	Second Injury Fund (IASIFS)	Written Premium**	0.00%	WC	\$0
IL	Industrial Commission Op Fund	Written Premium**	1.01%	WC	\$0
IN	Second Injury Fund	Written Premium**	0.78%	WC	\$0
KY	Special Fund	Modified Tariff Premium	6.28%	WC	\$0
KY	Premium Surcharge	Written Premium	1.80%	AL	\$0
KY	Premium Surcharge	Written Premium	1.80%	APD	\$0
KY	Premium Surcharge	Written Premium	1.80%	GL	\$0
MA	Special/Trust Fund	Modified Tariff Premium*	5.60%	WC	\$0
ME	Fresh Start Surcharge	Modified Tariff Premium	0.00%	WC	\$0
ME	Board Funds	Modified Tariff Premium	2.54%	WC	\$0

CITY OF BURLINGTON, VT

Miscellaneous Charges Exhibit

ME	Supplemental Benefits	Modified Tariff Premium	0.00%	WC	\$0
MN	Special Fund	Modified Tariff Premium	6.10%	WC	\$0
MN	WCRA Assessment	Modified Tariff Premium	1.15%	WC	\$0
MO	Second Injury Fund (MOSIFS)	Modified Tariff Premium	3.00%	WC	\$0
MO	Administrative Surcharge	Modified Tariff Premium less Written Premium**	1.00%	WC	\$0
MT	Subsequent Injury Fund	Modified Tariff Premium	0.34%	WC	\$0
MT	Regulatory Assessment	Modified Tariff Premium	1.93%	WC	\$0
MT	SAW/RTW ASST. FUND	Modified Tariff Premium	0.00%	WC	\$0
NJ	Second Injury Fund (NJSIFS)	Modified Tariff Premium	6.76%	WC	\$0
NJ	Guaranty Assn.	Written Premium	0.90%	AL	\$0
NJ	Guaranty Assn.	Written Premium	0.90%	APD	\$0
NJ	Guaranty Assn.	Written Premium	0.90%	GL	\$0
NJ	Uninsured Empl. Fund	Modified Tariff Premium	0.00%	WC	\$0
NY	Enforcement Fee	Number of Vehicles	\$10.00	AL	\$0
NY	NY Boards Funds Surcharge	Modified Tariff Premium	18.80%	WC	\$0
NY	NY Security Fund	Written Premium** plus NY Boards Funds Surcharge	0.00%	WC	\$0
OR	Admin. Fund	Modified Tariff Premium	6.20%	WC	\$0
OR	Guar. Fund Recoupment	Written Premium	0.00%	AL	\$0
OR	Guar. Fund Recoupment	Written Premium	0.00%	APD	\$0
OR	Guar. Fund Recoupment	Written Premium	0.00%	GL	\$0
OR	Guar. Fund Recoupment	Written Premium	0.00%	WC	\$0
PA	Supersedeas/2nd Inj/Admin Fund	Modified Tariff Premium	2.62%	WC	\$0
TX	TX Auto Theft Prevention Auth.	Number of Vehicles	\$2.00	AL	\$0
VT	Admin. Fund	Written Premium**	1.75%	WC	\$6,251
WV	Surcharge	Written Premium	0.55%	AL	\$0
WV	Surcharge	Written Premium	0.55%	APD	\$0
WV	Surcharge	Written Premium	0.55%	GL	\$0
WV	Surcharge	Written Premium	0.55%	WC	\$0
WV	Regulatory Surcharge	Modified Tariff Premium	5.00%	WC	\$0
WV	WC Debt Reduction Surcharge	Modified Tariff Premium	9.00%	WC	\$0

3. Assessments - Other than those Assessments which are listed in 1. above

CITY OF BURLINGTON, VT

Miscellaneous Charges Exhibit

State	Fund	Assessment Basis	Rate	Line of Insurance	Estimated Assessment Liability
AL	DIA Fund	Incurred Losses@ \$250,000#	0.65%	WC	\$0
AR	WC Comm Fund et al	Modified Tariff Premium	3.20%	WC	\$0
CO	Various	Modified Tariff Premium	1.79%	WC	\$0
FL	Admin. Fund	Modified Tariff Premium	1.75%	WC	\$0
FL	Guaranty Fund	Modified Tariff Premium	0.00%	WC	\$0
ID	Industrial Admin. Fund	Modified Tariff Premium	2.07%	WC	\$0
MI	Various	Modified Tariff Premium	1.11%	WC	\$0
MI	Catastrophic Claims Assn. Asst	Written Premium	5.00%	AL	\$0
NE	2nd Injury & Voc. Rehab.	Incurred Losses@ \$250,000#	0.00%	WC	\$0
NJ	Unsatisfied Claim Judgmt. Fund	Written Premium	1.60%	AL	\$0
NM	Uninsured Empl. Fund	Incurred Losses@ \$250,000#	0.00%	WC	\$0
RI	Admin. Fund/WC Fund	Modified Tariff Premium	7.50%	WC	\$0
TX	Maint. Tax/Guaranty Fund	Modified Tariff Premium	1.87%	WC	\$0
US	USL&H Second Injury Fund	Incurred Losses@ \$250,000#	13.72%	WC	\$0

Notes Applicable to 2. and 3. Preceding:

- i. Those Surcharges and Assessments which are levied on the basis of Incurred Loss are calculated based on a loss limit of \$250,000. This means that the Assessment or Surcharge is based on the first \$250,000 of each loss. A charge has been made in the Assessment or Surcharge rate for the loss limitation and the rates for Assessments include the applicable state premium tax rate. Further, with respect to Surcharge and Assessment Basis, # means all Incurred Losses and Deductible Losses are included.

- ii. For those Surcharges and Assessments which are levied on the basis of premium, the following definitions shall apply:

*Massachusetts: Modified Tariff Premium excluding ARAP (All Risks Adjustment Program) and before application of premium discount and deductible credit.

**For Deductible Plan Policies in these states, Written Premium means Modified Discounted Tariff Premium after application of deductible credit.

CITY OF BURLINGTON, VT

Policy Exhibit

1. Insurance Policies

Policy Number	Type of Coverage	States and Territories	Plan Type	Company
TC2E-UB-101D2040-13	Workers Compensation and Employers Liability	VT	Deductible	TCT

The Policies shown above are issued in one or more of the following Travelers companies:

ACJ	Travelers Casualty Insurance Company of America
ACR	Travelers Casualty and Surety Company
ACT	Travelers Casualty Company of Connecticut
AFC	Farmington Casualty Company
ASA	The Travelers Casualty and Surety Company of America
ASF	The Standard Fire Insurance Company
COF	The Charter Oak Fire Insurance Company
IND	The Travelers Indemnity Company
INS	The Travelers Insurance Company
PHX	The Phoenix Insurance Company
SPF	St. Paul Fire and Marine Insurance Company
SPG	St. Paul Guardian Insurance Company
SPM	St. Paul Mercury Insurance Company
TCT	The Travelers Indemnity Company of Connecticut
TIA	The Travelers Indemnity Company of America
TIL	Travelers Property Casualty Company of America
TLC	The Travelers Lloyds Insurance Company
TMO	Travelers Commercial Casualty Company

The above companies have an address of One Tower Square, Hartford, CT 06183-7312, except for St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company which have an address of 385 Washington Street, St. Paul, Minnesota 55102, and St. Paul Fire and Marine Insurance Company, which has an address of 385 Washington Street, St. Paul, Minnesota 55102, and Suite 300, 20 Queen St. West, Toronto, Ontario M5H 3R3.

The omission of any Policy from this Policy Exhibit, or the incorrect reference to any Policy or Policy Number, shall not relieve you of any of your duties or Obligations under this Agreement or under the Policies.

Terrorism Exhibit

Terrorism Risk Insurance Act of 2002 Disclosure

On December 26, 2007, the President of the United States signed into law amendments to the Terrorism Risk Insurance Act of 2002 (the "Act"), which, among other things, extend the Act and expand its scope. The Act establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in the Act) caused by "acts of terrorism". An "act of terrorism" is defined in Section 102(l) of the Act to mean 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.

The federal government's share of compensation for Insured Losses is 85% of the amount of Insured Losses in excess of each Insurer's statutorily established deductible, subject to the "Program Trigger", (as defined in the Act). In no event, however, will the federal government or any Insurer be required to pay any portion of the amount of aggregate Insured Losses occurring in any one year that exceeds \$100,000,000,000, provided that such Insurer has met its deductible. If aggregate Insured Losses exceed \$100,000,000,000 in any one year, your coverage may therefore be reduced.

The charge for Insured Losses is included in the total premium for each coverage indicated in this Agreement. The charge that has been included for each coverage is indicated below and does not include any charges for the portion of losses covered by the federal government under the Act.

Coverage	Included Charge For Insured Losses
Workers' Compensation	<p>Exposures in states other than Alaska, Florida and North Carolina: 4% of the total Workers Compensation premium. Deductible and guaranteed cost Policies (if any) will be subject to any applicable adjustments or audits. For retrospective Policies (if any), the charge will be a flat charge which is charged at policy inception, not subject to any retrospective premium adjustments or audits.</p> <p>Exposures in Alaska, Florida and North Carolina: The rate used to develop your premium is 0.01 per \$100 of state remuneration.</p> <p>Note: The foregoing rates are subject to change at any time based upon state regulatory action.</p>