

SERFF Tracking Number: SFCC-125625402 State: Arkansas
Filing Company: Safety National Casualty Corporation State Tracking Number: EFT \$50
Company Tracking Number: 2-SNA-08-AR
TOI: 16.0 Workers Compensation Sub-TOI: 16.0003 Excess WC
Product Name: 2-SNA-08-AR
Project Name/Number: /

Filing at a Glance

Company: Safety National Casualty Corporation

Product Name: 2-SNA-08-AR

TOI: 16.0 Workers Compensation

Sub-TOI: 16.0003 Excess WC

Filing Type: Form

SERFF Tr Num: SFCC-125625402 State: Arkansas

SERFF Status: Closed

Co Tr Num: 2-SNA-08-AR

Co Status:

Authors: Marilyn Tinnell, Casey
Kruse, Paula Kilen

Date Submitted: 04/29/2008

State Tr Num: EFT \$50

State Status: Fees received

Reviewer(s): Betty Montesi, Carol
Stiffler, Brittany Yielding

Disposition Date: 04/29/2008

Disposition Status: Accepted For
Informational Purposes

Effective Date Requested (New): 09/01/2008

Effective Date Requested (Renewal): 09/01/2008

Effective Date (New): 09/01/2008

Effective Date (Renewal):

State Filing Description:

General Information

Project Name:

Project Number:

Reference Organization: N/A

Reference Title: N/A

Filing Status Changed: 04/29/2008

State Status Changed: 04/29/2008

Corresponding Filing Tracking Number:

Filing Description:

Ms. Carol Stiffler

Senior Rate & Form Analyst

Property & Casualty Division

Arkansas Insurance Department

1200 West Third Street

Little Rock, AR 72201-1904

Status of Filing in Domicile: Pending

Domicile Status Comments:

Reference Number: N/A

Advisory Org. Circular: N/A

Deemer Date:

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Re: Safety National Casualty Corporation (SNCC)
Excess Workers Compensation - Form Filing – Revised Policy Forms
SNCC FEIN No. 43-0727872 SNCC NAIC No. 0074-15105
Company File No.: 2-SNA-08-AR
Proposed Effective Date: September 1, 2008

Dear Ms. Stiffler:

Safety National Casualty Corporation (SNCC) is submitting this filing for your review and approval. In the interest of continuing to offer competitive products to self-insured employers in the excess workers' compensation marketplace, Safety National Casualty Corporation submits herewith revisions to its policies that are currently in use for its insureds. The changes in question, once approved, expand coverage for our insureds, provide the Company with a competitive advantage in the marketplace and address legal and regulatory developments that affect workers' compensation and employers' liability benefits. The following policy forms will be replaced as policies expire and are renewed; and WITHDRAWN one year from the date of approval of the revised forms.

SPWC-0408-A1 Specific Excess Policy
AGWC-0408-B1 Aggregate Excess Policy
AGCWC-0408-C1 Specific Excess and Aggregate Excess Policy

We will update the policy form numbers to indicate an edition date of 0908 versus 0408. In accordance with the requirements of the State of Arkansas this filing is being submitted via SERFF with the following included:

1. This filing description;
2. NAIC Form Filing Schedule;
3. Revised version of the Safety National Casualty Corporation Excess Workers' Compensation and Employers' Liability policies being filed with a prospective effective date of September 1, 2008;

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Company and Contact

Filing Contact Information

Marilyn Tinnell, Compliance Manager
 2043 Woodland Parkway
 Saint Louis, MO 63146

marilyn.tinnell@sccc.com
 (314) 995-5300 [Phone]
 (314) 995-6847[FAX]

Filing Company Information

Safety National Casualty Corporation
 2043 Woodland Parkway

CoCode: 15105
 Group Code: 74

State of Domicile: Missouri
 Company Type: Property and
 Casualty

Saint Louis, MO 63146
 (314) 995-5300 ext. [Phone]

Group Name: Delphi Financial
 FEIN Number: 43-0727872

State ID Number:

Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? No
 Fee Explanation: \$50.00 TO FILE COMPANY FORMS
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Safety National Casualty Corporation	\$50.00	04/29/2008	19960036

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Accepted For Carol Stiffler Informational Purposes		04/29/2008	04/29/2008

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Disposition

Disposition Date: 04/29/2008

Effective Date (New): 09/01/2008

Effective Date (Renewal):

Status: Accepted For Informational Purposes

Comment: ACA 23-79-109(a)(1)(A) exempts excess of loss forms from filing requirements.

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	NAIC Form Schedule	Accepted for Informational Purposes	Yes
Supporting Document	Comparison Documents	Accepted for Informational Purposes	Yes
Form	Specific Excess Policy	Accepted for Informational Purposes	Yes
Form	Aggregate Excess Policy	Accepted for Informational Purposes	Yes
Form	Specific Excess and Aggregate Excess Policy	Accepted for Informational Purposes	Yes
Form	Specific Excess Policy	Accepted for Informational Purposes	Yes
Form	Aggregate Excess Policy	Accepted for Informational Purposes	Yes
Form	Specific Excess and Aggregate Excess Policy	Accepted for Informational Purposes	Yes

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Accepted for Information al Purposes	Specific Excess Policy	SPWC-0908-A1	09 08	Policy/Coverage Form	Replaced Form #:0.00 SPWC-0408-A1 Previous Filing #: 1-SNA-08-AR		SPWC-0908-A1.pdf
Accepted for Information al Purposes	Aggregate Excess Policy	AGWC-0908-B1	09 08	Policy/Coverage Form	Replaced Form #:0.00 AGWC-0408-B1 Previous Filing #: 1-SNA-08-AR		AGWC-0908-B1.pdf
Accepted for Information al Purposes	Specific Excess and Aggregate Excess Policy	AGCWC-0908-C1	09 08	Policy/Coverage Form	Replaced Form #:0.00 AGCWC-0408-C1 Previous Filing #: 1-SNA-08-AR		AGCWC-0908-C1.pdf
Accepted for Information al Purposes	Specific Excess Policy	SPWC-0408-A1	04 08	Policy/Coverage Form	Replaced Form #:0.00 Previous Filing #:		SPWC-0408-A1 WITHDRAW N.pdf
Accepted for Information al Purposes	Aggregate Excess Policy	AGWC-0408-B1	04 08	Policy/Coverage Form	Replaced Form #:0.00 Previous Filing #:		AGWC-0408-B1 WITHDRAW N.pdf
Accepted for Information al Purposes	Specific Excess and Aggregate Excess Policy	AGCWC-0408-C1	04 08	Policy/Coverage Form	Replaced Form #:0.00 Previous Filing #:		AGCWC-0408-C1 WITHDRAW N.pdf

SPECIFIC EXCESS
WORKERS' COMPENSATION AND
EMPLOYERS' LIABILITY INSURANCE AGREEMENT

SAFETY NATIONAL CASUALTY CORPORATION
ST. LOUIS, MISSOURI

(Hereinafter called the CORPORATION)

In consideration of the payment of premium and subject to all the terms of this Agreement, hereby agrees with the EMPLOYER named in the Declarations (hereinafter called the EMPLOYER), as follows:

A. Coverage of Agreement

This Agreement applies only to Loss sustained by the EMPLOYER because of liability imposed upon the EMPLOYER by the Workers' Compensation or Employers' Liability Laws of:

- (1) the State(s) designated in the Declarations, or
- (2) other State(s), provided that the Loss shall not be greater than it would have been had liability been imposed by the State(s) specified in the Declarations, on account of bodily injury by accident or bodily injury by occupational disease due to Occurrences taking place within the Liability Period to Employees of the EMPLOYER engaged in the business operations specified in the Declarations and all other operations necessary, incidental, or appurtenant thereto. Bodily injury includes resulting death.

The inclusion of more than one EMPLOYER in the Declarations shall not increase the EMPLOYER's Self-Insured Retention nor the CORPORATION's Maximum Limit of Indemnity.

The insurance afforded by this Agreement applies to operations in the State(s) specified in the Declarations, including, however, incidental operations conducted by Employees who are regularly engaged in operations in the specified State(s), but who may be temporarily outside the specified State(s).

B. Insurance Under This Agreement

(1) Specific Excess Insurance

With respect to each Occurrence taking place within a Liability Period, the EMPLOYER shall retain as its own Loss, as defined below, the amount specified in Item 7 of the Declarations, and the CORPORATION agrees to reimburse the EMPLOYER only for such Loss in excess of such Self-Insured Retention, subject to the Maximum Limit of Indemnity Per Occurrence, or the Employers' Liability Maximum Limit of Indemnity Per Occurrence, whichever is applicable, as specified in Item 8 of the Declarations. The separate Employers' Liability Maximum Limit of Indemnity Per Occurrence shall not operate, in any case, to increase the total amount the CORPORATION agrees to reimburse the EMPLOYER for Loss per any one occurrence as per Item 8(a) of the Declarations.

C. Definitions

- (1) "Loss" – shall mean actual payments, less recoveries, legally made by the EMPLOYER to Employees and their dependents in satisfaction of: (a) statutory benefits, (b) settlements of suits and claims, and (c) awards and judgments. Loss shall also include Claim Expenses, paid by the EMPLOYER, as defined in Paragraph (2) of this Section. The term Loss shall not include the items specifically excluded by Paragraph (3) of this Section.
- (2) "Claim Expenses" – shall mean court costs, interest upon awards and judgments and the reasonable allocated costs of investigation, adjustment, defense, and appeal, including pension or appeal bond costs (provided that the prosecution of such appeal and/or the posting of such pension or appeal bond is approved by the CORPORATION) of claims, suits or proceedings brought against the EMPLOYER under the Workers' Compensation or Employers' Liability Laws of the State(s) designated in the Declarations, or other State(s), as provided in Section A, even though such claims, suits, proceedings or demands are wholly groundless, false or fraudulent. Claim Expenses shall not include fees to the EMPLOYER's Service Company.
- (3) "Exclusions from Loss" – shall refer to the following amounts paid by the EMPLOYER, and specifically excluded from the term Loss:
 - (a) Salaries, wages, and remuneration provided to Employees;
 - (b) Fees to the EMPLOYER's Service Company and/or costs of self-administration of claims;
 - (c) Punitive or exemplary damages as they relate to claims made under the Employers' Liability coverage provided by this Agreement;
 - (d) Fines or penalties assessed against the EMPLOYER for any violation by the EMPLOYER, or its representative(s), of any statute or regulation, unless the fines or penalties result from a reasonable dispute as to Workers' Compensation benefits owed by the EMPLOYER;
 - (e) Assessments and taxes made upon the EMPLOYER as self-insurer whether imposed by statute, regulation, or otherwise;
 - (f) Any amounts required to be paid by the EMPLOYER because of:

- (1) Serious and willful misconduct of the EMPLOYER, including intentional torts and intentional acts or omissions resulting in injury, acts or omissions taken with reckless disregard of the possible occurrence of an injury or acts or omissions taken that are substantially certain to result in injury, regardless of whether or not said actions may be classified in the State(s) as intentional torts,
 - (2) Coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any Employee and/or related personnel practices, policies, acts or omissions by the EMPLOYER,
 - (3) Knowingly employing an Employee in violation of law,
 - (4) Rejection by the EMPLOYER of any Workers' Compensation Law,
 - (5) Failure to comply with any health, safety, or notification law or regulation,
 - (g) Loss voluntarily assumed by the EMPLOYER under any contract or agreement, whether expressed or implied;
 - (h) Loss for which the EMPLOYER carries a full coverage Workers' Compensation and Employers' Liability policy; and
 - (i) Any amount owed by the EMPLOYER pursuant to any provision of any law that provides non-occupational disability benefits.
- (4) "Occurrence" – shall mean accident. In addition, bodily injury by occupational disease must be caused or aggravated by the conditions of employment and shall be deemed to have occurred on the last day of the last exposure to those conditions of employment causing or aggravating such injury by occupational disease, or such dates as is otherwise established by the Workers' Compensation and Employers' Liability Laws of the appropriate State(s). Bodily injury by occupational disease sustained by each Employee shall be deemed to be a separate Occurrence unless such disease results directly from an accident.
 - (5) "Employee" – as respects liability imposed upon the EMPLOYER by the Workers' Compensation Law of any State, the word Employee shall mean any person performing work which renders the EMPLOYER liable under the Workers' Compensation Law of a State named in Item 2 of the Declarations, which is the State of the injured Employee's normal employment, for bodily injuries or occupational disease sustained by such person.
 - (6) "State" – shall mean any state, territory, or possession of the United States of America and the District of Columbia.

D. Reimbursement

If the EMPLOYER pays any Loss incurred in any Liability Period in excess of the Self-Insured Retention Per Occurrence, the CORPORATION shall reimburse the EMPLOYER upon receipt of a formal proof of loss and other evidence acceptable to the CORPORATION of such

payment. Within a reasonable period of time, reimbursement payments shall be made by the CORPORATION.

The CORPORATION shall have, and may exercise at any time, and from time to time, the right to offset any balance or balances, whether on account of premiums, Losses or otherwise, due from the EMPLOYER to the CORPORATION against any balance or balances, due from the CORPORATION to the EMPLOYER under this Agreement.

E. Liability Period

The liability of the CORPORATION for Loss hereunder shall be determined separately for each Liability Period. The initial Liability Period shall commence at 12:01 A.M. on the Effective Date and end at 12:01 A.M. on the Anniversary Date, designated in Items 3 and 4 respectively, of the Declarations. Each succeeding Liability Period shall begin concurrently with the end of the previous Liability Period and continue for the same number of consecutive months as the initial Liability Period. All time is stated in local time for the State(s) designated in the Declarations.

In the event the Employer fails to give express written intent to continue coverage at the end of a given Liability Period, the Agreement shall be deemed terminated, and the Anniversary Date shall serve as the termination date of the Agreement.

F. Premium

Upon acceptance of the Agreement and at the beginning of each Payroll Reporting Period, as specified in Item 14 of the Declarations, the EMPLOYER shall pay to the CORPORATION the amount of the Deposit Premium specified in Item 13 of the Declarations. The EMPLOYER shall pay premiums when due. The Deposit Premium shall be held by the CORPORATION until the expiration of the Payroll Reporting Period. Within thirty (30) days after the close of each Payroll Reporting Period, the EMPLOYER shall render to the CORPORATION a report, upon a form satisfactory to the CORPORATION, exhibiting, by classification, the amount of such remuneration earned by Employees during such reporting period, and the EMPLOYER shall therewith pay to the CORPORATION the excess of the Earned Premium over the Deposit Premium previously paid. In case the Deposit Premium paid exceeds the Earned Premium, the Corporation shall return to the EMPLOYER the amount of such excess or give appropriate credit, subject to the proportion of Minimum Premium for the Liability Period in the case of multi-year Liability Periods.

Upon expiration of a Liability Period, a summary of voluntary payroll reports for such Liability Period shall be made to determine the Earned Premium under this Agreement. In no event, however, shall the Earned Premium in respect of any Liability Period be less than the Minimum Premium specified in the Declarations.

For each Payroll Reporting Period, the CORPORATION shall compute the Earned Premium as follows:

- (1) Remuneration – The remuneration earned, or man-hours accumulated, during such period by all Employees, including volunteers, engaged in each classifi-

cation covered by this Agreement shall be computed in accordance with the rules set forth in the appropriate Manual of Workers' Compensation and Employers' Liability Insurance.

- (2) Manual and Standard Premium – The remuneration, or man-hours, so computed for Employees engaged in each such classification shall be multiplied by the Manual Rate per \$100 of remuneration/man-hour, in effect at the inception of each Payroll Reporting Period, and the products so obtained shall be added together to determine the Manual Premium. An Experience Modification Factor may be applied to the Manual Premium to determine a Standard Premium. Such Experience Modification Factor shall be determined at the inception of this Agreement and is subject to annual review and possible revision. A Standard Premium takes precedence over any Manual Premium.
- (3) Earned Premium – Against the Manual or Standard Premium shall be applied the Premium Rate, as specified in Item 9 of the Declarations, to determine the appropriate Earned Premium.

This Agreement is issued by the CORPORATION and accepted by the EMPLOYER subject to the agreement that, in the event of any change in the Rates per \$100 remuneration/man-hour, as stated in Item 6 of the Declarations, because of any general rate increase or any legislative amendment affecting the benefits under the Workers' Compensation Law of any State(s) named in Item 2 of the Declarations, such change, upon the effective date thereof, shall be, without endorsement, made a part of this Agreement.

G. Self-Insurer

The EMPLOYER, by acceptance of this Agreement, warrants that it is a duly qualified Self-Insurer in the State(s) designated in the Declarations, and will continue to maintain such qualifications during the currency of this Agreement. In the event the EMPLOYER should at any time while this Agreement is in force terminate such qualifications or if they should be cancelled or revoked, such loss of qualifications shall operate as notice of cancellation of this Agreement by the EMPLOYER, subject to the additional terms of the Cancellation Section of this Agreement.

H. Service and Administration

This Agreement contemplates the concurrent and continued existence of a separate service agreement between the EMPLOYER and the Service Company, its designated representative, named in Item 5 of the Declarations, providing services approved by the CORPORATION. The EMPLOYER agrees that its Service Company shall furnish the CORPORATION with quarterly loss runs concurrent with each Liability Period of this Agreement. The provision of loss runs alone does not relieve the EMPLOYER of its reporting obligations as set forth in Section I of this Agreement. In addition, the electronic transfer of loss information by a Service Company of the EMPLOYER shall not constitute notice of a claim.

Cancellation of the service agreement between the Service Company and the EMPLOYER shall operate as a

notice of cancellation of this Agreement by the EMPLOYER, subject to the additional terms of the Cancellation Section of this Agreement. Any change in service companies must be immediately communicated to and approved by the CORPORATION, and this obligation shall survive the termination of this Agreement.

I. Prompt Reporting of Claims

As soon as the EMPLOYER becomes aware, the EMPLOYER must provide prompt notice to the CORPORATION of: (a) any claim or action commenced against the EMPLOYER which exceeds, or is likely to exceed, fifty percent (50%) of the Self-Insured Retention Per Occurrence specified in Item 7 of the Declarations and (b) the reopening of any claim in which a further award might involve liability of the CORPORATION under this Agreement.

In addition, the following categories of claims shall be reported to the CORPORATION immediately, regardless of any question of potential involvement of the CORPORATION:

1. Fatalities;
2. Paraplegics and quadriplegics;
3. Serious burns, defined as 2nd or 3rd degree burns involving 25% or more of the body;
4. Brain injury;
5. Spinal cord injury;
6. Amputation of a major extremity; and
7. Any Occurrence which results in a serious injury to two or more Employees.

If the CORPORATION is prejudiced by the EMPLOYER's failure to provide prompt notice of a claim in accordance with the requirements set forth above and/or as otherwise provided by the Law of any State(s), the CORPORATION may elect to deny coverage for Loss arising from such claim. To constitute prompt, sufficient notice, the EMPLOYER must provide complete information as to the details of the injury, disease, or death.

J. Defense of Claims

The EMPLOYER shall investigate and settle or defend all claims and shall conduct the defense and appeal of all actions, suits, and proceedings commenced against it. The EMPLOYER shall forward promptly to the CORPORATION copies of any pleadings or reports as may be requested. The CORPORATION shall not be obliged to assume charge of the investigation, defense, appeal or settlement of any claim, suit, or proceeding brought against the EMPLOYER, but the CORPORATION shall be given the opportunity to investigate, defend or participate with the EMPLOYER in the investigation and defense of any claim, if, in the opinion of the CORPORATION, its liability under this Agreement might be involved.

K. Good Faith Claims Administration

The EMPLOYER shall use diligence, prudence, and good faith in the investigation, defense, pursuit of recovery from others and settlement of all claims. The EMPLOYER shall not unreasonably refuse to settle any claim which, in the exercise of sound judgment with respect to the entire

claim, should be settled, provided, however, that the EMPLOYER shall not make any payment or agree to any settlement for any sum which would involve the limits of the CORPORATION's liability hereunder without the approval of the CORPORATION.

If the CORPORATION is prejudiced by the EMPLOYER's failure to exercise diligence, prudence, and good faith, the CORPORATION may elect to disclaim coverage for Loss from such claim.

L. Inspection and Audit

The CORPORATION shall have the right, but not the obligation, to inspect the premises and equipment and/or to audit the books and records of the EMPLOYER and of its agents and representatives, including all records relating to payroll and claims matters, at any reasonable time during the period of this Agreement and within three (3) years after final settlement of all claims due to Occurrences happening during the term of this Agreement. An audit to determine Manual or Standard Premium shall supersede any and all prior voluntary payroll reports by the EMPLOYER, and will be used to determine the final adjustment of premiums due to the CORPORATION. Should a determination be made that additional audit premium is due to the CORPORATION, the due date for payment of such audit premium shall be thirty (30) days after the date of billing.

M. Other Insurance

If the EMPLOYER carries other valid and collectible insurance, reinsurance, or indemnity with any other insurer or reinsurer covering a Loss also covered by this Agreement (other than insurance or reinsurance that is purchased to apply in excess of the sum of the Self-Insured Retention and the Maximum Limits of Indemnity hereunder), the insurance afforded by this Agreement shall apply in excess of and shall not contribute with such other insurance or reinsurance.

N. Recovery from Others

The EMPLOYER agrees to prosecute any and all valid claims the EMPLOYER may have against any other party or source that may mitigate any Loss under this Agreement and return to the CORPORATION any amount so recovered, less the reasonable expense of collecting such amounts.

The CORPORATION shall have the EMPLOYER's rights to prosecute any and all valid claims against any other party or source that may mitigate any Loss under this Agreement. The EMPLOYER agrees that it will assist the CORPORATION in any prosecution of any and all valid claims against any other party or source that may mitigate any Loss under this Agreement. Any amounts recovered by the EMPLOYER or the CORPORATION from any party or source that may mitigate any Loss under this Agreement shall first be used to pay the expenses of collection and to reimburse the CORPORATION for any amount it may have paid the EMPLOYER for the Liability Period concerned, and all remaining amounts collected shall be paid to the EMPLOYER.

O. Change in Agreement

No condition, provision, or declaration of this Agreement shall be waived or altered at any time, except as specified in Section F, except by endorsement signed by the President or a Senior Vice President and the Secretary or an Assistant Secretary of the CORPORATION.

This Agreement hereby terminates, supersedes, and replaces all previously issued Workers' Compensation Insurance or Reinsurance Agreements, as amended, between the EMPLOYER and the CORPORATION.

If terms of this Agreement are in conflict with any law applicable to this Agreement, this statement amends this Agreement to conform to such law. In addition, in the event any terms are in conflict with applicable laws, the remaining terms of the Agreement shall be enforceable.

P. Cancellation

This Agreement may be cancelled by either party giving the other party written notice not less than sixty (60) days prior to the date of cancellation, except, that if the CORPORATION cancels for non-payment of any premium, the cancellation shall become effective ten (10) days after dispatch of notice by the CORPORATION. The date of cancellation then becomes the termination date of the final Liability Period. This Agreement does not apply to Loss as a result of Occurrences taking place after the effective date of such cancellation.

If cancellation is effected by the EMPLOYER, the Manual or Standard Premium shall be determined by the short rate tables used for casualty insurance, and the Earned Premium shall be the product of the Premium Rate (Item 9) times the Manual or Standard Premium (or the Total Annual Remuneration) so arrived at, but not less than the Minimum Loss Fund and the Minimum Premium specified in the Declarations.

If cancellation is effected by the Corporation for non-payment of premium, the EMPLOYER shall pay the CORPORATION Earned Premium for the period up to the date of cancellation.

If the CORPORATION cancels for any other reason, the Manual or Standard Premium (or the Total Annual Remuneration) shall be determined upon a pro rata basis and the Earned Premium adjusted in accordance therewith.

Q. Assignment

An assignment of interest under this Agreement will not bind the CORPORATION unless an endorsement signed by the President or a Senior Vice President and the Secretary or an Assistant Secretary of the Corporation assigning interest under this Agreement is issued by the CORPORATION.

R. Bankruptcy or Insolvency of Employer

The bankruptcy or insolvency of the EMPLOYER will not relieve the CORPORATION or the EMPLOYER of its duties and liabilities under this Agreement. After payments have been made by or on behalf of the EMPLOYER, reimbursements due under this Agreement will be made by the CORPORATION as if the EMPLOYER had not

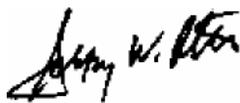
become bankrupt or insolvent, but not in excess of the CORPORATION's limit of indemnity.

S. Sole Representative

If more than one EMPLOYER is named in Item 1 of the Declarations, or an endorsement related thereto, the EMPLOYER first named in Item 1, or a related endorsement, will act on behalf of all EMPLOYERS to give or receive notice of cancellation, to receive return premium or reimbursement, or to request changes in this Agreement.

T. Acceptance

By acceptance of this Agreement, the EMPLOYER



Secretary

agrees that the statements in this Agreement, in the Declarations, and in the application are the EMPLOYER's representations; that this Agreement is issued in reliance upon such representations; that this Agreement embodies all agreements existing between the EMPLOYER and the CORPORATION, or any of its agents, relating to this excess insurance, and that full compliance by the EMPLOYER with all terms of this Agreement is a condition precedent to the CORPORATION's liability hereunder.

IN WITNESS WHEREOF, the SAFETY NATIONAL CASUALTY CORPORATION has caused this Agreement to be executed by printing below the facsimile signatures of its President and Secretary and by the actual signature of its Secretary on the Declarations.



President

AGGREGATE EXCESS
WORKERS' COMPENSATION AND
EMPLOYERS' LIABILITY INSURANCE AGREEMENT

SAFETY NATIONAL CASUALTY CORPORATION
ST. LOUIS, MISSOURI

(Hereinafter called the CORPORATION)

In consideration of the payment of premium and subject to all the terms of this Agreement, hereby agrees with the EMPLOYER named in the Declarations (hereinafter called the EMPLOYER), as follows:

A. Coverage of Agreement

This Agreement applies only to Loss sustained by the EMPLOYER because of liability imposed upon the EMPLOYER by the Workers' Compensation or Employers' Liability Laws of:

- (1) the State(s) designated in the Declarations, or
- (2) other State(s), provided that the Loss shall not be greater than it would have been had liability been imposed by the State(s) specified in the Declarations,

on account of bodily injury by accident or bodily injury by occupational disease due to Occurrences taking place within the Liability Period to Employees of the EMPLOYER engaged in the business operations specified in the Declarations and all other operations necessary, incidental, or appurtenant thereto. Bodily injury includes resulting death.

The inclusion of more than one EMPLOYER in the Declarations shall not increase the EMPLOYER's Self-Insured Retention nor the CORPORATION's Maximum Limit of Indemnity.

The insurance afforded by this Agreement applies to operations in the State(s) specified in the Declarations, including, however, incidental operations conducted by Employees who are regularly engaged in operations in the specified State(s), but who may be temporarily outside the specified State(s).

B. Insurance Under This Agreement

(1) Aggregate Excess Insurance

The CORPORATION further agrees to indemnify the EMPLOYER for Loss on account of all Occurrences taking place within such liability period (but excluding Loss per Occurrence in excess of the amount specified in Item 7 of the Declarations) which is in excess of an aggregate amount, hereinafter called the Loss Fund, determined for each Liability Period as provided below, subject to the Maximum Limit of Indemnity as specified in Item 10 of the Declarations.

C. Definitions

- (1) "Loss" – shall mean actual payments, less recoveries, legally made by the EMPLOYER to Employees and their dependents in satisfaction of: (a) statutory bene-

fits, (b) settlements of suits and claims, and (c) awards and judgments. Loss shall also include Claim Expenses, paid by the EMPLOYER, as defined in Paragraph (2) of this Section. The term Loss shall not include the items specifically excluded by Paragraph (3) of this Section.

- (2) "Claim Expenses" – shall mean court costs, interest upon awards and judgments and the reasonable costs of investigation, adjustment, defense, and appeal, including pension or appeal bond costs (provided that the prosecution of such appeal and/or the posting of such pension or appeal bond is approved by the CORPORATION), of claims, suits or other proceedings brought against the EMPLOYER under the Workers' Compensation or Employers' Liability Laws of the State(s) designated in the Declarations, or other State(s), as provided in Section A, even though such claims, suits, proceedings or demands are wholly groundless, false or fraudulent. Claim Expenses shall not include fees to the EMPLOYER's Service Company.
- (3) "Exclusions from Loss" – shall refer to the following amounts paid by the EMPLOYER, and specifically excluded from the term Loss:
 - (a) Salaries, wages, and remuneration provided to Employees;
 - (b) Fees to the EMPLOYER's Service Company and/or costs of self-administration of claims;
 - (c) Punitive or exemplary damages as they relate to claims made under the Employers' Liability coverage provided by this Agreement;
 - (d) Fines or penalties assessed against the EMPLOYER for any violation by the EMPLOYER, or its representative(s), of any statute or regulation, unless the fines or penalties result from a reasonable dispute as to Workers' Compensation benefits owed by the EMPLOYER;
 - (e) Assessments and taxes made upon the EMPLOYER as self-insurer whether imposed by statute, regulation, or otherwise;
 - (f) Any amounts required to be paid by the EMPLOYER because of:
 - (1) Serious and willful misconduct of the EMPLOYER, including intentional torts and intentional acts or omissions resulting in injury, acts or omissions taken with reckless disregard of the possible occurrence of an injury or acts or omissions taken that are substantially cer-

tain to result in injury, regardless of whether or not said actions may be classified in the State(s) as intentional torts,

- (2) Coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any Employee and/or related personnel practices, policies, acts or omissions by the EMPLOYER,
 - (3) Knowingly employing an Employee in violation of law,
 - (4) Rejection by the EMPLOYER of any Workers' Compensation Law,
 - (5) Failure to comply with any health, safety, or notification law or regulation,
 - (g) Loss voluntarily assumed by the EMPLOYER under any contract or agreement, whether express or implied;
 - (h) Loss for which the EMPLOYER carries a full coverage Workers' Compensation and Employers' Liability policy; and
 - (i) Any amount owed by the EMPLOYER pursuant to provision of any law that provides non-occupational disability benefits.
- (4) "Loss Fund" – shall be the greater of: (a) the product of the Loss Fund Percentage, as stated in Item 8 of the Declarations, and the Manual or Standard Premium, whichever is applicable, as stated in Item 6 of the Declarations, or (b) the Minimum Loss Fund specified in Item 9 of the Declarations. (See Section F for the determination of the Manual or Standard Premium.)
- (5) "Occurrence" – shall mean accident. In addition, bodily injury by occupational disease must be caused or aggravated by the conditions of employment and shall be deemed to have occurred on the last day of the last exposure to those conditions of employment causing or aggravating such injury by occupational disease, or such dates as is otherwise established by the Workers' Compensation and Employers' Liability Laws of the appropriate State(s). Bodily injury by occupational disease sustained by each Employee shall be deemed to be a separate Occurrence unless such disease results directly from an accident.
- (6) "Employee" – as respects liability imposed upon the EMPLOYER by the Workers' Compensation Law of any State, the word Employee shall mean any person performing work which renders the EMPLOYER liable under the Workers' Compensation Law of a State named in Item 2 of the Declarations, which is the State of the injured Employee's normal employment, for bodily injuries or occupational disease sustained by such person.
- (7) "State" – shall mean any state, territory, or possession of the United States of America and the District of Columbia.

D. Reimbursement

If the EMPLOYER pays any Loss incurred in any Liability Period in excess of the Loss Fund created for the respective Liability Period, the CORPORATION shall reimburse the EMPLOYER upon receipt of a formal proof of

loss and other evidence acceptable to the CORPORATION of such payment. Within a reasonable period of time, reimbursement payments shall be made by the CORPORATION.

The CORPORATION shall have, and may exercise at any time, and from time to time, the right to offset any balance or balances, whether on account of premiums, Losses or otherwise, due from the EMPLOYER to the CORPORATION against any balance or balances due from the CORPORATION to the EMPLOYER under this Agreement.

E. Liability Period

The liability of the CORPORATION for Loss hereunder shall be determined separately for each Liability Period. The initial Liability Period shall commence at 12:01 A.M. on the Effective Date and end at 12:01 A.M. on the Anniversary Date, designated in Items 3 and 4 respectively, of the Declarations. Each succeeding Liability Period shall begin concurrently with the end of the previous Liability Period and continue for the same number of consecutive months as the initial Liability Period. All time is stated in local time for the State(s) designated in the Declarations.

In the event the Employer fails to give express written intent to continue coverage at the end of a given Liability Period, the Agreement shall be deemed terminated, and the Anniversary Date shall serve as the termination date of the Agreement.

F. Premium

Upon acceptance of the Agreement and at the beginning of each Payroll Reporting Period, as specified in Item 14 of the Declarations, the EMPLOYER shall pay to the CORPORATION the amount of the Deposit Premium specified in Item 13 of the Declarations. The EMPLOYER shall pay premiums when due. The Deposit Premium shall be held by the CORPORATION until the expiration of the Payroll Reporting Period. Within thirty (30) days after the close of each Payroll Reporting Period, the EMPLOYER shall render to the CORPORATION a report, upon a form satisfactory to the CORPORATION, exhibiting, by classification, the amount of such remuneration earned by Employees during such reporting period, and the EMPLOYER shall therewith pay to the CORPORATION the excess of the Earned Premium over the Deposit Premium previously paid. In case the Deposit Premium paid exceeds the Earned Premium, the Corporation shall return to the EMPLOYER the amount of such excess or give appropriate credit, subject to the proportion of Minimum Premium for the Liability Period in the case of multi-year Liability Periods.

Upon expiration of a Liability Period, a summary of voluntary payroll reports for such Liability Period shall be made to determine the Earned Premium under this Agreement. In no event, however, shall the Earned Premium in respect of any Liability Period be less than the Minimum Premium specified in the Declarations.

For each Payroll Reporting Period, the CORPORATION shall compute the Earned Premium as follows:

- (1) Remuneration – The remuneration earned, or man-hours accumulated, during such period by all Employees, including volunteers, engaged in each classification covered by this Agreement shall be computed in accordance with the rules set forth in the appropriate Manual of Workers' Compensation and Employers' Liability Insurance.
- (2) Manual and Standard Premium – The remuneration, or man-hours, so computed for Employees engaged in each such classification shall be multiplied by the Manual Rate per \$100 of remuneration/man-hour, in effect at the inception of each Payroll Reporting Period, and the products so obtained shall be added together to determine the Manual Premium. An Experience Modification Factor may be applied to the Manual Premium to determine a Standard Premium. Such Experience Modification Factor shall be determined at the inception of this Agreement and is subject to annual review and possible revision. A Standard Premium takes precedence over any Manual Premium.
- (3) Earned Premium – Against the Manual or Standard Premium shall be applied the Premium Rate, as specified in Item 11 of the Declarations, to determine the appropriate Earned Premium.

This Agreement is issued by the CORPORATION and accepted by the EMPLOYER subject to the agreement that, in the event of any change in the Rates per \$100 remuneration/man-hour, as stated in Item 6 of the Declarations, because of any general rate increase or any legislative amendment affecting the benefits under the Workers' Compensation Law of any State(s) named in Item 2 of the Declarations, such change, upon the effective date thereof, shall be, without endorsement, made a part of this Agreement.

G. Self-Insurer

The EMPLOYER, by acceptance of this Agreement, warrants that it is a duly qualified Self-Insurer in the State(s) designated in the Declarations, and will continue to maintain such qualifications during the currency of this Agreement. In the event the EMPLOYER should at any time while this Agreement is in force terminate such qualifications or if they should be cancelled or revoked, such loss of qualifications shall operate as notice of cancellation of this Agreement by the EMPLOYER, subject to the additional terms of the Cancellation Section of this Agreement.

H. Service and Administration

This Agreement contemplates the concurrent and continued existence of a separate service agreement between the EMPLOYER and the Service Company, its designated representative, named in Item 5 of the Declarations, providing services approved by the CORPORATION. The EMPLOYER agrees that its Service Company shall furnish the CORPORATION with quarterly loss runs concurrent with each Liability Period of this Agreement. The provision of loss runs alone does not relieve the EMPLOYER of its reporting obligations as set forth in Section I of this Agreement. In addition, the electronic transfer of loss

information by a Service Company of the EMPLOYER shall not constitute notice of a claim.

Cancellation of the service agreement between the Service Company and the EMPLOYER shall operate as a notice of cancellation of this Agreement by the EMPLOYER, subject to the additional terms of the Cancellation Section of this Agreement. Any change in service companies must be immediately communicated to and approved by the CORPORATION, and this obligation shall survive the termination or non-renewal of this Agreement.

I. Prompt Reporting of Claims

As soon as the EMPLOYER becomes aware, the EMPLOYER must provide prompt notice to the CORPORATION of: (a) any claim or action commenced against the EMPLOYER which exceeds, or is likely to exceed, fifty percent (50%) of the Self-Loss Limitation Per Occurrence specified in Item 7 of the Declarations and (b) the reopening of any claim in which a further award might involve liability of the CORPORATION under this Agreement.

In addition, the following categories of claims shall be reported to the CORPORATION immediately, regardless of any question of potential involvement of the CORPORATION:

1. Fatalities;
2. Paraplegics and quadriplegics;
3. Serious burns, defined as 2nd or 3rd degree burns involving 25% or more of the body;
4. Brain injury;
5. Spinal cord injury;
6. Amputation of a major extremity; and
7. Any Occurrence which results in a serious injury to two or more Employees.

If the CORPORATION is prejudiced by the EMPLOYER's failure to provide prompt notice of a claim in accordance with the requirements set forth above and/or as otherwise provided by the Law of any State(s), the CORPORATION may elect to deny coverage for loss arising from such claim. To constitute prompt, sufficient notice, the EMPLOYER must provide complete information as to the details of the injury, disease, or death.

J. Defense of Claims

The EMPLOYER shall investigate and settle or defend all claims and shall conduct the defense and appeal of all actions, suits, and proceedings commenced against it. The EMPLOYER shall forward promptly to the CORPORATION copies of any pleadings or reports as may be requested. The CORPORATION shall not be obliged to assume charge of the investigation, defense, appeal or settlement of any claim, suit, or proceeding brought against the EMPLOYER, but the CORPORATION shall be given the opportunity to investigate, defend or participate with the EMPLOYER in the investigation and defense of any claim, if, in the opinion of the CORPORATION, its liability under this Agreement might be involved.

K. Good Faith Claims Administration

The EMPLOYER shall use diligence, prudence, and good faith in the investigation, defense, pursuit of recovery from others and settlement of all claims. The EMPLOYER shall not unreasonably refuse to settle any claim which, in the exercise of sound judgment with respect to the entire claim, should be settled, provided, however, that the EMPLOYER shall not make any payment or agree to any settlement for any sum which would involve the limits of the CORPORATION's liability hereunder without the approval of the CORPORATION.

If the CORPORATION is prejudiced by the EMPLOYER's failure to exercise diligence, prudence, and good faith, the CORPORATION may elect to disclaim coverage for Loss from such claim.

L. Inspection and Audit

The CORPORATION shall have the right, but not the obligation, to inspect the premises and equipment and/or to audit the books and records of the EMPLOYER and of its agents and representatives, including all records relating to payroll and claims matters, at any reasonable time during the period of this Agreement and within three (3) years after final settlement of all claims due to Occurrences happening during the term of this Agreement. An audit to determine Manual or Standard Premium shall supersede any and all prior voluntary payroll reports by the EMPLOYER, and will be used to determine the final adjustment of premiums due to the CORPORATION and the Loss Fund amounts. Should a determination be made that additional audit premium is due to the CORPORATION, the due date for payment of such audit premium shall be thirty (30) days after the date of billing.

M. Other Insurance

If the EMPLOYER carries other valid and collectible insurance, reinsurance, or indemnity with any other insurer or reinsurer covering a Loss also covered by this Agreement (other than insurance or reinsurance that is purchased to apply in excess of the sum of the Self-Insured Retention and the Maximum Limits of Indemnity hereunder), the insurance afforded by this Agreement shall apply in excess of and shall not contribute with such other insurance or reinsurance.

N. Recovery From Others

The EMPLOYER agrees to prosecute any and all valid claims the EMPLOYER may have against any other party or source that may mitigate any Loss under this Agreement and return to the CORPORATION any amount so recovered, less the reasonable expense of collecting such amounts.

The CORPORATION shall have the EMPLOYER's rights to prosecute any and all valid claims against any other party or source that may mitigate any Loss under this Agreement. The EMPLOYER agrees that it will assist the CORPORATION in any prosecution of any and all valid claims against any other party or source that may mitigate any Loss under this Agreement. Any amounts recovered by the CORPORATION from any other party or source

that may mitigate Loss under this Agreement shall first be used to pay the expenses of collection and to reimburse the CORPORATION for any amount it may have paid the EMPLOYER for the Liability Period concerned, and all remaining amounts collected shall be paid to the EMPLOYER.

O. Change in Agreement

No condition, provision, or declaration of this Agreement shall be waived or altered at any time, except as specified in Section F, except by endorsement signed by the President or a Senior Vice President and the Secretary or an Assistant Secretary of the CORPORATION.

This Agreement hereby terminates, supersedes, and replaces all previously issued Workers' Compensation Insurance or Reinsurance Agreements, as amended, between the EMPLOYER and the CORPORATION.

If terms of this Agreement are in conflict with any law applicable to this Agreement, this statement amends this Agreement to conform to such law. In addition, in the event any terms are in conflict with applicable laws, the remaining terms of the Agreement shall be enforceable.

P. Cancellation

This Agreement may be cancelled by either party giving the other party written notice not less than sixty (60) days prior to the date of cancellation, except, that if the CORPORATION cancels for non-payment of any premium, the cancellation shall become effective ten (10) days after dispatch of notice by the CORPORATION. The date of cancellation then becomes the termination date of the final Liability Period. This Agreement does not apply to Loss as a result of Occurrences taking place after the effective date of such cancellation.

If cancellation is effected by the EMPLOYER, the Manual or Standard Premium shall be determined by the short rate tables used for casualty insurance, and the Loss Fund and Earned Premium shall be the product of the Loss Fund Percentage (Item 8) and the Premium Rate (Item 11) respectively, times the Manual or Standard Premium so arrived at, but not less than the Minimum Loss Fund and the Minimum Premium specified in the Declarations.

If cancellation is effected by the Corporation for non-payment of premium, the EMPLOYER shall pay the CORPORATION Earned Premium for the period up to the date of cancellation, but the Loss Fund shall be computed upon the same basis as provided in the event the EMPLOYER cancels.

If the CORPORATION cancels for any other reason, the Manual or Standard Premium shall be determined upon a pro rata basis and the Loss Fund and Earned Premium adjusted in accordance therewith.

Q. Assignment

An assignment of interest under this Agreement will not bind the CORPORATION unless an endorsement signed by the President or a Senior Vice President and the Secretary or an Assistant Secretary of the Corporation

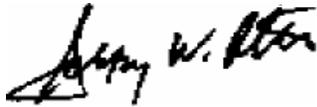
assigning interest under this Agreement is issued by the CORPORATION.

R. Bankruptcy or Insolvency of Employer

The bankruptcy or insolvency of the EMPLOYER will not relieve the CORPORATION or the EMPLOYER of its duties and liabilities under this Agreement. After payments have been made by or on behalf of the EMPLOYER, reimbursements due under this Agreement will be made by the CORPORATION as if the EMPLOYER had not become bankrupt or insolvent, but not in excess of the CORPORATION's limit of indemnity.

S. Sole Representative

If more than one EMPLOYER is named in Item 1 of the Declarations, or an endorsement related thereto, the EMPLOYER first named in Item 1, or a related endorsement, will act on behalf of all EMPLOYERS to give or receive notice of cancellation, to receive return premium or reimbursement, or to request changes in this Agreement.



Secretary

T. Acceptance

By acceptance of this Agreement, the EMPLOYER agrees that the statements in this Agreement, in the Declarations, and in the application are the EMPLOYER's representations; that this Agreement is issued in reliance upon such representations; that this Agreement embodies all agreements existing between the EMPLOYER and the CORPORATION, or any of its agents, relating to this excess insurance, and that full compliance by the EMPLOYER with all terms of this Agreement is a condition precedent to the CORPORATION's liability hereunder.

IN WITNESS WHEREOF, the SAFETY NATIONAL CASUALTY CORPORATION has caused this Agreement to be executed by printing below the facsimile signatures of its President and Secretary and by the actual signature of its Secretary on the Declarations.



President

SPECIFIC EXCESS AND AGGREGATE EXCESS
WORKERS' COMPENSATION AND
EMPLOYERS' LIABILITY INSURANCE AGREEMENT

SAFETY NATIONAL CASUALTY CORPORATION
ST. LOUIS, MISSOURI

(Hereinafter called the CORPORATION)

In consideration of the payment of premium and subject to all the terms of this Agreement, hereby agrees with the EMPLOYER named in the Declarations (hereinafter called the EMPLOYER), as follows:

A. Coverage of Agreement

This Agreement applies only to Loss sustained by the EMPLOYER because of liability imposed upon the EMPLOYER by the Workers' Compensation or Employers' Liability Laws of:

- (1) the State(s) designated in the Declarations, or
- (2) other State(s), provided that the Loss shall not be greater than it would have been had liability been imposed by the State(s) specified in the Declarations, on account of bodily injury by accident or bodily injury by occupational disease due to Occurrences taking place within the Liability Period to Employees of the EMPLOYER engaged in the business operations specified in the Declarations and all other operations necessary, incidental, or appurtenant thereto. Bodily injury includes resulting death.

The inclusion of more than one EMPLOYER in the Declarations shall not increase the EMPLOYER's Self-Insured Retention nor the CORPORATION's Maximum Limit of Indemnity.

The insurance afforded by this Agreement applies to operations in the State(s) specified in the Declarations, including, however, incidental operations conducted by Employees who are regularly engaged in operations in the specified State(s), but who may be temporarily outside the specified State(s).

B. Insurance Under This Agreement

(1) Specific Excess Insurance

With respect to each Occurrence taking place within a Liability Period, the EMPLOYER shall retain as its own Loss, as defined below, the amount specified in Item 7 of the Declarations, and the CORPORATION agrees to reimburse the EMPLOYER only for such Loss in excess of such Self-Insured Retention, subject to the Maximum Limit of Indemnity Per Occurrence, or the Employers' Liability Maximum Limit of Indemnity Per Occurrence, whichever is applicable, as specified in Item 8 of the Declarations. The separate Employers' Liability Maximum Limit of Indemnity Per Occurrence shall not operate, in any case, to increase the total amount the CORPORATION agrees to reimburse the EMPLOYER for Loss per any one Occurrence as per Item 8(a) of the Declarations.

(2) Aggregate Excess Insurance

The CORPORATION further agrees to indemnify the EMPLOYER for Loss on account of all Occurrences taking place within such Liability Period (but excluding Loss per Occurrence in excess of the amount specified in Item 7 of the Declarations as the EMPLOYER's Self-Insured Retention under Section B(1)) which is in excess of an aggregate amount, hereinafter called the Loss Fund, determined for each Liability Period as provided below, subject to the Maximum Limit of Indemnity as specified in Item 11 of the Declarations.

C. Definitions

- (1) "Loss" – shall mean actual payments, less recoveries, legally made by the EMPLOYER to Employees and their dependents in satisfaction of: (a) statutory benefits, (b) settlements of suits and claims, and (c) awards and judgments. Loss shall also include Claim Expenses, paid by the EMPLOYER, as defined in Paragraph (2) of this Section. The term Loss shall not include the items specifically excluded by Paragraph (3) of this Section.
- (2) "Claim Expenses" – shall mean court costs, interest upon awards and judgments and the reasonable allocated costs of investigation, adjustment, defense, and appeal, including pension or appeal bond costs (provided that the prosecution of such appeal and/or the posting of such pension or appeal bond is approved by the CORPORATION) of claims, suits or other proceedings brought against the EMPLOYER under the Workers' Compensation or Employers' Liability Laws of the State(s) designated in the Declarations, or other State(s), as provided in Section A, even though such claims, suits, proceedings or demands are wholly groundless, false or fraudulent. Claim Expenses shall not include fees to the EMPLOYER's Service Company.
- (3) "Exclusions from Loss" – shall refer to the following amounts paid by the EMPLOYER, and specifically excluded from the term Loss:
 - (a) Salaries, wages, and remuneration provided to Employees;
 - (b) Fees to the EMPLOYER's Service Company and/or costs of self-administration of claims;

- (c) Punitive or exemplary damages as they relate to claims made under the Employers' Liability coverage provided by this Agreement;
 - (d) Fines or penalties assessed against the EMPLOYER for any violation by the EMPLOYER, or its representative(s), of any statute or regulation, unless the fines or penalties result from a reasonable dispute as to Workers' Compensation benefits owed by the EMPLOYER;
 - (e) Assessments and taxes made upon the EMPLOYER as self-insurer whether imposed by statute, regulation, or otherwise;
 - (f) Any amounts required to be paid by the EMPLOYER because of:
 - 1) Serious and willful misconduct of the EMPLOYER, including intentional torts and intentional acts or omissions resulting in injury, acts or omissions taken with reckless disregard of the possible occurrence of an injury or acts or omissions taken that are substantially certain to result in injury, regardless of whether or not said actions may be classified in the State(s) as intentional torts,
 - 2) Coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any Employee and/or related personnel practices, policies, acts or omissions by the EMPLOYER,
 - 3) Knowingly employing an Employee in violation of law,
 - 4) Rejection by the EMPLOYER of any Workers' Compensation Law,
 - 5) Failure to comply with any health, safety, or notification law or regulation,
 - (g) Loss voluntarily assumed by the EMPLOYER under any contract or agreement, whether express or implied;
 - (h) Loss for which the EMPLOYER carries a full coverage Workers' Compensation and Employers' Liability policy; and
 - (i) Any amount owed by the EMPLOYER pursuant to provision of any law that provides non-occupational disability benefits.
- (4) "Loss Fund" – shall be the greater of: (a) the product of the Loss Fund Percentage, as stated in Item 9 of the Declarations and the Manual or Standard Premium, whichever is applicable, as stated in Item 6 of the Declarations, or (b) the Minimum Loss Fund specified in Item 10 of the Declarations. (See Section F for the determination of the Manual or Standard Premium.)
- (5) "Occurrence" – shall mean accident. In addition, bodily injury by occupational disease must be caused or aggravated by the conditions of employment and shall be deemed to have occurred on the last day of the last exposure to those conditions of employment causing or aggravating such injury by occupational disease, or such dates as is otherwise established by the Workers' Compensation and Employers' Liability Laws of the appropriate State(s). Bodily injury by occupational disease sustained by each Employee shall be deemed to be a

separate Occurrence unless such disease results directly from an accident.

- (6) "Employee" – as respects liability imposed upon the EMPLOYER by the Workers' Compensation Law of any State, the word Employee shall mean any person performing work which renders the EMPLOYER liable under the Workers' Compensation Law of a State named in Item 2 of the Declarations, which is the State of the injured Employee's normal employment, for bodily injuries or occupational disease sustained by such person.
- (7) "State" – shall mean any state, territory, or possession of the United States of America and the District of Columbia.

D. Reimbursement

If the EMPLOYER pays any Loss incurred in any Liability Period in excess of the Self-Insured Retention Per Occurrence or the Loss Fund created for the respective Liability Period, the CORPORATION shall reimburse the EMPLOYER upon receipt of a formal proof of loss and other evidence acceptable to the CORPORATION of such payment. Within a reasonable period of time, reimbursement payments shall be made by the CORPORATION.

The CORPORATION shall have, and may exercise at any time, and from time to time, the right to offset any balance or balances, whether on account of premiums, Losses or otherwise, due from the EMPLOYER to the CORPORATION against any balance or balances due from the CORPORATION to the EMPLOYER under this Agreement.

E. Liability Period

The liability of the CORPORATION for Loss hereunder shall be determined separately for each Liability Period. The initial Liability Period shall commence at 12:01 A.M. on the Effective Date and end at 12:01 A.M. on the Anniversary Date, designated in Items 3 and 4 respectively, of the Declarations. Each succeeding Liability Period shall begin concurrently with the end of the previous Liability Period and continue for the same number of consecutive months as the initial Liability Period. All time is stated in local time for the State(s) designated in the Declarations.

In the event the Employer fails to give express written intent to continue coverage at the end of a given Liability Period, the Agreement shall be deemed terminated, and the Anniversary Date shall serve as the termination date of the Agreement.

F. Premium

Upon acceptance of the Agreement and at the beginning of each Payroll Reporting Period, as specified in Item 15 of the Declarations, the EMPLOYER shall pay to the CORPORATION the amount of the Deposit Premium specified in Item 14 of the Declarations. The EMPLOYER shall pay premiums when due. The Deposit Premium shall be held by the CORPORATION until the expiration of the Payroll Reporting Period. Within thirty (30) days after the close of each Payroll Reporting Period, the EMPLOYER shall render to the CORPORATION a report, upon a form satisfactory to

the CORPORATION, exhibiting, by classification, the amount of such remuneration earned by Employees during such reporting period, and the EMPLOYER shall therewith pay to the CORPORATION the excess of the Earned Premium over the Deposit Premium previously paid. In case the Deposit Premium paid exceeds the Earned Premium, the Corporation shall return to the EMPLOYER the amount of such excess or give appropriate credit, subject to the proportion of Minimum Premium for the Liability Period in the case of multi-year Liability Periods.

Upon expiration of a Liability Period, a summary of voluntary payroll reports for such Liability Period shall be made to determine the Earned Premium under this Agreement. In no event, however, shall the Earned Premium in respect of any Liability Period be less than the Minimum Premium specified in the Declarations.

For each Payroll Reporting Period, the CORPORATION shall compute the Earned Premium as follows:

- (1) Remuneration – The remuneration earned, or man-hours accumulated, during such period by all Employees, including volunteers, engaged in each classification covered by this Agreement shall be computed in accordance with the rules set forth in the appropriate Manual of Workers' Compensation and Employers' Liability Insurance.
- (2) Manual and Standard Premium – The remuneration, or man-hours, so computed for Employees engaged in each such classification shall be multiplied by the Manual Rate per \$100 of remuneration/man-hour, in effect at the inception of each Payroll Reporting Period, and the products so obtained shall be added together to determine the Manual Premium. An Experience Modification Factor may be applied to the Manual Premium to determine a Standard Premium. Such Experience Modification Factor shall be determined at the inception of this Agreement and is subject to annual review and possible revision. A Standard Premium takes precedence over any Manual Premium.
- (3) Earned Premium – Against the Manual or Standard Premium shall be applied the Premium Rate, as specified in Item 12 of the Declarations, to determine the appropriate Earned Premium.

This Agreement is issued by the CORPORATION and accepted by the EMPLOYER subject to the agreement that, in the event of any change in the Rates per \$100 remuneration/man-hour, as stated in Item 6 of the Declarations, because of any general rate increase or any legislative amendment affecting the benefits under the Workers' Compensation Law of any State(s) named in Item 2 of the Declarations, such change, upon the effective date thereof, shall be, without endorsement, made a part of this Agreement.

G. Self-Insurer

The EMPLOYER, by acceptance of this Agreement, warrants that it is a duly qualified Self-Insurer in the State(s) designated in the Declarations, and will continue to maintain such qualifications during the currency of this Agreement. In the event the EMPLOYER should at any time while this Agreement is in force terminate such qualifications or if they

should be cancelled or revoked, such loss of qualifications shall operate as notice of cancellation of this Agreement by the EMPLOYER, subject to the additional terms of the Cancellation Section of this Agreement.

H. Service and Administration

This Agreement contemplates the concurrent and continued existence of a separate service agreement between the EMPLOYER and the Service Company, its designated representative, named in Item 5 of the Declarations, providing services approved by the CORPORATION. The EMPLOYER agrees that its Service Company shall furnish the CORPORATION with quarterly loss runs concurrent with each Liability Period of this Agreement. The provision of loss runs alone does not relieve the EMPLOYER of its reporting obligations as set forth in Section I of this Agreement. In addition, the electronic transfer of loss information by a Service Company of the EMPLOYER shall not constitute notice of a claim.

Cancellation of the service agreement between the Service Company and the EMPLOYER shall operate as a notice of cancellation of this Agreement by the EMPLOYER, subject to the additional terms of the Cancellation Section of this Agreement. Any change in service companies must be immediately communicated to and approved by the CORPORATION, and this obligation shall survive the termination or non-renewal of this Agreement.

I. Prompt Reporting of Claims

As soon as the EMPLOYER becomes aware, the EMPLOYER must provide prompt notice to the CORPORATION of: (a) any claim or action commenced against the EMPLOYER which exceeds, or is likely to exceed, fifty percent (50%) of the Self-Insured Retention Per Occurrence specified in Item 7 of the Declarations and (b) the reopening of any claim in which a further award might involve liability of the CORPORATION under this Agreement.

In addition, the following categories of claims shall be reported to the CORPORATION immediately, regardless of any question of potential involvement of the CORPORATION:

1. Fatalities;
2. Paraplegics and quadriplegics;
3. Serious burns, defined as 2nd or 3rd degree burns involving 25% or more of the body;
4. Brain injury;
5. Spinal cord injury;
6. Amputation of a major extremity; and
7. Any Occurrence which results in a serious injury to two or more Employees.

If the CORPORATION is prejudiced by the EMPLOYER's failure to provide prompt notice of a claim in accordance with the requirements set forth above and/or as otherwise provided by the Law of any State(s), the CORPORATION may elect to deny coverage for Loss arising from such claim. To constitute prompt, sufficient notice, the EMPLOYER must provide complete information as to the details of the injury, disease, or death.

J. Defense of Claims

The EMPLOYER shall investigate and settle or defend all claims and shall conduct the defense and appeal of all actions, suits, and proceedings commenced against it. The EMPLOYER shall forward promptly to the CORPORATION copies of any pleadings or reports as may be requested. The CORPORATION shall not be obliged to assume charge of the investigation, defense, appeal or settlement of any claim, suit, or proceeding brought against the EMPLOYER, but the CORPORATION shall be given the opportunity to investigate, defend, or participate with the EMPLOYER in the investigation and defense of any claim, if, in the opinion of the CORPORATION, its liability under this Agreement might be involved.

K. Good Faith Claims Administration

The EMPLOYER shall use diligence, prudence, and good faith in the investigation, defense, pursuit of recovery from others and settlement of all claims. The EMPLOYER shall not unreasonably refuse to settle any claim which, in the exercise of sound judgment with respect to the entire claim, should be settled, provided, however, that the EMPLOYER shall not make any payment or agree to any settlement for any sum which would involve the limits of the CORPORATION's liability hereunder without the approval of the CORPORATION.

If the CORPORATION is prejudiced by the EMPLOYER's failure to exercise diligence, prudence, and good faith, the CORPORATION may elect to disclaim coverage for Loss from such claim.

L. Inspection and Audit

The CORPORATION shall have the right, but not the obligation, to inspect the premises and equipment and/or to audit the books and records of the EMPLOYER and of its agents and representatives, including all records relating to payroll and claims matters, at any reasonable time during the period of this Agreement and within three (3) years after final settlement of all claims due to Occurrences happening during the term of this Agreement. An audit to determine Manual or Standard Premium shall supersede any and all prior voluntary payroll reports by the EMPLOYER, and will be used to determine the final adjustment of premiums due to the CORPORATION and the Loss Fund amounts. Should a determination be made that additional audit premium is due to the CORPORATION, the due date for payment of such audit premium shall be thirty (30) days after the date of billing.

M. Other Insurance

If the EMPLOYER carries other valid and collectible insurance, reinsurance, or indemnity with any other insurer or reinsurer covering a Loss also covered by this Agreement (other than insurance or reinsurance that is purchased to apply in excess of the sum of the Self-Insured Retention and the Maximum Limits of Indemnity hereunder), the insurance

afforded by this Agreement shall apply in excess of and shall not contribute with such other insurance or reinsurance.

N. Recovery From Others

The EMPLOYER agrees to prosecute any and all valid claims the EMPLOYER may have against any other party or source that may mitigate any Loss under this Agreement and return to the CORPORATION any amount so recovered, less the reasonable expense of collecting such amounts.

The CORPORATION shall have the EMPLOYER's rights to prosecute any and all valid claims against any other party or source that may mitigate any Loss under this Agreement. The EMPLOYER agrees that it will assist the CORPORATION in any prosecution of any and all valid claims against any other party or source that may mitigate any Loss under this Agreement. Any amounts recovered by the CORPORATION from any other party or source that may mitigate Loss under this Agreement shall first be used to pay the expenses of collection and to reimburse the CORPORATION for any amount it may have paid the EMPLOYER for the Liability Period concerned, and all remaining amounts collected shall be paid to the EMPLOYER.

O. Change in Agreement

No condition, provision, or declaration of this Agreement shall be waived or altered at any time, except as specified in Section F, except by endorsement signed by the President or a Senior Vice President and the Secretary or an Assistant Secretary of the CORPORATION.

This Agreement hereby terminates, supersedes, and replaces all previously issued Workers' Compensation Insurance or Reinsurance Agreements, as amended, between the EMPLOYER and the CORPORATION.

If terms of this Agreement are in conflict with any law applicable to this Agreement, this statement amends this Agreement to conform to such law. In addition, in the event any terms are in conflict with applicable laws, the remaining terms of the Agreement shall be enforceable.

P. Cancellation

This Agreement may be cancelled by either party giving the other party written notice not less than sixty (60) days prior to the date of cancellation, except, that if the CORPORATION cancels for non-payment of any premium, the cancellation shall become effective ten (10) days after dispatch of notice by the CORPORATION. The date of cancellation then becomes the termination date of the final Liability Period. This Agreement does not apply to Loss as a result of Occurrences taking place after the effective date of such cancellation.

If cancellation is effected by the EMPLOYER, the Manual or Standard Premium shall be determined by the short rate tables used for casualty insurance, and the Loss Fund and Earned Premium shall be the product of the Loss Fund Percentage (Item 9) and the Premium Rate (Item 12) respectively, times the Manual or Standard Premium so arrived at, but not less than the Minimum Loss Fund and the Minimum Premium specified in the Declarations.

If cancellation is effected by the CORPORATION for non-payment of premium, the EMPLOYER shall pay the CORPORATION Earned Premium for the period up to the date of cancellation, but the Loss Fund shall be computed upon the same basis as provided in the event the EMPLOYER cancels.

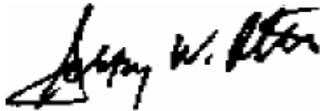
If the CORPORATION cancels for any other reason, the Manual or Standard Premium shall be determined upon a pro rata basis and the Loss Fund and Earned Premium adjusted in accordance therewith.

Q. Assignment

An assignment of interest under this Agreement will not bind the CORPORATION unless an endorsement signed by the President or a Senior Vice President and the Secretary or an Assistant Secretary of the CORPORATION assigning interest under this Agreement is issued by the CORPORATION.

R. Bankruptcy or Insolvency of Employer

The bankruptcy or insolvency of the EMPLOYER will not relieve the CORPORATION or the EMPLOYER of its duties and liabilities under this Agreement. After payments have been made by or on behalf of the EMPLOYER, reimbursements due under this Agreement will be made by the CORPORATION as if the EMPLOYER had not become bankrupt or insolvent, but not in excess of the CORPORATION's limit of indemnity.



Secretary

S. Sole Representative

If more than one EMPLOYER is named in Item 1 of the Declarations, or an endorsement related thereto, the EMPLOYER first named in Item 1, or a related endorsement, will act on behalf of all EMPLOYERS to give or receive notice of cancellation, to receive return premium or reimbursement, or to request changes in this Agreement.

T. Acceptance

By acceptance of this Agreement, the EMPLOYER agrees that the statements in this Agreement, in the Declarations, and in the application are the EMPLOYER's representations; that this Agreement is issued in reliance upon such representations; that this Agreement embodies all agreements existing between the EMPLOYER and the CORPORATION, or any of its agents, relating to this excess insurance, and that full compliance by the EMPLOYER with all terms of this Agreement is a condition precedent to the CORPORATION's liability hereunder.

IN WITNESS WHEREOF, the SAFETY NATIONAL CASUALTY CORPORATION has caused this Agreement to be executed by printing below the facsimile signatures of its President and Secretary and by the actual signature of its Secretary on the Declarations.



President

SPECIFIC EXCESS
WORKERS' COMPENSATION AND
EMPLOYERS' LIABILITY INSURANCE AGREEMENT

SAFETY NATIONAL CASUALTY CORPORATION
ST. LOUIS, MISSOURI

(Hereinafter called the CORPORATION)

In consideration of the payment of premium and subject to all the terms of this Agreement, hereby agrees with the EMPLOYER named in the Declarations (hereinafter called the EMPLOYER), as follows:

A. Coverage of Agreement

This Agreement applies only to Loss sustained by the EMPLOYER because of liability imposed upon the EMPLOYER by the Workers' Compensation or Employers' Liability Laws of:

- (1) the State(s) designated in the Declarations, or
- (2) other State(s), provided that the "Loss" shall not be greater than it would have been had liability been imposed by the State(s) specified in the Declarations.

on account of bodily injury by accident or bodily injury by occupational disease due to Occurrences taking place within the Liability Period to Employees of the EMPLOYER engaged in the business operations specified in the Declarations and all other operations necessary, incidental, or appurtenant thereto. Bodily injury includes resulting death.

The inclusion of more than one EMPLOYER in the Declarations shall not increase the EMPLOYER's Self-Insured Retention nor the CORPORATION's Maximum Limit of Indemnity.

The insurance afforded by this Agreement applies to operations in the State(s) specified in the Declarations, including, however, incidental operations conducted by Employees who are regularly engaged in operations in the specified State(s), but who may be temporarily outside the specified State(s).

In no event shall the CORPORATION be liable for any Loss voluntarily assumed by the EMPLOYER under any contract or agreement, expressed or implied.

In no event shall this Agreement apply to Loss for which the EMPLOYER carries a full coverage Workers' Compensation and Employers' Liability policy, nor shall this Agreement apply to provisions of any law that provides non-occupational disability benefits.

B. Specific Excess Insurance

With respect to each Occurrence taking place within a Liability Period, the EMPLOYER shall retain as its own Loss, as defined below, the amount specified in Item 7 of the Declarations, and the CORPORATION agrees to reimburse the EMPLOYER only for such Loss in excess of such Self-Insured Retention, subject to the Maximum Limit of Indemnity Per Occurrence, or the Employers' Liability Maximum Limit of Indemnity Per Occurrence, whichever is applicable, as specified in Item 8 of the Declarations. The separate Employers' Liability Maximum Limit of Indemnity Per Occurrence shall not operate, in any case, to increase the total amount the CORPORATION agrees to reimburse the EMPLOYER for Loss per any one occurrence as per Item 8(a) of the Declarations. For Agreements having multi-year Liability Periods, the Self-Insured Retention established for the EMPLOYER is subject to annual review and possible revision.

C. Definitions

- (1) "Loss" – shall mean actual payments legally made by the EMPLOYER to Employees and their dependents in satisfaction of: (a) statutory benefits, (b) settlements of suits and claims,

and (c) awards and judgments. "Loss" shall also include Claim Expenses, paid by the EMPLOYER, as defined in Paragraph (2) of this Section. The term "Loss" shall not include the items specifically excluded by Paragraph (3) of this Section.

- (2) "Claim Expenses" – shall mean interest upon awards and judgments and the reasonable costs of investigation, adjustment, defense, and appeal (provided that the prosecution of such appeal is approved by the CORPORATION) of claims, suits or proceedings brought against the EMPLOYER under the Workers' Compensation or Employers' Liability Laws of the State(s) designated in the Declarations, or other State(s), as provided in Section A, for bodily injury or occupational disease sustained during the respective Liability Period by the Employees engaged in the business operations to which this Agreement applies, even though such claims, suits, proceedings or demands are wholly groundless, false or fraudulent, provided the CORPORATION is promptly notified of every claim, suit, or proceeding and is given the opportunity to participate in the defense. Claim Expenses shall not include fees to the EMPLOYER's Service Company.

- (3) "Exclusions from Loss" – shall refer to the following amounts paid by the EMPLOYER, and specifically excluded from the term "Loss":
 - (a) Salaries, wages, and remuneration provided to Employees;
 - (b) Fees to the EMPLOYER's Service Company and/or costs of self-administration of claims;
 - (c) Punitive or exemplary damages;
 - (d) Fines or penalties assessed against the EMPLOYER for any violation by the EMPLOYER, or its representative(s), of any statute or regulation, or as a result of any proceedings brought by or against any Employee of the EMPLOYER;
 - (e) Assessments and taxes made upon the EMPLOYER as self-insurer whether imposed by statute, regulation, or otherwise;
 - (f) Any amounts required to be paid by the EMPLOYER because of:
 - (1) Serious and willful misconduct of the EMPLOYER, including intentional acts or omissions resulting in injury,
 - (2) Coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any Employee and/or related personnel practices, policies, acts or omissions by the EMPLOYER,
 - (3) Knowingly employing an Employee in violation of law,
 - (4) Rejection by the EMPLOYER of any Workers' Compensation Law,
 - (5) Failure to comply with any health, safety, or notification law or regulation, and
 - (g) Injury sustained by any Employee in, upon, entering or alighting from any EMPLOYER owned, leased, or regularly chartered aircraft unless coverage is intended by inclusion in Item 6 of the Declarations or by endorsement to this Agreement. Coverage will extend to aircraft purchased, leased, or regularly chartered only if the

EMPLOYER notifies the CORPORATION within thirty (30) days from the date of the initial exposure. In the event of such notification, however, the CORPORATION may modify coverage and/or charge additional premiums.

- (4) "Occurrence" – shall mean accident. In addition, bodily injury by occupational disease must be caused or aggravated by the conditions of employment and shall be deemed to have occurred on the last day of the last exposure to those conditions of employment causing or aggravating such injury by occupational disease, or such dates as is otherwise established by the Workers' Compensation and Employers' Liability Laws of the appropriate State(s). Bodily injury by occupational disease sustained by each Employee shall be deemed to be a separate Occurrence unless such disease results directly from an accident.
- (5) "Employee" – as respects liability imposed upon the EMPLOYER by the Workers' Compensation Law of any State, the word "Employee" shall mean any person performing work which renders the EMPLOYER liable under the Workers' Compensation Law of a State named in Item 2 of the Declarations, which is the State of the injured Employee's normal employment, for bodily injuries or occupational disease sustained by such person.
- (6) "State" – shall mean any state, territory, or possession of the United States of America and the District of Columbia.

D. Reimbursement

If the EMPLOYER pays any loss incurred in any Liability Period in excess of the Self-Insured Retention Per Occurrence, the CORPORATION shall reimburse the EMPLOYER upon receipt of a formal proof of loss and other evidence acceptable to the CORPORATION of such payment. Within a reasonable period of time, reimbursement payments shall be made by the CORPORATION.

The CORPORATION shall have, and may exercise at any time, and from time to time, the right to offset any balance or balances, whether on account of premiums or otherwise, due from the EMPLOYER to the CORPORATION against any balance or balances, whether on account of Losses or otherwise, due from the CORPORATION to the EMPLOYER under this Agreement.

E. Liability Period

The liability of the CORPORATION for Loss hereunder shall be determined separately for each Liability Period. The initial Liability Period shall commence at 12:01 A.M. on the Effective Date and end at 12:01 A.M. on the Anniversary Date, designated in Items 3 and 4 respectively, of the Declarations. Each succeeding Liability Period shall begin concurrently with the end of the previous Liability Period and continue for the same number of consecutive months as the initial Liability Period. All time is stated in local time for the State(s) designated in the Declarations.

In the event the Employer fails to give express written intent to continue coverage at the end of a given Liability Period, the Agreement shall be deemed terminated, and the Anniversary Date shall serve as the termination date of the Agreement.

F. Premium

Upon acceptance of the Agreement and at the beginning of each Payroll Reporting Period, as specified in Item 14 of the Declarations, the EMPLOYER shall pay to the CORPORATION the amount of the Deposit Premium specified in Item 13 of the Declarations. The Deposit Premium shall be held by the CORPORATION until the expiration of the Payroll Reporting Period. Within thirty (30) days after the close of each Payroll Reporting Period, the EMPLOYER shall render to the CORPORATION a report, upon a form satisfactory to the CORPORATION, exhibiting, by classification, the amount of such remuneration earned by Employees during such reporting period, and the EMPLOYER shall therewith pay to the CORPORATION the excess of the Earned Premium over the Deposit Premium previously paid. In case the Deposit Premium paid exceeds the Earned Premium, the

Corporation shall return to the EMPLOYER the amount of such excess or give appropriate credit, subject to the proportion of Minimum Premium for the Liability Period in the case of multi-year Liability Periods.

Upon expiration of a Liability Period, a summary of voluntary payroll reports for such Liability Period shall be made to determine the Earned Premium under this Agreement. In no event, however, shall the Earned Premium in respect of any Liability Period be less than the Minimum Premium specified in the Declarations.

For each Payroll Reporting Period, the CORPORATION shall compute the Earned Premium as follows:

- (1) Remuneration – The remuneration earned, or man-hours accumulated, during such period by all Employees, including volunteers, engaged in each classification covered by this Agreement shall be computed in accordance with the rules set forth in the appropriate Manual of Workers' Compensation and Employers' Liability Insurance.
- (2) Manual and Standard Premium – The remuneration, or man-hours, so computed for Employees engaged in each such classification shall be multiplied by the Manual Rate per \$100 of remuneration/man-hour, in effect at the inception of each Payroll Reporting Period, and the products so obtained shall be added together to determine the Manual Premium. An Experience Modification Factor may be applied to the Manual Premium to determine a Standard Premium. Such Experience Modification Factor shall be determined at the inception of this Agreement and is subject to annual review and possible revision. A Standard Premium takes precedence over any Manual Premium.
- (3) Earned Premium – Against the Manual or Standard Premium shall be applied the Premium Rate, as specified in Item 9 of the Declarations, to determine the appropriate Earned Premium.

This Agreement is issued by the CORPORATION and accepted by the EMPLOYER subject to the agreement that, in the event of any change in the Rates per \$100 remuneration/man-hour, as stated in Item 6 of the Declarations, because of any general rate increase or any legislative amendment affecting the benefits under the Workers' Compensation Law of any State(s) named in Item 2 of the Declarations, such change, upon the effective date thereof, shall be, without endorsement, made a part of this Agreement.

G. Self-Insurer

The EMPLOYER, by acceptance of this Agreement, warrants that it is a duly qualified Self-Insurer in the State(s) designated in the Declarations, and will continue to maintain such qualifications during the currency of this Agreement. In the event the EMPLOYER should at any time while this Agreement is in force terminate such qualifications or if they should be cancelled or revoked, such loss of qualifications shall operate as notice of cancellation of this Agreement by the EMPLOYER, subject to the additional terms of the Cancellation Section of this Agreement.

H. Service and Administration

This Agreement contemplates the concurrent and continued existence of a separate service agreement between the EMPLOYER and the Service Company, its designated representative named in Item 5 of the Declarations, providing services approved by the CORPORATION. The EMPLOYER agrees that its Service Company shall furnish the CORPORATION with quarterly loss runs concurrent with each Liability Period of this Agreement. The provision of loss runs alone does not relieve the EMPLOYER of its reporting obligations as set forth in Section I of this Agreement. In addition, the electronic transfer of loss information by a Service Company of the EMPLOYER shall not constitute notice of a claim.

Cancellation of the service agreement between the Service Company and the EMPLOYER shall operate as a notice of cancellation of this Agreement by the EMPLOYER, subject to the additional terms of the Cancellation Section of this Agreement. Any change in service companies must be immediately communicated to and approved by the CORPORATION.

I. Prompt Reporting of Claims

As soon as the EMPLOYER becomes aware, the EMPLOYER must provide prompt notice to the CORPORATION of: (a) any claim or action commenced against the EMPLOYER which exceeds, or is likely to exceed, fifty percent (50%) of the Self-Insured Retention Per Occurrence specified in Item 7 of the Declarations; (b) the reopening of any claim in which a further award might involve liability of the CORPORATION under this Agreement; and (c) any disability claim, whether or not contested by the EMPLOYER, where it appears reasonably likely that such disability will exceed one year in duration, or where such disability actually exceeds one year in duration.

In addition, the following categories of claims shall be reported to the CORPORATION immediately, regardless of any question of potential involvement of the CORPORATION:

1. Fatalities;
2. Paraplegics and quadriplegics;
3. Serious burns;
4. Brain injury;
5. Spinal cord injury;
6. Amputation of a major extremity; and
7. Any Occurrence which results in a serious injury to two or more Employees.

Failure to render prompt notice of any claim in a manner sufficient to the CORPORATION by the EMPLOYER, or its designated representative(s), may result in the disclaimer of coverage for the particular claim. To constitute prompt, sufficient notice, the EMPLOYER must provide complete information as to the details of the injury, disease, or death.

J. Defense of Claims

The EMPLOYER shall investigate and settle or defend all claims and shall conduct the defense and appeal of all actions, suits, and proceedings commenced against it. The EMPLOYER shall forward promptly to the CORPORATION copies of any pleadings or reports as may be requested. The CORPORATION shall not be obliged to assume charge of the investigation, defense, appeal or settlement of any claim, suit, or proceeding brought against the EMPLOYER, but the CORPORATION shall be given the opportunity to investigate, defend or participate with the EMPLOYER in the investigation and defense of any claim. If, in the opinion of the CORPORATION, its liability under this Agreement might be involved.

K. Good Faith Claims Administration

The EMPLOYER shall use diligence, prudence, and good faith in the investigation, defense, and settlement of all such claims and shall not unreasonably refuse to settle any claim which, in the exercise of sound judgment with respect to the entire claim, should be settled, provided, however, that the EMPLOYER shall not make any payment or agree to any settlement for any sum which would involve the limits of the CORPORATION's liability hereunder without the approval of the CORPORATION. The EMPLOYER's failure to exercise diligence, prudence, and good faith may result in the disclaimer of coverage for the particular claim.

L. Inspection and Audit

The CORPORATION shall have the right, but not the obligation, to inspect the premises and equipment and/or to audit the books and records of the EMPLOYER and of its agents and representatives, including all records relating to payroll and claims matters, at any reasonable time during the period of this Agreement and within three (3) years after final settlement of all claims due to Occurrences happening during the term of this Agreement. An audit to determine Manual or Standard Premium shall supersede any and all prior voluntary payroll reports by the EMPLOYER, and will be used to determine the final adjustment of premiums due to the CORPORATION.

M. Other Insurance

If the EMPLOYER carries other valid and collectible insurance, reinsurance, or indemnity with any other insurer or reinsurer covering a Loss also covered by this Agreement (other than insurance or reinsurance that is purchased to apply in excess of the sum of the Self-Insured Retention and the Maximum Limits of Indemnity hereunder), the insurance afforded by this Agreement shall apply in excess of and shall not contribute with such other insurance or reinsurance.

N. Commutation

Beginning thirty-six (36) months after receipt of notice by the CORPORATION of a claim, the CORPORATION may then, or at any time thereafter, submit such claim for commutation. If the CORPORATION so elects, the claim shall be submitted to an actuary or appraiser to be mutually appointed by the CORPORATION and the EMPLOYER, or, should the CORPORATION and the EMPLOYER fail to agree upon an actuary or appraiser, then each party shall select an actuary or appraiser who shall then select an independent actuary or appraiser who shall fix a lump sum amount, and the CORPORATION, at its option, may pay the lump sum amount, which payment shall constitute a full and final release of the CORPORATION's liability for such claim. However, such lump sum payment shall not constitute a full and final release of the CORPORATION's liability if, subsequent to such lump sum payment, any supplemental award is made increasing the amount of benefits payable to the Employee and his/her dependents, and any additional liability, at the CORPORATION's election, may immediately be commuted via the process set forth above, and the CORPORATION may discharge any additional liability by payment of another lump sum.

O. Subrogation

The EMPLOYER agrees to prosecute any and all valid claims the EMPLOYER may have against third parties, arising out of any Occurrence, resulting in payment of a Loss by the CORPORATION and return to the CORPORATION any amount so recovered, less the reasonable expense of collecting such amounts.

Should the EMPLOYER fail to prosecute any valid claim against third parties, and the CORPORATION becomes liable for Loss to the EMPLOYER, the CORPORATION shall be subrogated to all rights of the EMPLOYER. Any amounts recovered by the CORPORATION shall be used to pay the expenses of collection and to reimburse the CORPORATION for any amount it may have paid the EMPLOYER for the Liability Period concerned, and all remaining amounts collected shall be paid to the EMPLOYER.

P. Change in Agreement

No condition, provision, or declaration of this Agreement shall be waived or altered at any time, except as specified in Section F, except by endorsement signed by the President or a Vice President and the Secretary or an Assistant Secretary of the CORPORATION.

This Agreement hereby terminates, supersedes, and replaces all previously issued Workers' Compensation Insurance or Reinsurance Agreements, as amended, between the EMPLOYER and the CORPORATION.

If terms of this Agreement are in conflict with any law applicable to this Agreement, this statement amends this Agreement to conform to such law. In addition, in the event any terms are in conflict with applicable laws, the remaining terms of the Agreement shall be enforceable.

Q. Cancellation

This Agreement may be cancelled by either party giving the other party written notice not less than sixty (60) days prior to the date of cancellation, except, that if the CORPORATION cancels for non-payment of any premium, the cancellation shall become effective five (5) days after dispatch of notice by the CORPORATION. The date of cancellation then becomes the termination date of the final

Liability Period. This Agreement does not apply to Loss as a result of Occurrences taking place after the effective date of such cancellation.

If cancellation is effected by the EMPLOYER, the Manual or Standard Premium shall be determined by the short rate tables used for casualty insurance, and the Earned Premium shall be the product of the Premium Rate (Item 9) times the Manual or Standard Premium (or the Total Annual Remuneration) so arrived at, but not less than the Minimum Loss Fund and the Minimum Premium specified in the Declarations.

If cancellation is effected by the Corporation for non-payment of premium, the EMPLOYER shall pay the CORPORATION Earned Premium for the period up to the date of cancellation.

If the CORPORATION cancels for any other reason, the Manual or Standard Premium (or the Total Annual Remuneration) shall be determined upon a pro rata basis and the Earned Premium adjusted in accordance therewith.

R. Assignment

An assignment of interest under this Agreement will not bind the CORPORATION unless an endorsement signed by the President or a Vice President and the Secretary or an Assistant Secretary of the Corporation assigning interest under this Agreement is issued by the CORPORATION.

S. Bankruptcy or Insolvency of Employer

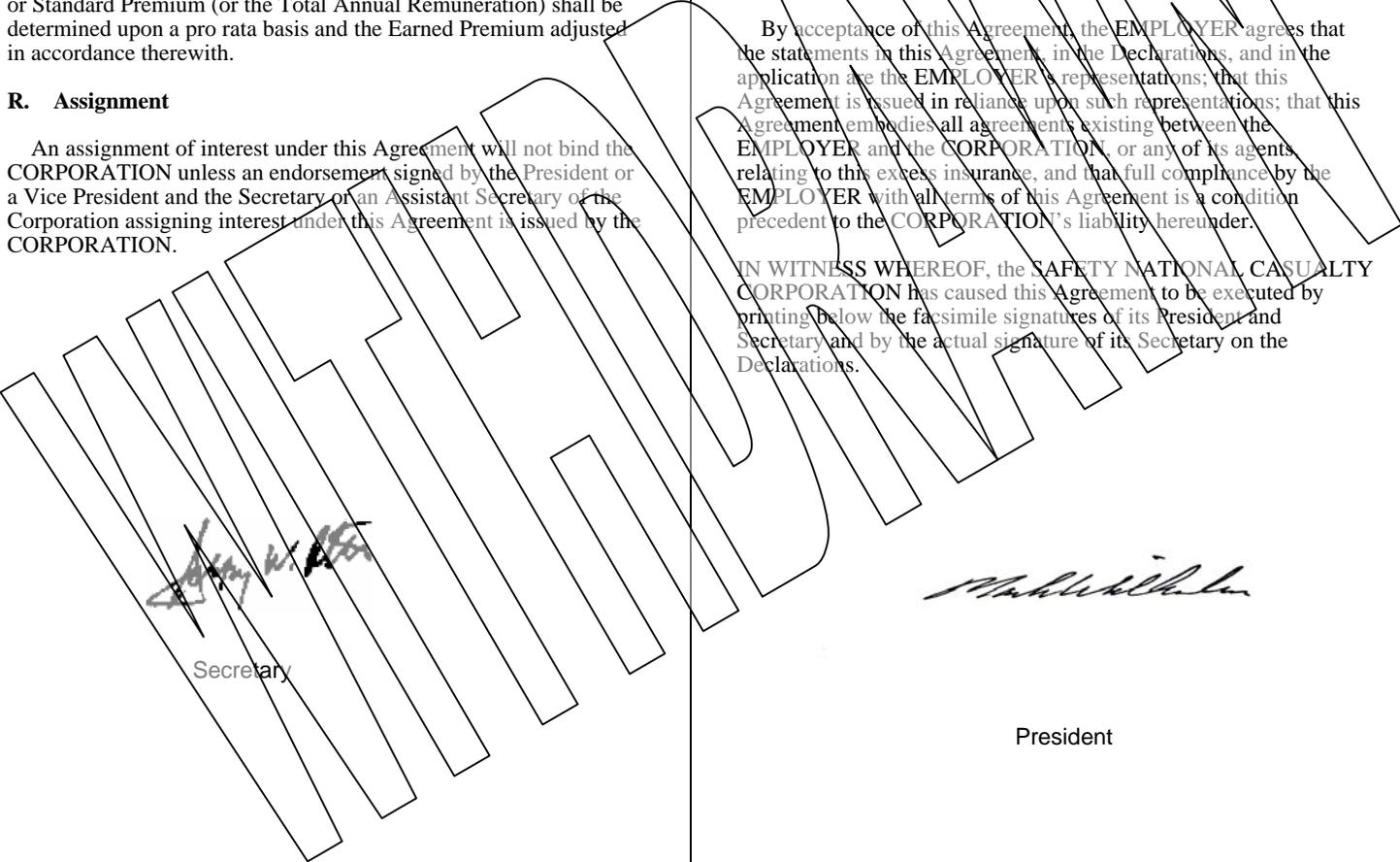
The bankruptcy or insolvency of the EMPLOYER will not relieve the CORPORATION or the EMPLOYER of its duties and liabilities under this Agreement. After payments have been made

If more than one EMPLOYER is named in Item 1 of the Declarations, or an endorsement related thereto, the EMPLOYER first named in Item 1, or a related endorsement, will act on behalf of all EMPLOYERS to give or receive notice of cancellation, to receive return premium or reimbursement, or to request changes in this Agreement.

U. Acceptance

By acceptance of this Agreement, the EMPLOYER agrees that the statements in this Agreement, in the Declarations, and in the application are the EMPLOYER's representations; that this Agreement is issued in reliance upon such representations; that this Agreement embodies all agreements existing between the EMPLOYER and the CORPORATION, or any of its agents, relating to this excess insurance, and that full compliance by the EMPLOYER with all terms of this Agreement is a condition precedent to the CORPORATION's liability hereunder.

IN WITNESS WHEREOF, the SAFETY NATIONAL CASUALTY CORPORATION has caused this Agreement to be executed by printing below the facsimile signatures of its President and Secretary and by the actual signature of its Secretary on the Declarations.



[Handwritten signature]

Secretary

[Handwritten signature]

President

AGGREGATE EXCESS
WORKERS' COMPENSATION AND
EMPLOYERS' LIABILITY INSURANCE AGREEMENT

SAFETY NATIONAL CASUALTY CORPORATION
ST. LOUIS, MISSOURI

(Hereinafter called the CORPORATION)

In consideration of the payment of premium and subject to all the terms of this Agreement, hereby agrees with the EMPLOYER named in the Declarations (hereinafter called the EMPLOYER), as follows:

A. Coverage of Agreement

This Agreement applies only to Loss sustained by the EMPLOYER because of liability imposed upon the EMPLOYER by the Workers' Compensation or Employers' Liability Laws of:

- (1) the State(s) designated in the Declarations, or
- (2) other State(s), provided that the "Loss" shall not be greater than it would have been had liability been imposed by the State(s) specified in the Declarations.

on account of bodily injury by accident or bodily injury by occupational disease (due to Occurrences taking place within the Liability Period to Employees of the EMPLOYER engaged in the business operations specified in the Declarations and all other operations necessary, incidental, or appurtenant thereto. Bodily injury includes resulting death.

The inclusion of more than one EMPLOYER in the Declarations shall not increase the EMPLOYER's Self-Insured Retention nor the CORPORATION's Maximum Limit of Indemnity.

The insurance afforded by this Agreement applies to operations in the State(s) specified in the Declarations, including, however, incidental operations conducted by Employees who are regularly engaged in operations in the specified State(s), but who may be temporarily outside the specified State(s).

In no event shall the CORPORATION be liable for any Loss voluntarily assumed by the EMPLOYER under any contract or agreement, expressed or implied.

In no event shall this Agreement apply to Loss for which the EMPLOYER carries a full coverage Workers' Compensation and Employers' Liability policy, nor shall this Agreement apply to provisions of any law that provides non-occupational disability benefits.

B. Aggregate Excess Insurance

The CORPORATION further agrees to indemnify the EMPLOYER for Loss on account of all Occurrences taking place within such liability period (but excluding Loss per Occurrence in excess of the amount specified in Item 7 of the Declarations) which is in excess of an aggregate amount, hereinafter called the Loss Fund, determined for each Liability Period as provided below, subject to the Maximum Limit of Indemnity as specified in Item 10 of the Declarations.

C. Definitions

- (1) "Loss" – shall mean actual payments legally made by the EMPLOYER to Employees and their dependents in satisfaction of: (a) statutory benefits, (b) settlements of suits and claims, and (c) awards and judgments. "Loss" shall also include Claim Expenses, paid by the EMPLOYER, as defined in Paragraph (2) of this Section. The term "Loss" shall not include the items specifically excluded by Paragraph (3) of this Section.

- (2) "Claim Expenses" – shall mean interest upon awards and judgments and the reasonable costs of investigation, adjustment, defense, and appeal (provided that the prosecution of such appeal is approved by the CORPORATION) of claims, suits or other proceedings brought against the EMPLOYER under the Workers' Compensation or Employers' Liability Laws of the State(s) designated in the Declarations, or other State(s), as provided in Section A, for bodily injury or occupational disease sustained during the respective Liability Period by the Employees engaged in the business operations to which this Agreement applies, even though such claims, suits, proceedings or demands are wholly groundless, false or fraudulent, provided the CORPORATION is promptly notified of every claim, suit or proceeding and is given the opportunity to participate in the defense. Claim Expenses shall not include fees to the EMPLOYER's Service Company.
- (3) "Exclusions from Loss" – shall refer to the following amounts paid by the EMPLOYER, and specifically excluded from the term "Loss":
 - (a) Salaries, wages, and remuneration provided to Employees;
 - (b) Fees to the EMPLOYER's Service Company and/or costs of self-administration of claims;
 - (c) Punitive or exemplary damages;
 - (d) Fines or penalties assessed against the EMPLOYER for any violation by the EMPLOYER, or its representative(s), of any statute or regulation, or as a result of any proceedings brought by or against any Employee of the EMPLOYER;
 - (e) Assessments and taxes made upon the EMPLOYER as self-insurer whether imposed by statute, regulation, or otherwise;
 - (f) Any amounts required to be paid by the EMPLOYER because of:
 - (1) Serious and willful misconduct of the EMPLOYER, including intentional acts or omissions resulting in injury,
 - (2) Coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any Employee and/or related personnel practices, policies, acts or omissions by the EMPLOYER,
 - (3) Knowingly employing an Employee in violation of law,
 - (4) Rejection by the EMPLOYER of any Workers' Compensation Law,
 - (5) Failure to comply with any health, safety, or notification law or regulation, and
 - (g) Injury sustained by any Employee in, upon, entering, or alighting from any EMPLOYER owned, leased, or regularly chartered aircraft unless coverage is intended by inclusion in Item 6 of the Declarations or by endorsement to this Agreement. Coverage will extend to aircraft purchased, leased or regularly chartered only if the EMPLOYER notifies the CORPORATION within thirty

(30) days from the date of the initial exposure. In the event of such notification, however, the CORPORATION may modify coverage and/or charge additional premiums.

- (4) "Loss Fund" – shall be the greater of: (a) the product of the Loss Fund Percentage, as stated in Item 8 of the Declarations, and the Manual or Standard Premium, whichever is applicable, as stated in Item 6 of the Declarations, or (b) the Minimum Loss Fund specified in Item 9 of the Declarations. (See Section G for the determination of the Manual or Standard Premium.)
- (5) "Occurrence" – shall mean accident. In addition, bodily injury by occupational disease must be caused or aggravated by the conditions of employment and shall be deemed to have occurred on the last day of the last exposure to those conditions of employment causing or aggravating such injury by occupational disease, or such dates as is otherwise established by the Workers' Compensation and Employers' Liability Laws of the appropriate State(s). Bodily injury by occupational disease sustained by each Employee shall be deemed to be a separate Occurrence unless such disease results directly from an accident.
- (6) "Employee" – as respects liability imposed upon the EMPLOYER by the Workers' Compensation Law of any State, the word "Employee" shall mean any person performing work which renders the EMPLOYER liable under the Workers' Compensation Law of a State named in Item 2 of the Declarations, which is the State of the injured Employee's normal employment, for bodily injuries or occupational disease sustained by such person.
- (7) "State" – shall mean any state, territory, or possession of the United States of America and the District of Columbia.

D. Reimbursement

If the EMPLOYER pays any Loss incurred in any Liability Period in excess of the Loss Fund created for the respective Liability Period, the CORPORATION shall reimburse the EMPLOYER upon receipt of a formal proof of loss and other evidence acceptable to the CORPORATION of such payment. Within a reasonable period of time, reimbursement payments shall be made by the CORPORATION.

The CORPORATION shall have, and may exercise at any time, and from time to time, the right to offset any balance or balances, whether on account of premiums or otherwise, due from the EMPLOYER to the CORPORATION against any balance or balances, whether on account of Losses or otherwise, due from the CORPORATION to the EMPLOYER under this Agreement.

E. Liability Period

The liability of the CORPORATION for Loss hereunder shall be determined separately for each Liability Period. The initial Liability Period shall commence at 12:01 A.M. on the Effective Date and end at 12:01 A.M. on the Anniversary Date, designated in Items 3 and 4 respectively, of the Declarations. Each succeeding Liability Period shall begin concurrently with the end of the previous Liability Period and continue for the same number of consecutive months as the initial Liability Period. All time is stated in local time for the State(s) designated in the Declarations.

In the event the Employer fails to give express written intent to continue coverage at the end of a given Liability Period, the Agreement shall be deemed terminated, and the Anniversary Date shall serve as the termination date of the Agreement.

F. Premium

Upon acceptance of the Agreement and at the beginning of each Payroll Reporting Period, as specified in Item 14 of the Declarations, the EMPLOYER shall pay to the CORPORATION the amount of the Deposit Premium specified in Item 13 of the Declarations. The Deposit Premium shall be held by the CORPORATION until the expiration of the Payroll Reporting Period. Within thirty (30) days after the close of each Payroll Reporting

Period, the EMPLOYER shall render to the CORPORATION a report, upon a form satisfactory to the CORPORATION, exhibiting, by classification, the amount of such remuneration earned by Employees during such reporting period, and the EMPLOYER shall therewith pay to the CORPORATION the excess of the Earned Premium over the Deposit Premium previously paid. In case the Deposit Premium paid exceeds the Earned Premium, the Corporation shall return to the EMPLOYER the amount of such excess or give appropriate credit, subject to the proportion of Minimum Premium for the Liability Period in the case of multi-year Liability Periods.

Upon expiration of a Liability Period, a summary of voluntary payroll reports for such Liability Period shall be made to determine the Earned Premium under this Agreement. In no event, however, shall the Earned Premium in respect of any Liability Period be less than the Minimum Premium specified in the Declarations.

For each Payroll Reporting Period, the CORPORATION shall compute the Earned Premium as follows:

- (1) Remuneration – The remuneration earned, or man-hours accumulated, during such period by all Employees, including volunteers, engaged in each classification covered by this Agreement shall be computed in accordance with the rules set forth in the appropriate Manual of Workers' Compensation and Employers' Liability Insurance.
- (2) Manual and Standard Premium – The remuneration, or man-hours, so computed for Employees engaged in each such classification shall be multiplied by the Manual Rate per \$100 of remuneration/man-hour, in effect at the inception of each Payroll Reporting Period, and the products so obtained shall be added together to determine the Manual Premium. An Experience Modification Factor may be applied to the Manual Premium to determine a Standard Premium. Such Experience Modification Factor shall be determined at the inception of this Agreement and is subject to annual review and possible revision. A Standard Premium takes precedence over any Manual Premium.
- (3) Earned Premium – Against the Manual or Standard Premium shall be applied the Premium Rate, as specified in Item 11 of the Declarations, to determine the appropriate Earned Premium.

This Agreement is issued by the CORPORATION and accepted by the EMPLOYER subject to the agreement that, in the event of any change in the Rates per \$100 remuneration/man-hour, as stated in Item 6 of the Declarations, because of any general rate increase or any legislative amendment affecting the benefits under the Workers' Compensation Law of any State(s) named in Item 2 of the Declarations, such change, upon the effective date thereof, shall be, without endorsement, made a part of this Agreement.

G. Self-Insurer

The EMPLOYER, by acceptance of this Agreement, warrants that it is a duly qualified Self-Insurer in the State(s) designated in the Declarations, and will continue to maintain such qualifications during the currency of this Agreement. In the event the EMPLOYER should at any time while this Agreement is in force terminate such qualifications or if they should be cancelled or revoked, such loss of qualifications shall operate as notice of cancellation of this Agreement by the EMPLOYER, subject to the additional terms of the Cancellation Section of this Agreement.

H. Service and Administration

This Agreement contemplates the concurrent and continued existence of a separate service agreement between the EMPLOYER and the Service Company, its designated representative, named in Item 5 of the Declarations, providing services approved by the CORPORATION. The EMPLOYER agrees that its Service Company shall furnish the CORPORATION with quarterly loss runs concurrent with each Liability Period of this Agreement. The provision of loss runs alone does not relieve the EMPLOYER of its reporting obligations as set forth in Section I of this Agreement. In addition, the electronic transfer of loss information by a Service Company of the EMPLOYER shall not constitute notice of a claim.

Cancellation of the service agreement between the Service Company and the EMPLOYER shall operate as a notice of cancellation of this Agreement by the EMPLOYER, subject to the additional terms of the Cancellation Section of this Agreement. Any change in service companies must be immediately communicated to and approved by the CORPORATION.

I. Prompt Reporting of Claims

As soon as the EMPLOYER becomes aware, the EMPLOYER must provide prompt notice to the CORPORATION of: (a) any claim or action commenced against the EMPLOYER which exceeds, or is likely to exceed, fifty percent (50%) of the Self-Loss Limitation Per Occurrence specified in Item 7 of the Declarations; (b) the reopening of any claim in which a further award might involve liability of the CORPORATION under this Agreement; and (c) any disability claim, whether or not contested by the EMPLOYER, where it appears reasonably likely that such disability will exceed one year in duration, or where such disability actually exceeds one year in duration.

In addition, the following categories of claims shall be reported to the CORPORATION immediately, regardless of any question of potential involvement of the CORPORATION:

1. Fatalities;
2. Paraplegics and quadriplegics;
3. Serious burns;
4. Brain injury;
5. Spinal cord injury;
6. Amputation of a major extremity; and
7. Any Occurrence which results in a serious injury to two or more Employees.

Failure to render prompt notice of any claim in a manner sufficient to the CORPORATION by the EMPLOYER, or its designated representative(s), may result in the disclaimer of coverage for the particular claim. To constitute prompt, sufficient notice, the EMPLOYER must provide complete information as to the details of the injury, disease, or death.

J. Defense of Claims

The EMPLOYER shall investigate and settle or defend all claims and shall conduct the defense and appeal of all actions, suits, and proceedings commenced against it. The EMPLOYER shall forward promptly to the CORPORATION copies of any pleadings or reports as may be requested. The CORPORATION shall not be obliged to assume charge of the investigation, defense, appeal or settlement of any claim, suit, or proceeding brought against the EMPLOYER, but the CORPORATION shall be given the opportunity to investigate, defend or participate with the EMPLOYER in the investigation, and defense of any claim, if, in the opinion of the CORPORATION, its liability under this Agreement might be involved.

K. Good Faith Claims Administration

The EMPLOYER shall use diligence, prudence, and good faith in the investigation, defense, and settlement of all such claims and shall not unreasonably refuse to settle any claim which, in the exercise of sound judgment with respect to the entire claim, should be settled, provided, however, that the EMPLOYER shall not make any payment or agree to any settlement for any sum which would involve the limits of the CORPORATION's liability hereunder without the approval of the CORPORATION. The EMPLOYER's failure to exercise diligence, prudence, and good faith may result in the disclaimer of coverage for the particular claim.

L. Inspection and Audit

The CORPORATION shall have the right, but not the obligation, to inspect the premises and equipment and/or to audit the books and records of the EMPLOYER and of its agents and representatives, including all records relating to payroll and claims matters, at any reasonable time during the period of this Agreement and within three (3) years after final settlement of all claims due to Occurrences happening during the term of this Agreement. An audit to

determine Manual or Standard Premium shall supersede any and all prior voluntary payroll reports by the EMPLOYER, and will be used to determine the final adjustment of premiums due to the CORPORATION and the Loss Fund amounts.

M. Other Insurance

If the EMPLOYER carries other valid and collectible insurance, reinsurance, or indemnity with any other insurer or reinsurer covering a Loss also covered by this Agreement (other than insurance or reinsurance that is purchased to apply in excess of the sum of the Self-Insured Retention and the Maximum Limits of Indemnity hereunder), the insurance afforded by this Agreement shall apply in excess of and shall not contribute with such other insurance or reinsurance.

N. Commutation

Beginning thirty-six (36) months after receipt of notice by the CORPORATION of a claim, the CORPORATION may then, or at any time thereafter, submit such claim for commutation. If the CORPORATION so elects, the claim shall be submitted to an actuary or appraiser to be mutually appointed by the CORPORATION and the EMPLOYER, or, should the CORPORATION and the EMPLOYER fail to agree upon an actuary or appraiser, then each party shall select an actuary or appraiser who shall then select an independent actuary or appraiser who shall fix a lump sum amount, and the CORPORATION, at its option, may pay the lump sum amount, which payment shall constitute a full and final release of the CORPORATION's liability for such claim. However, such lump sum payment shall not constitute a full and final release of the CORPORATION's liability if, subsequent to such lump sum payment, any supplemental award is made increasing the amount of benefits payable to the Employee and his/her dependents, and any additional liability at the CORPORATION's election, may immediately be commuted via the process set forth above, and the CORPORATION may discharge any additional liability by payment of another lump sum.

O. Subrogation

The EMPLOYER agrees to prosecute any and all valid claims the EMPLOYER may have against third parties, arising out of any Occurrence, resulting in payment of a Loss by the CORPORATION and return to the CORPORATION any amount so recovered, less the reasonable expense of collecting such amounts.

Should the EMPLOYER fail to prosecute any valid claim against third parties, and the CORPORATION becomes liable for Loss to the EMPLOYER, the CORPORATION shall be subrogated to all rights of the EMPLOYER. Any amounts recovered by the CORPORATION shall be used to pay the expenses of collection and to reimburse the CORPORATION for any amount it may have paid the EMPLOYER for the Liability Period concerned, and all remaining amounts collected shall be paid to the EMPLOYER.

P. Change in Agreement

No condition, provision, or declaration of this Agreement shall be waived or altered at any time, except as specified in Section F, except by endorsement signed by the President or a Vice President and the Secretary or an Assistant Secretary of the CORPORATION.

This Agreement hereby terminates, supersedes, and replaces all previously issued Workers' Compensation Insurance or Reinsurance Agreements, as amended, between the EMPLOYER and the CORPORATION.

If terms of this Agreement are in conflict with any law applicable to this Agreement, this statement amends this Agreement to conform to such law. In addition, in the event any terms are in conflict with applicable laws, the remaining terms of the Agreement shall be enforceable.

Q. Cancellation

This Agreement may be cancelled by either party giving the other party written notice not less than sixty (60) days prior to the date of cancellation, except, that if the CORPORATION cancels for non-payment of any premium, the cancellation shall become effective five (5) days after dispatch of notice by the CORPORATION. The date of cancellation then becomes the termination date of the final Liability Period. This Agreement does not apply to Loss as a result of Occurrences taking place after the effective date of such cancellation.

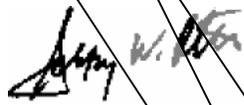
If cancellation is effected by the EMPLOYER, the Manual or Standard Premium shall be determined by the short rate tables used for casualty insurance, and the Loss Fund and Earned Premium shall be the product of the Loss Fund Percentage (Item 8) and the Premium Rate (Item 11) respectively, times the Manual or Standard Premium so arrived at, but not less than the Minimum Loss Fund and the Minimum Premium specified in the Declarations.

If cancellation is effected by the Corporation for non-payment of premium, the EMPLOYER shall pay the CORPORATION Earned Premium for the period up to the date of cancellation, but the Loss Fund shall be computed upon the same basis as provided in the event the EMPLOYER cancels.

If the CORPORATION cancels for any other reason, the Manual or Standard Premium shall be determined upon a pro rata basis and the Loss Fund and Earned Premium adjusted in accordance therewith.

R. Assignment

An assignment of interest under this Agreement will not bind the CORPORATION unless an endorsement signed by the President or a Vice President and the Secretary or an Assistant Secretary of the Corporation assigning interest under this Agreement is issued by the CORPORATION.



Secretary

S. Bankruptcy or Insolvency of Employer

The bankruptcy or insolvency of the EMPLOYER will not relieve the CORPORATION or the EMPLOYER of its duties and liabilities under this Agreement. After payments have been made by or on behalf of the EMPLOYER, reimbursements due under this Agreement will be made by the CORPORATION as if the EMPLOYER had not become bankrupt or insolvent, but not in excess of the CORPORATION's limit of indemnity.

T. Sole Representative

If more than one EMPLOYER is named in Item 1 of the Declarations, or an endorsement related thereto, the EMPLOYER first named in Item 1, or a related endorsement, will act on behalf of all EMPLOYERS to give or receive notice of cancellation, to receive return premium or reimbursement, or to request changes in this Agreement.

U. Acceptance

By acceptance of this Agreement, the EMPLOYER agrees that the statements in this Agreement, in the Declarations, and in the application are the EMPLOYER's representations; that this Agreement is issued in reliance upon such representations; that this Agreement embodies all agreements existing between the EMPLOYER and the CORPORATION, or any of its agents relating to this excess insurance, and that full compliance by the EMPLOYER with all terms of this Agreement is a condition precedent to the CORPORATION's liability hereunder.

IN WITNESS WHEREOF, the SAFETY NATIONAL CASUALTY CORPORATION has caused this Agreement to be executed by printing below the facsimile signatures of its President and Secretary and by the actual signature of its Secretary on the Declarations.



President

SPECIFIC EXCESS AND AGGREGATE EXCESS
WORKERS' COMPENSATION AND
EMPLOYERS' LIABILITY INSURANCE AGREEMENT

SAFETY NATIONAL CASUALTY CORPORATION
ST. LOUIS, MISSOURI

(Hereinafter called the CORPORATION)

In consideration of the payment of premium and subject to all the terms of this Agreement, hereby agrees with the EMPLOYER named in the Declarations (hereinafter called the EMPLOYER), as follows:

A. Coverage of Agreement

This Agreement applies only to Loss sustained by the EMPLOYER because of liability imposed upon the EMPLOYER by the Workers' Compensation or Employers' Liability Laws of:

- (1) the State(s) designated in the Declarations, or
- (2) other State(s), provided that the "Loss" shall not be greater than it would have been had liability been imposed by the State(s) specified in the Declarations,

on account of bodily injury by accident or bodily injury by occupational disease due to Occurrences taking place within the Liability Period to Employees of the EMPLOYER engaged in the business operations specified in the Declarations and all other operations necessary, incidental, or appurtenant thereto. Bodily injury includes resulting death.

The inclusion of more than one EMPLOYER in the Declarations shall not increase the EMPLOYER's Self-Insured Retention nor the CORPORATION's Maximum Limit of Indemnity.

The insurance afforded by this Agreement applies to operations in the State(s) specified in the Declarations, including, however, incidental operations conducted by Employees who are regularly engaged in operations in the specified State(s), but who may be temporarily outside the specified State(s).

In no event shall the CORPORATION be liable for any Loss voluntarily assumed by the EMPLOYER under any contract or agreement, expressed or implied.

In no event shall this Agreement apply to Loss for which the EMPLOYER carries a full coverage Workers' Compensation and Employers' Liability policy, nor shall this Agreement apply to provisions of any law that provides non-occupational disability benefits.

B. Specific Excess Insurance

With respect to each Occurrence taking place within a Liability Period, the EMPLOYER shall retain as its own Loss, as defined below, the amount specified in Item 7 of the Declarations, and the CORPORATION agrees to reimburse the EMPLOYER only for such Loss in excess of such Self-Insured Retention, subject to the Maximum Limit of Indemnity Per Occurrence, or the Employers' Liability Maximum Limit of Indemnity Per Occurrence, whichever is applicable, as specified in Item 8 of the Declarations. The separate Employers' Liability Maximum Limit of Indemnity Per Occurrence shall not operate, in any case, to increase the total amount the CORPORATION agrees to reimburse the EMPLOYER for Loss per any one Occurrence as per Item 8(a) of the Declarations. For Agreements having multi-year Liability Periods, the Self-Insured Retention established for the EMPLOYER is subject to annual review and possible revision.

C. Aggregate Excess Insurance

The CORPORATION further agrees to indemnify the EMPLOYER for Loss on account of all Occurrences taking place within such liability period (but excluding Loss per Occurrence in

excess of the amount specified in Item 7 of the Declarations as the EMPLOYER's Self-Insured Retention under Section B) which is in excess of an aggregate amount, hereinafter called the Loss Fund, determined for each Liability Period as provided below, subject to the Maximum Limit of Indemnity, as specified in Item 11 of the Declarations.

D. Definitions

- (1) "Loss" - shall mean actual payments legally made by the EMPLOYER to Employees and their dependents in satisfaction of: (a) statutory benefits, (b) settlements of suits and claims, and (c) awards and judgments. "Loss" shall also include Claim Expenses, paid by the EMPLOYER, as defined in Paragraph (2) of this Section. The term "Loss" shall not include the items specifically excluded by Paragraph (3) of this Section.
- (2) "Claim Expenses" - shall mean interest upon awards and judgments and the reasonable costs of investigation, adjustment, defense, and appeal (provided that the prosecution of such appeal is approved by the CORPORATION) of claims, suits or other proceedings brought against the EMPLOYER under the Workers' Compensation or Employers' Liability Laws of the State(s) designated in the Declarations, or other State(s), as provided in Section A, for bodily injury or occupational disease sustained during the respective Liability Period by the Employees engaged in the business operations to which this Agreement applies, even though such claims, suits, proceedings or demands are wholly groundless, false or fraudulent, provided the CORPORATION is promptly notified of every claim, suit, or proceeding and is given the opportunity to participate in the defense. Claim Expenses shall not include fees to the EMPLOYER's Service Company.
- (3) "Exclusions from Loss" - shall refer to the following amounts paid by the EMPLOYER, and specifically excluded from the term "Loss":
 - (a) Salaries, wages, and remuneration provided to Employees;
 - (b) Fees to the EMPLOYER's Service Company and/or costs of self-administration of claims;
 - (c) Punitive or exemplary damages;
 - (d) Fines or penalties assessed against the EMPLOYER for any violation by the EMPLOYER, or its representative(s), of any statute or regulation, or as a result of any proceedings brought by or against any Employee of the EMPLOYER;
 - (e) Assessments and taxes made upon the EMPLOYER as self-insurer whether imposed by statute, regulation, or otherwise;
 - (f) Any amounts required to be paid by the EMPLOYER because of:
 - (1) Serious and willful misconduct of the EMPLOYER, including intentional acts or omissions resulting in injury,
 - (2) Coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any Employee and/or related personnel practices, policies, acts or omissions by the EMPLOYER,

- (3) Knowingly employing an Employee in violation of law,
 - (4) Rejection by the EMPLOYER of any Workers' Compensation Law,
 - (5) Failure to comply with any health, safety, or notification law or regulation, and
- (g) Injury sustained by any Employee in, upon, entering or alighting from any EMPLOYER owned, leased, or regularly chartered aircraft unless coverage is intended by inclusion in Item 6 of the Declarations or by endorsement to this Agreement. Coverage will extend to aircraft purchased, leased, or regularly chartered only if the EMPLOYER notifies the CORPORATION within thirty (30) days from the date of the initial exposure. In the event of such notification, however, the CORPORATION may modify coverage and/or charge additional premiums.
- (4) "Loss Fund" – shall be the greater of: (a) the product of the Loss Fund Percentage, as stated in Item 9 of the Declarations, and the Manual or Standard Premium, whichever is applicable, as stated in Item 6 of the Declarations, or (b) the Minimum Loss Fund specified in Item 10 of the Declarations. (See Section G for the determination of the Manual or Standard Premium.)
- (5) "Occurrence" – shall mean accident. In addition, bodily injury by occupational disease must be caused or aggravated by the conditions of employment and shall be deemed to have occurred on the last day of the last exposure to those conditions of employment causing or aggravating such injury by occupational disease, or such state as is otherwise established by the Workers' Compensation and Employers' Liability Laws of the appropriate State(s). Bodily injury by occupational disease sustained by each Employee shall be deemed to be a separate Occurrence unless such disease results directly from an accident.
- (6) "Employee" – as respects liability imposed upon the EMPLOYER by the Workers' Compensation Law of any State, the word "Employee" shall mean any person performing work which renders the EMPLOYER liable under the Workers' Compensation Law of a State named in Item 2 of the Declarations, which is the State of the injured Employee's normal employment, for bodily injuries or occupational disease sustained by such person.
- (7) "State" – shall mean any state, territory, or possession of the United States of America and the District of Columbia.

E. Reimbursement

If the EMPLOYER pays any Loss incurred in any Liability Period in excess of the Self-Insured Retention Per Occurrence or the Loss Fund created for the respective Liability Period, the CORPORATION shall reimburse the EMPLOYER upon receipt of a formal proof of loss and other evidence acceptable to the CORPORATION of such payment. Within a reasonable period of time, reimbursement payments shall be made by the CORPORATION.

The CORPORATION shall have, and may exercise at any time, and from time to time, the right to offset any balance or balances, whether on account of premiums or otherwise, due from the EMPLOYER to the CORPORATION against any balance or balances, whether on account of Losses or otherwise, due from the CORPORATION to the EMPLOYER under this Agreement.

F. Liability Period

The liability of the CORPORATION for Loss hereunder shall be determined separately for each Liability Period. The initial Liability Period shall commence at 12:01 A.M. on the Effective Date and end at 12:01 A.M. on the Anniversary Date, designated in Items 3 and 4 respectively, of the Declarations. Each succeeding Liability Period shall begin concurrently with the end of the previous Liability Period and continue for the same number of consecutive months as the initial Liability Period. All time is stated in local time for the State(s) designated in the Declarations.

In the event the Employer fails to give express written intent to continue coverage at the end of a given Liability Period, the

Agreement shall be deemed terminated, and the Anniversary Date shall serve as the termination date of the Agreement.

G. Premium

Upon acceptance of the Agreement and at the beginning of each Payroll Reporting Period, as specified in Item 15 of the Declarations, the EMPLOYER shall pay to the CORPORATION the amount of the Deposit Premium specified in Item 14 of the Declarations. The Deposit Premium shall be held by the CORPORATION until the expiration of the Payroll Reporting Period. Within thirty (30) days after the close of each Payroll Reporting Period, the EMPLOYER shall render to the CORPORATION a report, upon a form satisfactory to the CORPORATION, exhibiting, by classification, the amount of such remuneration earned by Employees during such reporting period, and the EMPLOYER shall therewith pay to the CORPORATION the excess of the Earned Premium over the Deposit Premium previously paid. In case the Deposit Premium paid exceeds the Earned Premium, the Corporation shall return to the EMPLOYER the amount of such excess or give appropriate credit, subject to the proportion of Minimum Premium for the Liability Period in the case of multi-year Liability Periods.

Upon expiration of a Liability Period, a summary of voluntary payroll reports for such Liability Period shall be made to determine the Earned Premium under this Agreement. In no event, however, shall the Earned Premium in respect of any Liability Period be less than the Minimum Premium specified in the Declarations.

For each Payroll Reporting Period, the CORPORATION shall compute the Earned Premium as follows:

- (1) Remuneration – The remuneration earned, or man-hours accumulated, during such period by all Employees, including volunteers, engaged in each classification covered by this Agreement shall be computed in accordance with the rules set forth in the appropriate Manual of Workers' Compensation and Employers' Liability Insurance.
- (2) Manual and Standard Premium – The remuneration, or man-hours, so computed for Employees engaged in each such classification shall be multiplied by the Manual Rate per \$100 of remuneration/man-hour, in effect at the inception of each Payroll Reporting Period, and the products so obtained shall be added together to determine the Manual Premium. An Experience Modification Factor may be applied to the Manual Premium to determine a Standard Premium. Such Experience Modification Factor shall be determined at the inception of this Agreement and is subject to annual review and possible revision. A Standard Premium takes precedence over any Manual Premium.
- (3) Earned Premium – Against the Manual or Standard Premium shall be applied the Premium Rate, as specified in Item 12 of the Declarations, to determine the appropriate Earned Premium.

This Agreement is issued by the CORPORATION and accepted by the EMPLOYER subject to the agreement that, in the event of any change in the Rates per \$100 remuneration/man-hour, as stated in Item 6 of the Declarations, because of any general rate increase or any legislative amendment affecting the benefits under the Workers' Compensation Law of any State(s) named in Item 2 of the Declarations, such change, upon the effective date thereof, shall be, without endorsement, made a part of this Agreement.

H. Self-Insurer

The EMPLOYER, by acceptance of this Agreement, warrants that it is a duly qualified Self-Insurer in the State(s) designated in the Declarations, and will continue to maintain such qualifications during the currency of this Agreement. In the event the EMPLOYER should at any time while this Agreement is in force terminate such qualifications or if they should be cancelled or revoked, such loss of qualifications shall operate as notice of cancellation of this Agreement by the EMPLOYER, subject to the additional terms of the Cancellation Section of this Agreement.

I. Service and Administration

This Agreement contemplates the concurrent and continued existence of a separate service agreement between the EMPLOYER and the Service Company, its designated representative, named in Item 5 of the Declarations, providing services approved by the CORPORATION. The EMPLOYER agrees that its Service Company shall furnish the CORPORATION with quarterly loss runs concurrent with each Liability Period of this Agreement. The provision of loss runs alone does not relieve the EMPLOYER of its reporting obligations as set forth in Section J of this Agreement. In addition, the electronic transfer of loss information by a Service Company of the EMPLOYER shall not constitute notice of a claim.

Cancellation of the service agreement between the Service Company and the EMPLOYER shall operate as a notice of cancellation of this Agreement by the EMPLOYER, subject to the additional terms of the Cancellation Section of this Agreement. Any change in service companies must be immediately communicated to and approved by the CORPORATION.

J. Prompt Reporting of Claims

As soon as the EMPLOYER becomes aware, the EMPLOYER must provide prompt notice to the CORPORATION of: (a) any claim or action commenced against the EMPLOYER which exceeds, or is likely to exceed, fifty percent (50%) of the Self-Insured Retention Per Occurrence specified in Item 7 of the Declarations; (b) the reopening of any claim in which a further award might involve liability of the CORPORATION under this Agreement; and (c) any disability claim, whether or not contested by the EMPLOYER, where it appears reasonably likely that such disability will exceed one year in duration, or where such disability actually exceeds one year in duration.

In addition, the following categories of claims shall be reported to the CORPORATION immediately, regardless of any question of potential involvement of the CORPORATION:

1. Fatalities;
2. Paraplegics and quadriplegics;
3. Serious burns;
4. Brain injury;
5. Spinal cord injury;
6. Amputation of a major extremity; and
7. Any Occurrence which results in a serious injury to two or more Employees.

Failure to render prompt notice of any claim in a manner sufficient to the CORPORATION by the EMPLOYER, or its designated representative(s), may result in the disclaimer of coverage for the particular claim. To constitute prompt sufficient notice, the EMPLOYER must provide complete information as to the details of the injury, disease, or death.

K. Defense of Claims

The EMPLOYER shall investigate and settle or defend all claims and shall conduct the defense and appeal of all actions, suits, and proceedings commenced against it. The EMPLOYER shall forward promptly to the CORPORATION copies of any pleadings or reports as may be requested. The CORPORATION shall not be obliged to assume charge of the investigation, defense, appeal or settlement of any claim, suit, or proceeding brought against the EMPLOYER, but the CORPORATION shall be given the opportunity to investigate, defend, or participate with the EMPLOYER in the investigation and defense of any claim, if, in the opinion of the CORPORATION, its liability under this Agreement might be involved.

L. Good Faith Claims Administration

The EMPLOYER shall use diligence, prudence, and good faith in the investigation, defense, and settlement of all such claims and shall not unreasonably refuse to settle any claim which, in the exercise of sound judgment with respect to the entire claim, should be settled, provided, however, that the EMPLOYER shall not make any payment or agree to any settlement for any sum which would involve the limits of the CORPORATION's liability hereunder without the approval of the CORPORATION. The EMPLOYER's

failure to exercise diligence, prudence, and good faith may result in the disclaimer of coverage for the particular claim.

M. Inspection and Audit

The CORPORATION shall have the right, but not the obligation, to inspect the premises and equipment and/or to audit the books and records of the EMPLOYER and of its agents and representatives, including all records relating to payroll and claims matters, at any reasonable time during the period of this Agreement and within three (3) years after final settlement of all claims due to Occurrences happening during the term of this Agreement. An audit to determine Manual or Standard Premium shall supersede any and all prior voluntary payroll reports by the EMPLOYER, and will be used to determine the final adjustment of premiums due to the CORPORATION and the Loss Fund amounts.

N. Other Insurance

If the EMPLOYER carries other valid and collectible insurance, reinsurance, or indemnity with any other insurer or reinsurer covering a Loss also covered by this Agreement (other than insurance or reinsurance that is purchased to apply in excess of the sum of the Self-Insured Retention and the Maximum Limits of Indemnity hereunder), the insurance afforded by this Agreement shall apply in excess of and shall not contribute with such other insurance or reinsurance.

O. Commutation

Beginning thirty-six (36) months after receipt of notice by the CORPORATION of a claim, the CORPORATION may then, or at any time thereafter, submit such claim for commutation. If the CORPORATION so elects, the claim shall be submitted to an actuary or appraiser to be mutually appointed by the CORPORATION and the EMPLOYER, or, should the CORPORATION and the EMPLOYER fail to agree upon an actuary or appraiser, then each party shall select an actuary or appraiser who shall then select an independent actuary or appraiser who shall fix a lump sum amount, and the CORPORATION, at its option, may pay the lump sum amount, which payment shall constitute a full and final release of the CORPORATION's liability for such claim. However, such lump sum payment shall not constitute a full and final release of the CORPORATION's liability if, subsequent to such lump sum payment, any supplemental award is made increasing the amount of benefits payable to the Employee and his/her dependents, and any additional liability, at the CORPORATION's election, may immediately be commuted via the process set forth above, and the CORPORATION may discharge any additional liability by payment of another lump sum.

P. Subrogation

The EMPLOYER agrees to prosecute any and all valid claims the EMPLOYER may have against third parties, arising out of any Occurrence, resulting in payment of a Loss by the CORPORATION and return to the CORPORATION any amount so recovered, less the reasonable expense of collecting such amounts.

Should the EMPLOYER fail to prosecute any valid claim against third parties, and the CORPORATION becomes liable for Loss to the EMPLOYER, the CORPORATION shall be subrogated to all rights of the EMPLOYER. Any amounts recovered by the CORPORATION shall be used to pay the expenses of collection and to reimburse the CORPORATION for any amount it may have paid the EMPLOYER for the Liability Period concerned, and all remaining amounts collected shall be paid to the EMPLOYER.

Q. Change in Agreement

No condition, provision, or declaration of this Agreement shall be waived or altered at any time, except as specified in Section G, except by endorsement signed by the President or a Vice President and the Secretary or an Assistant Secretary of the CORPORATION.

This Agreement hereby terminates, supersedes, and replaces all previously issued Workers' Compensation Insurance or Reinsurance Agreements, as amended, between the EMPLOYER and the CORPORATION.

If terms of this Agreement are in conflict with any law applicable to this Agreement, this statement amends this Agreement to conform to such law. In addition, in the event any terms are in conflict with applicable laws, the remaining terms of the Agreement shall be enforceable.

R. Cancellation

This Agreement may be cancelled by either party giving the other party written notice not less than sixty (60) days prior to the date of cancellation, except, that if the CORPORATION cancels for non-payment of any premium, the cancellation shall become effective five (5) days after dispatch of notice by the CORPORATION. The date of cancellation then becomes the termination date of the final Liability Period. This Agreement does not apply to Loss as a result of Occurrences taking place after the effective date of such cancellation.

If cancellation is effected by the EMPLOYER, the Manual or Standard Premium shall be determined by the short rate tables used for casualty insurance, and the Loss Fund and Earned Premium shall be the product of the Loss Fund Percentage (Item 9) and the Premium Rate (Item 12) respectively, times the Manual or Standard Premium so arrived at, but not less than the Minimum Loss Fund and the Minimum Premium specified in the Declarations.

If cancellation is effected by the CORPORATION for non-payment of premium, the EMPLOYER shall pay the CORPORATION Earned Premium for the period up to the date of cancellation, but the Loss Fund shall be computed upon the same basis as provided in the event the EMPLOYER cancels.

If the CORPORATION cancels for any other reason, the Manual or Standard Premium shall be determined upon a pro rata basis and the Loss Fund and Earned Premium adjusted in accordance therewith.



Secretary

S. Assignment

An assignment of interest under this Agreement will not bind the CORPORATION unless an endorsement signed by the President or a Vice President and the Secretary or an Assistant Secretary of the Corporation assigning interest under this Agreement is issued by the CORPORATION.

T. Bankruptcy or Insolvency of Employer

The bankruptcy or insolvency of the EMPLOYER will not relieve the CORPORATION of the EMPLOYER of its duties and liabilities under this Agreement. After payments have been made by or on behalf of the EMPLOYER, reimbursements due under this Agreement will be made by the CORPORATION as if the EMPLOYER had not become bankrupt or insolvent, but not in excess of the CORPORATION's limit of indemnity.

U. Sole Representative

If more than one EMPLOYER is named in Item 1 of the Declarations, or an endorsement related thereto, the EMPLOYER first named in Item 1, or a related endorsement, will act on behalf of all EMPLOYERS to give or receive notice of cancellation, to receive return premium or reimbursement, or to request changes in this Agreement.

V. Acceptance

By acceptance of this Agreement, the EMPLOYER agrees that the statements in this Agreement, in the Declarations, and in the application are the EMPLOYER's representations; that this Agreement is issued in reliance upon such representations; that this Agreement embodies all agreements existing between the EMPLOYER and the CORPORATION, or any of its agents, relating to this excess insurance, and that full compliance by the EMPLOYER with all terms of this Agreement is a condition precedent to the CORPORATION's liability hereunder.

IN WITNESS WHEREOF, the SAFETY NATIONAL CASUALTY CORPORATION has caused this Agreement to be executed by printing below the facsimile signatures of its President and Secretary and by the actual signature of its Secretary on the Declarations.



President

<i>SERFF Tracking Number:</i>	<i>SFCC-125625402</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Safety National Casualty Corporation</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>2-SNA-08-AR</i>		
<i>TOI:</i>	<i>16.0 Workers Compensation</i>	<i>Sub-TOI:</i>	<i>16.0003 Excess WC</i>
<i>Product Name:</i>	<i>2-SNA-08-AR</i>		
<i>Project Name/Number:</i>	<i>/</i>		

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: SFCC-125625402

State: Arkansas

Filing Company: Safety National Casualty Corporation

State Tracking Number: EFT \$50

Company Tracking Number: 2-SNA-08-AR

TOI: 16.0 Workers Compensation

Sub-TOI: 16.0003 Excess WC

Product Name: 2-SNA-08-AR

Project Name/Number: /

Supporting Document Schedules

Satisfied -Name: NAIC Form Schedule

Review Status:

Accepted for Informational Purposes 04/29/2008

Comments:

Attachment:

2-SNA-08-AR Form Schedule.pdf

Satisfied -Name: Comparison Documents

Review Status:

Accepted for Informational Purposes 04/29/2008

Comments:

Attachments:

SNCC Policy Re-Draft Changes.pdf

SPWC-0408-A1 COMPARE.pdf

AGWC-0408-B1 COMPARE.pdf

AGCWC-0408-C1 COMPARE.pdf

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	2-SNA-08-AR			
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	N/A			
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01	Specific Excess Policy	SPWC-0908-A1 (Ed. 09/08)	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	SPWC-0408-A1 (Ed. 04/08)	1-SNA-08-AR (Company filing number)
02	Aggregate Excess Policy	AGWC-0908-B1 (Ed. 09/08)	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	AGWC-0408-B1 (Ed. 04/08)	1-SNA-08-AR (Company filing number)
03	Specific Excess and Aggregate Excess Policy	AGCWC-0908-C1 (Ed. 09/08)	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	AGCWC-0408- C1 (Ed. 04/08)	1-SNA-08-AR (Company filing number)
04	Specific Excess Policy	SPWC-0408-A1 (Ed. 04/08)	<input type="checkbox"/> New <input type="checkbox"/> Replacement <input checked="" type="checkbox"/> Withdrawn		
05	Aggregate Excess Policy	AGWC-0408-B1 (Ed. 04/08)	<input type="checkbox"/> New <input type="checkbox"/> Replacement <input checked="" type="checkbox"/> Withdrawn		
06	Specific Excess and Aggregate Excess Policy	AGCWC-0408-C1 (Ed. 04/08)	<input type="checkbox"/> New <input type="checkbox"/> Replacement <input checked="" type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

SNCC POLICY REDRAFT CHANGES FOR SEPTEMBER 1, 2008 EFFECTIVE DATE

Numeric Location in Policy	CHANGE MADE	SECTION AFFECTED
1	Moved all exclusions to the Exclusions from Loss Section of the Definitions	Section A
2	Removal of the ability to change SIRs for multiple year SP and AGC policies	Section B
3	Removal of Section C to alleviate need for duplicate endorsements to accommodate the different lettering system between the AGC and SP, AG Policies	Sections B & C of Combined Policy; Section B of SP and AG policies
4	Addition of language to the definition of loss to identify that the loss in question is 'net' less recoveries	Section D
5	Change claim expenses to include payment for claim expenses associated with appeal/pension bonds and court costs, also added "allocated" to explanation of claim expenses are covered	Section C, Definitions, Subparagraph 2
6	Removal of repetitious language from the definition of claim expenses	Section C, Definitions, Subparagraph 2
7	Identified that the exclusion of punitive or exemplary damages applies to the EL coverage under the policy	Section C, Subparagraph 3(c)
8	Added coverage for fines or penalties stemming from reasonable disputes of workers' compensation claims	Section C, Subparagraph 3(d)
9	Changed definition of intentional tort exclusion to account for legal developments as to that definition	Section C, Definitions, Sub-Part (3) "Exclusions from Loss, subparagraph (f)1
10	Add the exclusions taken from Paragraph A to the Exclusions from Loss Section	Paragraph A and Paragraph C, Subparagraph 3(g), (h) and (i)
11	Removal of the Aircraft exclusion from the Policy Form	Section C, Subparagraph 3, g
12	Added Premium billing due-dates	Section F and Section L of all agreements
13	Added continuing obligation to the service and administration paragraph to require that the insured notify us of any change in their TPA, even after conclusion of the policy coverage period	Section H
14	Removal of the 52 week reporting requirement from the Prompt Reporting of Claims section	Section I for all agreements
15	Addition of definition of "Serious Burn"	Section I for all agreements
16	Provided clarification of under what circumstances SNCC will deny a claim if not promptly reported (only if SNCC is prejudiced)	Section I
17	Further defined what constitutes good faith on the part of the insured with respect to claims handling	Section K
18	Removal of the Commutation Provision	Original Section N for SP and AG, Original Section O for AGC
19	Revision of Subrogation section to provide policyholders with information as to what constitutes a third party claim that may mitigate loss under our Agreement	Section N
20	Changed cancellation for non-payment of premium from 5 to 10 days	Original Section Q of the SP and AG agreement, Original Section R of the AGC Agreement

SERFF Tracking Number: SFCC-125625402 *State:* Arkansas
Filing Company: Safety National Casualty Corporation *State Tracking Number:* EFT \$50
Company Tracking Number: 2-SNA-08-AR
TOI: 16.0 Workers Compensation *Sub-TOI:* 16.0003 Excess WC
Product Name: 2-SNA-08-AR
Project Name/Number: /

Attachment "SPWC-0408-A1 COMPARE.pdf" is larger than 3MB and cannot be reproduced here.

SERFF Tracking Number: *SFCC-125625402* *State:* *Arkansas*
Filing Company: *Safety National Casualty Corporation* *State Tracking Number:* *EFT \$50*
Company Tracking Number: *2-SNA-08-AR*
TOI: *16.0 Workers Compensation* *Sub-TOI:* *16.0003 Excess WC*
Product Name: *2-SNA-08-AR*
Project Name/Number: /

Attachment "AGWC-0408-B1 COMPARE.pdf" is larger than 3MB and cannot be reproduced here.

SERFF Tracking Number: *SFCC-125625402* *State:* *Arkansas*
Filing Company: *Safety National Casualty Corporation* *State Tracking Number:* *EFT \$50*
Company Tracking Number: *2-SNA-08-AR*
TOI: *16.0 Workers Compensation* *Sub-TOI:* *16.0003 Excess WC*
Product Name: *2-SNA-08-AR*
Project Name/Number: /

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