

EXHIBIT P

PARTNERSHIP AGREEMENT OF REINSURANCE

BETWEEN

HOME INSURANCE COMPANY

AND

TRYGG HANSA FÖRSÄKRINGS AB

TABLE OF CONTENTS

<u>ARTICLE</u>		<u>PAGE</u>
I	SCOPE OF AGREEMENT	1
II	TERRITORY	2
III	DEFINITIONS	
	(a) BUSINESS	2
	(b) FRONTING COMPANY	2
	(c) PRODUCING COMPANY	2
	(d) NET LOSS	3
	(e) FRONTING COMPANY RETENTION	3
	(f) ADJUSTMENT EXPENSE	3
	(g) PREJUDGMENT INTEREST OR DELAYED DAMAGES	4
	(h) AGREEMENT	4
	(i) RISK	4
IV	BINDING METHOD	4
V	SPECIAL ACCEPTANCES AND DISPUTES	6
VI	PREMIUM AND COMMISSIONS	6
VII	MANAGEMENT OF CLAIMS AND LOSSES	6
VIII	EX GRATIA PAYMENTS	7
IX	NOTICE OF LOSS	7
X	LOSS ADJUSTMENT EXPENSES	7
XI	SALVAGE, RECOVERIES, AND SUBROGATION	7
XII	JUDGMENTS AND/OR APPEALS	8
XIII	REPORTS AND REMITTANCES	8
	(a) MONTHLY REPORTS	8
	(b) CASH CALL PROVISION	9
	(c) GENERAL	9

<u>ARTICLE</u>		<u>PAGE</u>
XIV	COMMENCEMENT AND TERMINATION	9
XV	ERRORS AND OMISSIONS	11
XVI	EXTRA CONTRACTUAL OBLIGATIONS	11
XVII	OFFSET	12
XVIII	INSPECTION OF RECORDS	12
XIX	RESERVES AND TAXES	13
XX	INSOLVENCY OF THE FRONTING COMPANY	13
XXI	SERVICE OF SUIT	14
XXII	ARBITRATION	16
XXIII	CAPTIVE SECURITY AND EXCROW ACCOUNTS	17
XXIV	LOSS RESERVES CLAUSE	17

PARTNERSHIP AGREEMENT OF REINSURANCE

NO.

between

HOME INSURANCE COMPANY

and any and all insurance companies which are now or hereafter may be under the same ownership or management

of Home Insurance Company

(hereinafter referred to as "FRONTING COMPANY" when ceding reinsurance, and as "PRODUCING COMPANY" when accepting reinsurance)

and

TRYGG HANSA FÖRSÄKRINGS AB

(hereinafter referred to as "PRODUCING COMPANY" when accepting reinsurance, and as "FRONTING COMPANY" when ceding reinsurance)

WITNESSETH: In consideration of the promises set forth in this agreement, the parties agree as follows:

ARTICLE I - SCOPE OF AGREEMENT

As a condition precedent to the Producing Company's obligations under this agreement, the Fronting Company shall cede to the Producing Company all business described in this Agreement, and the Producing Company shall accept such business as reinsurance from the Fronting Company. The terms of this Agreement shall determine the rights and obligations of the parties.

This Agreement is solely between the Fronting Company and the Producing Company. Performance of the obligations of each party under this Agreement shall be rendering solely to the other party. However, if the Fronting Company becomes insolvent, the liability of the Producing Company shall be modified to the extent set forth in the article entitled INSOLVENCY OF THE FRONTING COMPANY. In no instance shall any insured of the Fronting Company or any claimant

against an insured of the Fronting Company have any rights under this Agreement, except to the extent provided in the article entitled INSOLVENCY OF THE FRONTING COMPANY.

ARTICLE II - TERRITORY

This agreement shall follow the territorial limits of the Fronting Company's original policies. Coverage and Perils shall follow the original policy of the Fronting Company.

ARTICLE III - DEFINITIONS

(a) Business

This term shall mean binders, policies and endorsements of insurance handled in accordance with ARTICLE IV - BINDING METHOD, covering the following lines: Fire, Extended Coverage, other Allied Lines, Flood, Earthquake, Commercial Multi-Peril, Inland Marine, Homeowner's policies, Commercial General Liability, Comprehensive General Liability including Products and completed Operations, Comprehensive Automobile Liability, Commercial Umbrella, Excess Liability, Fidelity, Surety, and any other lines of business as agreed between the Producing Company and the Fronting Company prior to binding.

(b) Fronting Company

This term shall mean the party issuing the policy. The term Fronting Company is synonymous with the term "COMPANY", as respects this agreement. Wherever the word "Company" appears in this agreement it shall also be deemed to mean "Fronting Company".

(c) Producing Company

This term shall mean the party producing the business and directing the placement and issuance of the policy. The term Producing Company is synonymous with the term "REINSURER" as respects this agreement. Wherever the term "Reinsurer"

appears in this agreement it shall also be deemed to mean "Producing Company".

(d) Net Loss

This term shall mean all payments by the Fronting Company in settlement of claims or losses after deduction of salvage and after deduction of amounts due from all other reinsurance which insures to the benefit of the Reinsurers, whether collectible or not. This term shall not include adjustment expense but shall include extra contractual obligations in accordance with the provisions of the article entitled EXTRA CONTRACTUAL OBLIGATIONS. If the Fronting Company becomes insolvent, this definition shall be modified to the extent set forth in the article entitled INSOLVENCY.

(e) Fronting Company Retention

This term shall mean that portion of the Fronting Company's liability on any one risk or policy which remains after deducting all applicable reinsurance under this agreement. The percentage of Fronting Company retention shall normally be 20% (twenty percent) of the gross policy premium. The percentage of Fronting Company retention on Captive related business shall normally be 5% (five percent) to 15% (fifteen percent) of the gross policy premiums depending upon the account, and the percentage of Fronting Company retention in cases of substantial disagreement shall be decided case by case.

(f) Adjustment Expense

This term shall mean expenditures by the Fronting Company within the terms of its policies allocated to an individual claim or loss, other than for office expenses and for the salaries and expenses of employees of the Fronting Company or of any subsidiary or related or wholly owned company of the Fronting Company; made in connection with the

disposition of a claim, loss, or legal proceeding including investigation, negotiation, and legal expenses; court costs; statutory penalties; prejudgment interest or delayed damages; and interest on any judgment or award. Subject to prior discussion and agreement between the Claim Coordinators for the parties to this agreement, expenses related to their Staff Counsel may be considered an allocated claim expense when utilized as a less expensive substitute for an Outside Counsel. If the Fronting Company becomes insolvent, this definition shall be modified to the extent set forth in the article entitled INSOLVENCY OF THE COMPANY.

(g) Prejudgment Interest or Delayed Damages

This term shall mean interest or damages added to a settlement, verdict, award, or judgment based on the amount of time prior to the settlement, verdict, award, or judgment whether or not made part of the settlement, verdict, award or judgment.

(h) Agreement

This term shall mean this document and shall include any specific attachments, exhibits or addenda which are, or may hereinafter be, attached hereto and confirmed in writing by both parties.

ARTICLE IV - BINDING METHOD

To initiate the cession, the Producing Company will provide the Fronting Company with sufficient information to bind and issue the Fronting Company Policy.

The Fronting Company will agree with the Producing Company to bind coverage, issue the policy, and handle any unusual requests. The

Fronting Company shall cede and the Producing Company shall normally accept an 80% (eighty percent) pro-rata share of each risk or policy. The Fronting Company retention shall normally be 20% (twenty percent), except as noted in Article III - Definitions.

In the event of disagreement between the Fronting Company and the Producing Company relative to binding, the terms and conditions of Article V (Special Acceptances and Disputes) shall apply.

The Fronting Company will assemble the following information in a cover note (Facultative Reinsurance Agreement) and forward it in duplicate to the Producing Company:

- a. Name and address of local insured
- b. Local producer
- c. Policy number and policy period
- d. Coverage provided
- e. Policy premium and policy limits
- f. Ceded premium and limits
- g. Ceding commission

The Fronting Company will issue a Memorandum of Facultative Reinsurance and send it to the Producing Company. The Producing Company will sign and return the original to the attention of the Fronting Company. The Fronting Company will issue the fronting policy or endorsement. The Producing Company will when it is necessary for any reason issue a Certificate of Reinsurance Assumed to the Fronting Company.

If the Fronting Company wishes to participate at a percentage other than the amount defined in Article III - Definitions, the cession shall be handled as a Special Acceptance.

ARTICLE V - SPECIAL ACCEPTANCES AND DISPUTES

The Fronting Company and the Ceding Company shall each name an individual to act as Company coordinator. Risks and accounts which necessitate cessions that are beyond the terms, conditions or limitations of this agreement shall be submitted to the Producing Company coordinator for handling and disposition. Disputes shall be submitted to and resolved by both the Fronting Company coordinator and the Producing Company coordinator.

ARTICLE VI - PREMIUM AND COMMISSIONS

1. The reinsurance premium shall be the Producing Company's pro-rata participation percentage of the Fronting Company's original premium.
2. The Producing Company, upon acceptance of the reinsurance ceded, shall make a commission allowance as specified in the Addenda attached to this agreement or as otherwise agreed from time to time. On all return premiums, the Fronting Company shall return to the Producing Company the same commission allowances. The provisions included in such commission allowances are also specified in the Addenda attached to and made part of this agreement.

ARTICLE VII - MANAGEMENT OF CLAIMS AND LOSSES

The Fronting Company shall have original and primary responsibility to investigate and settle or defend all claims and losses. When requested by the Producing Company, the Fronting Company shall permit the Producing Company, at the expense of the Producing Company, to be associated with the Fronting Company in the defense or control of any claim, loss, or legal proceeding which involves or is likely to involve the Producing Company. All payments of claims or losses by the Fronting Company which are within the limits set forth in this Agreement shall be binding on the Producing Company subject to the terms of this Agreement.

ARTICLE VIII - EX GRATIA PAYMENTS

Any Ex-Gratia payments shall be made solely with the agreement and consent of both the Fronting and Producing Company.

ARTICLE IX - NOTICE OF LOSS

In the event of loss which may cause claim to the Producing Company in the estimated amount of USD 100,000 or its equivalent, immediate notice of such loss shall be advised by the Fronting Company to the Producing Company and the handling of these and all other losses shall be in accordance with the guidelines and procedures outlined in the claim manual.

ARTICLE X - ADJUSTMENT EXPENSES

The producing Company shall pay its proportionate share of all loss adjustment expenses incurred by the Fronting Company in the investigation and settlement of claims and suits involving a policy reinsured under this Agreement. The Producing Company's share of all loss adjustment expenses shall bear the same ratio to total loss adjustment expenses as the Reinsurer's limit of liability hereunder bears to the Company's gross limit of liability.

ARTICLE XI - SALVAGE, RECOVERIES AND SUBROGATION

The Producing Company shall benefit proportionately in all salvage, discounts and other recoveries as respects risks or policies reinsured hereunder. The Fronting Company shall pay to or credit the Producing Company with the Producing Company's portion of any recovery obtained from salvage, subrogation, insurance. Adjustment expenses for recoveries shall be deducted from the amount recovered.

The Producing Company shall be subrogated to the rights of the Fronting Company to the extent of its loss payments to the Fronting Company against any person or other entity who may be

legally responsible in damages for said loss. The Fronting Company agrees to enforce its rights of salvage, subrogation, and its rights against insurers or to assign these rights to the Producing Company. Recoveries shall be apportioned between the parties in the same ratio as the amounts of their liabilities bear to the loss.

ARTICLE XII - JUDGMENTS AND/OR APPEALS

Where a judgment has been entered against the Fronting Company which would result in a claim against the Producing Company by the Fronting Company, and the Fronting Company does not wish to appeal such judgment, the Fronting Company will nevertheless prosecute such appeal at the request of the Producing Company and the Producing Company shall pay all the expenses thereof. If the appeal is successful, the Fronting Company shall bear its proportion of the appeal expenses in the ratio that the benefit it derives from such reduction, reversal or compromise bears to the total benefit derived therefrom.

ARTICLE XIII - REPORTS AND REMITTANCES

(a) Monthly Reports

The Fronting Company shall provide to the Producing Company, a monthly Account Current statement with supporting bordereaux within 30 days after the close of each calendar month. The Account Current shall consist of:

- (1) The reinsurance premium written for the month by line of insurance, and by currency, and
- (2) The commission allowed on the reinsurance premium for the month, and by currency, and
- (3) The Reinsurers' portion of claims, losses, and adjustment expense paid during the month by line of insurance and year of claim or loss, and by currency, and

- (4) The Reinsurers' portion of salvage recovered during the month by line of insurance and year of claim or loss, and by currency and
- (5) The Reinsurers' portion of Policy charges, taxes, and funds withheld, funds released and interest on funds withheld,

and the amount due either party on all business excepting captive related business shall be remitted by the other party within 15 days after the rendering of Account Current. On captive related business and/or business involving the captive reinsurance company of an insured, amounts due shall be remitted within 15 days following the receipt of the premium by the Fronting Company.

(b) Cash Call Provision

In the event of any loss to the Reinsurers in excess of USD 100,000, or its equivalent, the Fronting Company may request immediate payment of the Producing Company's portion of such loss, and the Producing Company shall be obligated to pay such amount upon receipt of the Reinsurance Proof of Loss.

(c) General

In addition to the reports required by (a) and (b) above, the Fronting Company shall furnish such other information as may be required by the Producing Company for the completion of their quarterly and annual statements and internal records.

All reports shall be rendered on forms acceptable to the Fronting Company and the Producing Company.

ARTICLE XIV COMMENCEMENT AND TERMINATION

This Agreement shall take effect with respect to business ceded by the Fronting Company to the Producing Company becoming effective

at and after 12:01 a.m. Standard Time, , and shall remain in force for an indefinite period subject to termination at 12:01 a.m. Standard Time, January 1st of any subsequent year, by either party giving to the other, by registered mail to its principal of office, not less than 180 days prior written notice of its desire to terminate.

The Producing Company shall continue to participate in all insurances and reinsurances coming within the terms of this Agreement granted or renewed by the Fronting Company during the 180 days aforesaid.

In the event of the termination of this Agreement, the Fronting Company shall have the option of continuing or terminating the liability in force at the date of termination as follows:

- (1) All cessions hereunder shall be terminated as of the time of termination of this Agreement and the Reinsurers shall refund to the Company the unearned portion of the premium thereon, or
- (2) All cessions hereunder in force at the time of termination of this Agreement shall continue in force until their natural expiry, except that long term cessions shall be terminated one year after the effective time of termination of this Agreement and the Reinsurers shall refund to the Company the unearned portion of the premium thereon.

The Producing Company shall remain liable for cessions hereunder with respect to losses occurring prior to the time of termination of the cessions in accordance with 1) or 2) above as elected by the Fronting Company. Notwithstanding the above, this Agreement may be terminated by either party immediately if the other party should at any time become insolvent, or suffer any impairment of capital, or file a petition in bankruptcy, or go into liquidation or rehabilitation, or have a receiver appointed, or be acquired or

controlled by any other insurance company or organization. Such termination shall be effected by written notice of termination to the other party. If any law or regulation of the Federal, State or Local Government of any jurisdiction in which the Company is doing business shall render illegal the arrangements made in this Agreement, this Agreement may be terminated immediately insofar as it applies to such jurisdiction by the Company's giving notice to the Reinsurers to such effect. If there is the severance or obstruction of free and unfiltered communication and/or normal commercial and/or financial intercourse between the country of the Fronting Company and the country of the Producing Company as a result of war, currency regulation, or any circumstances arising out of political, financial or economic emergency, such termination shall be effected by written notice of termination to the other party.

ARTICLE XV - ERRORS AND OMISSIONS

Any inadvertent error, omission or delay in complying with the terms and conditions of this Agreement shall not be held to relieve either party hereto from any liability which would attach to it hereunder if such error, omission or delay had not been made, provided such error, omission or delay is rectified immediately upon discovery.

ARTICLE XVI - EXTRA CONTRACTUAL OBLIGATIONS

If the Fronting Company incurs an extra contractual obligation, the Producing Company as Reinsurer shall afford additional reinsurance to the Fronting Company for the Producing Company's share of the extra contractual obligation, subject to the conditions of the following paragraphs. For purposes of this Article, the term "extra contractual obligation" shall mean an obligation imposed upon the Fronting Company by judgment or decree which is not covered under any other provision of this Agreement and which arises from the Fronting Company's handling of any claim on the policies ceded to the Producing Company as Reinsurer under this Agreement.

The date on which an extra contractual obligation is incurred by the Fronting Company shall be deemed, in all circumstances, to be the date of the original occurrence.

This Article shall not apply where the extra contractual obligation has been incurred due to the fraud or criminal conduct of a member of the Board of Directors or a corporate officer of the Fronting Company, acting individually or collectively or in collusion with any individual or corporation of any other organization or party involved in the investigation, defense or settlement of any claim covered hereunder.

Any insurance or reinsurance, whether collectible or not, which indemnifies or protects the Fronting Company against claims which are the subject matter of this Article and any contribution, subrogation, or recovery shall inure to the benefit of the Producing Company and shall be deducted to arrive at the amount of the Fronting Company's net loss.

ARTICLE XVII - OFFSET

The Fronting Company or the Producing Company may offset any balance, whether on account of premium, commission, claims or losses, adjustment expense, salvage, or otherwise, due from one party to the other under this Agreement or under any other agreement heretofore or hereinafter entered into between the Fronting Company and the producing Company, provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with the provisions of Section 7427 of the Insurance Law of the State of New York and the Insurance Law of Sweden.

ARTICLE XVIII - INSPECTION OF RECORDS

The Fronting Company shall allow the Producing Company to inspect, at reasonable times, the records of the Fronting Company relevant to the business reinsured under this Agreement, including Fronting

- 10 -

Company files concerning claims, losses, or legal proceedings which involve or are likely to involve the producing Company. Inspection shall be at the cost of the inspecting party.

ARTICLE XIX - RESERVES AND TAXES

The Producing Company shall maintain the reserves required by law or government regulations as to the Reinsurers' portion of unearned premium, claims, losses, and adjustment expense.

The Fronting Company shall be liable for all premium taxes on premium ceded to the Reinsurers under this Agreement. If the Producing Company is obligated to pay any premium taxes on this premium, the Fronting Company shall reimburse the Producing Company; however, the Fronting Company shall not be required to pay taxes twice on the same premium.

The Producing Company agrees to leave with the Fronting Company reserves as may be required by law or governmental regulations for the Fronting Company to carry by reason of the reinsurance ceded hereunder, such reserves shall be released to the Producing Company as soon as permitted by the applicable law or regulation.

The Fronting Company shall pay the Producing Company interest on such reserves as dictated by law or governmental regulations or by mutual consent less any applicable tax incurred on interest earned.

ARTICLE XX - INSOLVENCY OF THE FRONTING COMPANY

In the event of the insolvency of the Fronting Company, liability under this agreement shall be payable directly to the Fronting Company, or its liquidator, receiver, conservator or statutory successor on the basis of the liability of the Fronting Company without diminution because of the insolvency of the Fronting Company or because the liquidator, receiver, conservator or statutory successor of the Fronting Company has failed to pay all or a portion of any claim. However, the liquidator, receiver,

conservator or statutory successor of the Fronting Company shall give written notice to the Reinsurer of the pendency of a claim against the Fronting Company indicating the policy reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filled in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose at its own expense, in the proceeding where such claim is to be adjudicated any defenses that it may deem available to the Fronting Company or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Fronting Company as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Fronting Company solely as a result of the defense undertaken by the Reinsurer.

The reinsurance shall be payable by the Reinsurer to the Fronting Company or to its liquidator, receiver, conservator or statutory successor, except as provided by Sections 4118 and 1308 of the New York Insurance Law or except:

- (a) Where the Agreement specifically provides another payee of such reinsurance in the event of the insolvency of the Company, and
- (b) Where the Reinsurer, with the consent of the direct assured or assureds, has assumed such policy obligations of the Company as direct obligation of the Reinsurer to the payees under such policies and in substitution for the obligations of the Company to such payees.

ARTICLE XXI - SERVICE OF SUIT

It is agreed that in the event of the failure of a Reinsurer to pay any amount claimed to be due under this Agreement, the

Reinsurer, at the request of the Company, will submit to the jurisdiction and will comply with all requirements necessary to give such court jurisdiction; and all matters arising hereunder shall be determined in constitutes or should be understood to constitute a waiver of Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States.

Service of process in such suit may be made upon Messrs. Mendes and Mount, 3 Park Avenue, New York, New York 10016 (hereinafter "agent for service of process") and in any suit instituted against a Reinsurer upon its Agreement, that Reinsurer will abide by the final decision of such court or of any appellate court in the event of an appeal.

The above named are authorized and directed to accept service of process on behalf of the Reinsurer in any such suit and/or upon the request of the Company to give a written undertaking to the Company that the agent for service of process will enter a general appearance on behalf of the Reinsurer in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States of America which makes provision therefore, the Reinsurers hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Agreement and hereby designate the agent for service of process as the firm to whom the said officer is authorized to mail such process or a true copy thereof.

ARTICLE XXII - ARBITRATION

Excluding such disputes that result under Article V, any unresolved difference of opinion between the Reinsurer and the Company arising out of or relating to this Agreement including its formation or validity, whether such difference of opinion arises before or after the termination of this Agreement, shall be submitted to arbitration by three arbitrators. One arbitrator shall be submitted to arbitration by three arbitrators. One arbitrator shall be chosen by the Reinsurer, and one shall be chosen by the Company. The third arbitrator shall be chosen by the other two arbitrators within ten (10) days after they have been appointed. If the two arbitrators cannot agree upon a third arbitrator, each arbitrator shall nominate three persons of whom the other shall reject two. The third arbitrator shall then be chosen by drawing lots. If either party fails to choose an arbitrator within thirty (30) days after receiving the written request of the other party to do so, the latter shall choose both arbitrators, who shall choose the third arbitrator. The arbitrators shall be disinterested and shall be present or former officials of property or casualty insurance or reinsurance companies.

The party requesting arbitration (the "Petitioner") shall submit its brief to the arbitrators within thirty (30) days after notice of the selection of the third arbitrator. Upon receipt of the Petitioner's brief, the other party (the "Respondent") shall have thirty (30) days to file a reply brief. On receipt of the Respondent's brief, the Petitioner shall have twenty (20) days to file a rebuttal brief. Respondent shall have twenty (20) days from the receipt of Petitioner's rebuttal brief to file its rebuttal brief. The arbitrators may extend the time for filing of briefs at the request of either party.

The arbitrators are relieved from judicial formalities and, in addition to considering the rules of law and the customs and practices of the insurance and reinsurance business, shall make their award with a view to effecting the intent of this Agreement.

The arbitrators shall make their decision within sixty (60) days following the termination of the hearing unless the parties consent to an extension, and shall render their decision in writing. The majority decision of any two arbitrators, when filed with the parties, shall be final and binding upon all parties to the proceedings.

The costs of arbitration, including the fees of the arbitrators, shall be shared equally unless the arbitrators decide otherwise. Any arbitration proceeding shall take place in Paris at times agreed upon by the arbitrators at the times and places agreed upon by the arbitrators.

If more than one Reinsurer is involved in the same dispute, all such Reinsurers shall constitute and act as one party for the purpose of this Article, and communications shall be made by the Company to each of the Reinsurers constituting the one party, provided, however, that nothing herein shall impair the rights of such Reinsurers to assert several, rather than joint defenses of claims, nor be construed as changing the liabilities of the Reinsurers under the terms of this Agreement from several to joint. This Article shall survive the termination of this Agreement.

ARTICLE XXIII - CAPTIVE SECURITY AND ESCROW ACCOUNTS

The necessity and disposition of security requirements, escrow accounts and/or Letters of Credit in relation to accounts involving the captive reinsurance company of an insured shall be determined on a case by case basis by agreement between the Fronting Company and the Producing Company.

ARTICLE XXIV - LOSS RESERVES CLAUSE

This clause is applicable to Reinsurance provided by the Producing Company for policies issued by the Fronting Company in the United States.

It is agreed that when the Company files with the Insurance Department or establishes reserves for claims covered under this agreement are required by the law, the Company will forward to the Reinsurers a statement showing the proportion of such loss reserves which is applicable to Reinsurers. The Reinsurers hereby agree to apply for and secure delivery to the Company of a clean, unconditional and irrevocable Letter of Credit, with a minimum term of one year, that is in a format and is issued or confirmed, and presentable and payable in the United States by any bank or trust company acceptable to the governmental authority having jurisdiction over the Company's loss reserves in an amount equal to Reinsurer's proportion of said loss reserves.

The Company and the Reinsurers agree that the Letter of Credit provided by the Reinsurers under this provision may be drawn upon at any time, notwithstanding any other provisions in this Contract, and be utilized by the ceding insurer or any successor by operation of law of the ceding insurer, including, without limitation, any liquidator, rehabilitator, receiver or conservator of such insurer for the following purposes:

- (a) to reimburse the Company for the Reinsurers' share of surrenders and benefits or losses paid by the Company under the terms and provisions of the policies reinsured under this Contract,
- (b) to find an account with the Company in an amount at least equal to the deduction, for reinsurance ceded, from the Company's liabilities for policies ceded under this Contract. Such amount shall include, but not be limited to, amounts for policy reserves, reserves for claims and losses incurred (including losses incurred but not reported), and loss adjustment expenses,
- (c) to pay any other amounts the Company claims are due under this Contract,

(d) to return any amounts drawn down on Letters of Credit in excess of the actual amounts required for (a) and (b) above, any amounts which are subsequently determined not to be due.

All of the foregoing should be applied without diminution because of insolvency on the part of the Company or Reinsurers.

The designated bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to see that withdrawals are made only upon the order of properly authorized representatives of the Company.

IN WITNESS WHEREOF the parties hereto have caused this contract to be executed in triplicate by their duly authorized representatives this 19 day of June, 1992.

THE HOME INSURANCE COMPANY

Paul O. O'Connell

ATTEST

Henry Lindemaher

AND, on this _____ day of _____, 1992

TRYGG-HANSA FÖRSÄKRINGS AB

Stockholm May 8th 1992

ATTEST

Tobias Johansson J. O. Johansson

ADDENDUM NO. 1
TO THE
PARTNERSHIP AGREEMENT OF REINSURANCE
NO.
BETWEEN
HOME INSURANCE COMPANY AND
TRYGG HANSA-SPP

IT IS MUTUALLY UNDERSTOOD AND AGREED that effective 12:02 a.m. Standard Time _____ this Agreement of Reinsurance is amended as follows:

ITEM I - COMMISSION ALLOWANCE

In consideration of the promises set forth in this agreement, the parties agree that the commission allowances applicable to business located in the United States and Canada where Home Insurance Company is acting as the Fronting Company shall be as follows:

- A. ON PROPERTY, GENERAL LIABILITY, FIDELITY AND OTHER COVERS EXCEPTING AUTOMOBILE AND WORKERS COMPENSATION; a commission allowance of 11% (eleven percent) plus the acquisition cost for each policy on each cession shall be allowable. The provisions included in this commission allowance include compensation for overhead, taxes, unallocated claim costs and engineering expense.
- B. On workers compensation and Commercial and personal automobile covers, a commission allowance of 8% (eight percent) plus taxes, licenses and fees, plus involuntary loading percentages, plus the acquisition cost for each policy on each cession shall be allowable. The applicable scheduled taxes, licenses and fees is made a part of this

addendum in Item II. The applicable involuntary Loading Percentage is made a part of this addendum as Item III.

ITEM II - TAXES, LICENSES AND FEES

The following schedule shall be used in the determination of the applicable commission allowance as described in Item I as respects Workers Compensation and Commercial and personal Automobile Covers.

WORKERS COMPENSATION

Connecticut	15.50%
Idaho	15.00%
Kentucky	16.00%
Louisiana	10.00%
Minnesota	21.00%
New York	12.50%
Washington	To be advised
All Other States	6.00%

COMMERCIAL & PERSONAL AUTO

Kentucky	6.00%
Louisiana	6.30%
New Jersey	10.40%
All Other States	3.00%

ITEM III - INVOLUNTARY LOADINGS

The following schedule shall be used in the determination of the applicable commission allowance as described in Item I as respects Workers Compensation and Commercial and Personal Automobile Covers.

<u>STATE</u>	<u>WORKERS COMPENSATION</u>	<u>COMMERCIAL AUTOMOBILE</u>
Alabama	22.50%	11.00%
Alaska	0.00%	0.00%
Arizona	0.60%	0.00%
Arkansas	20.00%	2.00%
California	0.00%	6.00%
Colorado	0.00%	0.50%
Connecticut	6.00%	3.00%
Delaware	3.00%	15.00%
Dist. of Columbia	4.00%	0.00%
Florida	17.50%	1.50%
Georgia	9.00%	1.00%
Hawaii	3.00%	3.50%
Idaho	0.00%	0.00%
Illinois	2.50%	1.00%
Indiana	6.00%	1.00%
Iowa	5.00%	0.00%
Kansas	13.00%	0.10%
Kentucky	6.00%	10.00%
Louisiana	60.00%	25.00%
Maine	NA	5.00%
Maryland	1.50%	0.00%
Massachusetts	40.00%	60.00%
Michigan	3.00%	1.00%
Minnesota	1.40%	1.50%
Mississippi	15.00%	7.00%
Missouri	15.00%	0.00%
Montana	0.00%	0.00%
Nebraska	13.00%	0.30%
Nevada	NA	1.00%
New Hampshire	10.00%	0.00%
New Jersey	10.00%	16.00%
New Mexico	35.00%	0.00%
New York	0.00%	7.50%
North Carolina	9.00%	0.00%

North Dakota	NA	0.00%
Ohio	NA	1.50%
Oklahoma	0.00%	8.00%
Oregon	2.50%	0.00%
Pennsylvania	0.40%	5.00%
Rhode Island	150.000%	6.00%
South Carolina	25.00%	2.00%
South Dakota	9.00%	1.00%
Tennessee	17.00%	1.50%
Texas	23.50%	0.00%
Utah	0.00%	3.00%
Vermont	10.00%	3.00%
Virginia	8.00%	3.00%
Washington	NA	0.00%
West Virginia	NA	5.00%
Wisconsin	0.00%	0.00%
Wyoming	NA	0.50%

IN WITNESS WHEREOF the parties hereto have caused this contract to be executed in triplicate by their duly authorized representatives this 19 day of June, 1992.

THE HOME INSURANCE COMPANY

P. A. O'Connell

ATTEST *Henry A. [Signature]*

AND, on this _____ day of _____, 1992

TRYGG-HANSA FÖRSÄKRINGS AB

Stockholm May 8 Jun 1992

ATTEST _____

[Signature] *[Signature]*