# EXHIBIT 2

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Counsel for the ACE Companies

**UNITED STATES BANKRUPTCY COURT**
**SOUTHERN DISTRICT OF NEW YORK**

| | | |
|---|---|---|
| In re: | : | Chapter 11 Case |
| | : | Case No. 09-13412 |
| Oldco M Corporation | : | |
| (f/k/a Metaldyne Corporation), *et al.* | : | (Jointly Administered) |
| | : | |
| Debtors. | : | |
| | : | |
| Oldco M Distribution Trust | : | |
| | : | |
| Plaintiff, | : | |
| | : | |
| v. | : | Adversary No. 12-01688 |
| | : | |
| ACE American Insurance Company, Illinois | : | |
| Union Insurance Company, Indemnity | : | |
| Insurance Company of North America, Pacific | : | |
| Employers Insurance Company, Westchester | : | |
| Fire Insurance Company and ESIS, Inc. | : | |

**AFFIDAVIT OF EDWARD A. MUNGIOLE, JR. IN SUPPORT OF BRIEF OF ACE AMERICAN INSURANCE COMPANY, ILLINOIS UNION INSURANCE COMPANY, INDEMNITY INSURANCE COMPANY OF NORTH AMERICA, PACIFIC EMPLOYERS INSURANCE COMPANY AND ESIS, INC. IN SUPPORT OF REQUESTS TO COMPEL ARBITRATION AND TO DISMISS OR STAY CERTAIN LITIGATION**

COMMONWEALTH OF PENNSYLVANIA ) ss
)
COUNTY OF PHILADELPHIA )

Edward A. Mungiole, Jr., being duly sworn, declares as follows:

1. I am Vice President for ACE Credit Management.

2. Terms not defined herein shall have the meaning attributed to them in the Brief of ACE American Insurance Company, Illinois Union Insurance Company, Indemnity Insurance Company of North America, Pacific Employers Insurance Company and ESIS, Inc., in Support of Requests to Compel Arbitration and to Dismiss or Stay Litigation (the "Brief").

3. Unless otherwise set forth herein, I state the following upon my personal knowledge. In instances where I make statements "upon information and belief," I obtained the underlying facts from either (a) other ACE employees whom I supervise or with whom I work; or (b) the business records (the "Business Records") of ACE. The Business Records are kept in the ordinary course of ACE's business, and it is the regular practice of ACE to make the Business Records. The facts set forth in the Business Records were recorded at or near the time by, or from information transmitted by, a person with knowledge.

4. The Debtors requested that the ACE Insurers provide certain insurance coverage to the Debtors and that ESIS provide certain claims handling services to the Debtors.

5. The ACE Insurers were willing to provide such insurance and ESIS was willing to provide such services, but only under certain terms and conditions which were memorialized by the Insurance Program Agreements.

6. The large majority of the Policies provided workers' compensation, automobile liability and general liability insurance coverage for the period of June 30, 2001 through September 30, 2009.

7. Each of those policies had a very high per-occurrence deductible, namely (i) workers' compensation: $500,000, (ii) automobile liability: $250,000, (iii) products/completed ops: (a) $1,000,000 for the period of June 30, 2001 to September 30, 2006 and (b) $750,000 for the period of September 30, 2006 to October 14, 2009 and (iv) premises liability: (a) $750,000 for the period of June 30, 2001 to September 30, 2006 and (b) $250,000 for the period of September 30, 2006 to October 14, 2009.

8. The insurance program was governed by several Insurance Program Agreements (each as renewed, amended, modified, endorsed or supplemented from time to time and including any exhibit or addenda thereto) including, but not limited to, the Final/Bound Casualty Program Proposal, for Metaldyne Corporation effective as of September 30, 2006 including, but not limited to, the Collateral Agreement (as renewed, amended, modified, endorsed or supplemented from time to time and including any exhibit or addenda thereto) by and among ACE American Insurance Company (and certain of its affiliates) and Metaldyne Corporation, effective as of September 30, 2006 (the "Collateral Agreement"). The Insurance Program Agreements (each as renewed, amended, modified, endorsed or supplemented from time to time and including any exhibit or addenda thereto) also include, without limitation, the following: (i) Combined

Multi-Line Program Agreement by and among Pacific Employers Insurance Company (and certain of its affiliates) and Metaldyne Corporation effective as June 30, 2001 and ACE USA Special Risk Facilities Final Multi-Line Deductible Cash Flow Insurance Proposal dated for the period of June 30, 2001 to June 30, 2002; (ii) 2002 Addendum to Combined Multi-Line Program Agreement for Metaldyne Corporation and ACE USA Special Risk Facilities Final Multi-Line Deductible Cash Flow Insurance Proposal dated for the period of June 30, 2002 to June 30, 2003; (iii) 2003 Addendum to Combined Multi-Line Program Agreement for Metaldyne Corporation and ACE USA Special Risk Facilities Final Multi-Line Deductible Cash Flow Insurance Proposal dated for the period of June 30, 2003 to June 30, 2004; (iv) 2004 Addendum to Combined Multi-Line Program Agreement for Metaldyne Corporation; ACE USA Special Risk Facilities Final Multi-Line Deductible Cash Flow Insurance Proposal for the period of June 30, 2004 to September 30, 2004 and ACE USA Special Risk Facilities Final Multi-Line Deductible Cash Flow Insurance Proposal for the period of September 30, 2004 to September 30, 2005; (v) 2005 Addendum to Combined Multi-Line Program Agreement for Metaldyne Corporation and Final Casualty Program Proposal for Metaldyne Corporation effective September 30, 2005; (vi) Final/Bound Casualty Program Proposal for Metaldyne Corporation effective as of September 30, 2007; (vii) Casualty Program Final Proposal for Metaldyne Corporation effective as of September 30, 2008; and (viii) Letter Agreement between ACE American Insurance Company and Metaldyne Corporation dated as of September 25, 2009.

9. Pursuant to the Insurance Program Agreements, the ACE Insurers issued the Policies to the Debtors.

10. Claims administration services were provided pursuant to certain Risk Management Services Agreements by and between Metaldyne and ESIS (as renewed, amended, modified, endorsed or supplemented from time to time, and including any exhibit or addenda thereto, collectively and including renewal addenda, the "ESIS Agreement" and together with the Program Agreements, the "Agreements"). The ESIS Agreements include, without limitation, the following: (i) ESIS Service Agreement by and between ESIS and Metaldyne dated as of June 17, 2002, (ii) Risk Management Services Agreement by and between ESIS and Metaldyne effective as of June 30, 2002, (iii) Risk Management Services Agreement Renewal Addendum dated as July 1, 2003, (iv) Risk Management Services Agreement Renewal Addendum dated as September 30, 2004, (v) Risk Management Services Agreement by and between ESIS and Metaldyne effective as of September 30, 2005, (vi) Risk Management Services Agreement Renewal Addendum dated as September 30, 2006, (vii) Risk Management Services Agreement Renewal Addendum dated as September 30, 2007, and (viii) Risk Management Services Proposal for Metaldyne Corporation dated November 3, 2009.

11. A true and correct copy of the Collateral Agreement is attached hereto as Exhibit A. A true and correct copy of an ESIS Agreement is attached hereto as Exhibit B. Upon information and belief, the Agreements as attached hereto, include all amendments and addenda thereto.

12. Pursuant to the Collateral Agreement, the "Insured's Obligation" is to be calculated by the ACE Companies and will include the Ultimate Losses which includes (i) incurred losses (within the respective deductibles or loss limitations, if applicable), future loss development and the amount of losses incurred but not reported, as estimated

by the ACE Companies and (ii) allocated loss adjustment expense as estimated by the ACE Companies.

13. Pursuant to the Collateral Agreement, not only do the ACE Companies have a security interest in and lien on all of the Collateral but Metaldyne also agreed that (i) the amount and form thereof had to be acceptable to the ACE Companies and (ii) the insured shall continue to provide the Collateral until such time as the ACE Companies determines that there is no longer any need for such security.

14. The remaining Insured's Obligation is substantial.

15. After the Petition Date, the Debtors breached their obligations to the Defendants pursuant to the Insurance Program Agreements and as of the today's date, the Debtors and/or the Trust remain in breach of the Insurance Program Agreements.

16. Defendants dispute that they have any obligation to remit Collateral to the Debtors under the Agreements.

17. The current balance of the Letter of Credit is $1,783,840 and the current balance of Cash Collateral held by the ACE Companies is $72,863.

18. I declare under penalty of perjury that the foregoing is true and correct.

Executed this 13th day of September.

Name: Edward A. Mungiole, Jr.
Title: Vice President for ACE Credit Management

Sworn to and subscribed
before me this 13th day of
September, 2012

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
CHRISTINE M. TASSONI, Notary Public
City of Philadelphia, Phila. County
My Commission Expires October 12, 2015

Christine M Tassoni



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# EXHIBIT A

# FINAL/BOUND
# Casualty Program Proposal

For
Metaldyne Corporation
Effective 09/30/2006

Producer:
AON RISK SERVICES INC
Prepared by:

ACE Risk Management®
Part of ACE USA
1133 Ave of the Americas, 41st Floor
New York, NY 10036
Tim Tleuliyev, CPCU
09/20/2006

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# SECTION I

ACE Risk Management ®

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# NOTICE OF ELECTION

Insured's Name: Metaldyne Corporation
Insured's Address: 47659 Halyard Dr
Plymouth, Michigan 48170

## A) SCHEDULE OF POLICIES

| Line of Business | Policy Number | Effective Date | Expiration Date | Issuing Company |
|---|---|---|---|---|
| Workers Compensation | WLR C 44449560 | 09/30/2006 | 09/30/2007 | ACE American Insurance Company |
| Workers Compensation | WCU C44449572 | 09/30/2006 | 09/30/2007 | ACE American Insurance Company |
| General Liability – Products | HDO G23717736 | 09/30/2006 | 09/30/2007 | ACE American Insurance Company |
| General Liability - Premises | HDO G23717748 | 09/30/2006 | 09/30/2007 | ACE American Insurance Company |
| Automobile | ISA H0822805A | 09/30/2006 | 09/30/2007 | ACE American Insurance Company |

## B) PREMIUM CALCULATION AND ADJUSTMENT

### 1) Workers' Compensation

| Policy Number(s) | WLR C 44449560 |
|---|---|

| Premium Component | Estimated Premium ($) | Minimum (%) | Rate | Basis of Adjustment |
|---|---|---|---|---|
| General & Administrative Expenses | 173,209 | 100 | .8071 | Per $100 of Workers Compensation Payroll excluding monopolistic states Estimated At $21,459,380 |
| Claims Administration Expenses | 16,264 | | | Per Section C) Claims Administration and Expense Estimated At $16,264 |

| | | | | |
|---|---|---|---|---|
| Taxes, B&B, RML's | 9,739<br><br>18 | | | Per dollar of Policy Deductible and Retro Premium Estimated At $198,980<br><br>Per dollar of NY Standard Policy Premium Estimated At $813 |
| WC TRIA | 8,308 | | | Per $100 of Workers Compensation Payroll excluding monopolistic states Estimated At $ 21,459,380 |
| DTEC | 3,078 | | | Per $100 of Workers Compensation Payroll excluding monopolistic states Estimated At $ 21,459,380 |

## 2) Workers' Compensation

| Policy Number(s) | WCU C44449572 |
|---|---|

| Premium Component | Estimated Premium ($) | Minimum (%) | Rate | Basis of Adjustment |
|---|---|---|---|---|
| General & Administrative Expenses, Taxes, B&B and RML's | 408,595 | 100 | .1761 | Per $100 of Workers Compensation Payroll excluding monopolistic states Estimated At $232,012,762 |
| Broker Commission | 175,000 | | | Flat Charge of $175,000 |

## 3) General Liability

| Policy Number(s) | HDO G23717736 |
|---|---|

| Premium Component | Estimated Premium ($) | Minimum (%) | Rate | Basis of Adjustment |
|---|---|---|---|---|
| General Liability Program Charges | 173,263 | 100 | .1223 | Per $1,000 of Gross Sales excluding intercompany sales Estimated At $1,416,737,000 |

### 4) General Liability

| Policy Number(s) | HDO G23717748 |
|---|---|

| Premium Component | Estimated Premium ($) | Minimum (%) | Rate | Basis of Adjustment |
|---|---|---|---|---|
| General Liability Program Charges | 31,767 | 100 | .0224 | Per $1,000 of Gross Sales excluding intercompany sales Estimated At $1,416,737,000 |

### 5) Automobile

| Policy Number(s) | ISA H0822805A |
|---|---|

| Premium Component | Estimated Premium ($) | Minimum (%) | Rate | Basis of Adjustment |
|---|---|---|---|---|
| Automobile Program Charges | 28,230 | 100 | 522.78 | Per Power Units Estimated: 54 |

## C) CLAIMS ADMINISTRATION AND EXPENSE

### A. Claims Adjusting Service

| Policy Number | Claims Adjusting Service |
|---|---|
| WC Deductible | ESIS |
| WC SIR | ESIS |
| GL Products | ESIS |
| GL Premises | ESIS |
| AL Deductible | ESIS |

### B. Workers' Compensation Claim Charges

| Policy Number (s) | WLR C 44449560 |
|---|---|
| | |
| **Type of Claim** | **Fee per Claim** |
| Medical Only | $142 |
| Indemnity | $790 |
| Indemnity for CA, FL, TX | $1,072 |

## D) REIMBURSABLE LOSSES

| Policy Number | Retention Type | Retained Amount ($) | ALAE Reimbursement | Expected Reimbursable Amount ($) |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| WLR C 44449560 | High Deductible | 500,000 | Erodes Retention | 825,921 |
| WCU C44449572 | XS of SIR | 500,000 | Erodes Retention | N/A |
| HDO G23717736 | High Deductible | 750,000 | Pro Rata | 170,739 |
| HDO G23717748 | High Deductible | 250,000 | Pro Rata | 43,158 |
| ISA H0822805A | High Deductible | 250,000 | Erodes Retention | 40,949 |

## E) COLLATERAL & PAID LOSS DEPOSIT FUND

The collateral and paid loss deposit fund are subject to all the terms and conditions of the Collateral Agreement executed by you and us.

| | Amount | Collateral Form | Due Date |
|---|---|---|---|
| Collateral Currently Held | 3,200,000 | Letter of Credit | 09/30/2006 |
| Collateral Currently Held | 141,809 | Historical Paid Loss Deposit Fund | 09/30/2006 |
| Additional Required Collateral | Waived | Letter of Credit | 09/30/2006 |
| Total Required Collateral | 3,373,809 | Letter of Credit | 09/30/2006 |

| | |
|---|---|
| Initial Paid Loss Deposit Fund: | $32,000 |
| Single Payment of Paid Loss and/or Allocated Loss Adjustment Expense: | $100,000 |
| Minimum Paid Loss Deposit Fund | $1,000 |

## F) PROGRAM AGGREGATE PROTECTION

**NOT APPLICABLE**

## G) NON-PREMIUM SURCHARGES AND ASSESSMENTS

| Policy | State | Description | Rate | Basis of Adjustment | Estimated Surcharge |
|---|---|---|---|---|---|
| WLR C 44449560 | IL | Industrial Commission Operations Surcharge | 1.01 % | 121,976 | 1,232 |

| | | | | | |
|---|---|---|---|---|---|
| WLR C 44449560 | NY | New York Security Fund | 2 % | 502 | 10 |
| WLR C 44449560 | NY | Workers Compensation Regulatory Assessment Surcharge | 17.5 % | 895 | 157 |
| ISA H0822805A | MI | Michigan Catastrophic Claims Association | 13700 % | 27 | 3,699 |
| TOTAL | | | | | 5,098 |

The Federal WC Special Fund Assessment will be collected via a separate multiplier of 1.283 to be applied to all USL&H paid loss and ALAE.

## H) PROGRAM INSTALLMENT SCHEDULE

Payments shown in the Program Installment Schedule are remitted by the Insured. Payments commence on the effective date of the Policies and monthly thereafter for the number of months shown below as Subsequent Installments.

| | Payee | First Installment ($) 9/30/2006 | Remaining Balance ($) | Remaining # of Installments |
|---|---|---|---|---|
| Automobile - Automobile Program Charges | ACE USA | 28,230 | | 0 |
| General Liability - General Liability Program Charges | ACE USA | 205,030 | | 0 |
| Surcharges | ACE USA | 5,098 | | 0 |
| Worker's Compensation - Broker Commission | ACE USA | 17,500 | 157,500 | 9 |
| Worker's Compensation - Claims Administration Expenses | ESIS | 16,264 | | 0 |
| Worker's Compensation – DTEC | ACE USA | 315 | 2,763 | 0 |
| Worker's Compensation - General & Administrative Expenses including Excess WC Taxes, B&B and RML's. | ACE USA | 58,184 | 523,620 | 9 |
| Deductible and Retro Worker's Compensation - Taxes, B&B, RML's | ACE USA | 982 | 8,775 | 9 |
| Worker's Compensation - WC TRIA | ACE USA | 838 | 7,470 | 0 |
| Initial WC PLDF | ACE USA | 32,000 | | |
| Total | | 364,441 | 700,128 | |

| Payment Date | Payee | Payment Amount |
|---|---|---|
| 09/30/2006 | ACE USA | 348,177 |
| 09/30/2006 | ESIS | 16,264 |
| 10/30/2006 | ACE USA | 77,792 |

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P[illegible] ACE USA

| Payment Date | Payee | Payment Amount |
|---|---|---|
| 11/30/2006 | ACE USA | 77,792 |
| 12/30/2006 | ACE USA | 77,792 |
| 01/30/2007 | ACE USA | 77,792 |
| 02/30/2007 | ACE USA | 77,792 |
| 03/30/2007 | ACE USA | 77,792 |
| 04/30/2007 | ACE USA | 77,792 |
| 05/30/2007 | ACE USA | 77,792 |
| 06/30/2007 | ACE USA | 77,792 |
| TOTAL | | 1,064,569 |

# I) AGREEMENT BETWEEN "YOU" AND "US"

## 1. *General Terms*

The terms "you", "yours" and the "Insured" refer to the named insured on the Policies listed in **A) Schedule of Policies**. (the "Policies") The terms "us", "ours", "we" and the "Company" refer to the Issuing Companies listed in **A) Schedule of Policies**.

This agreement describes the mutual agreement between you and us under which the final countrywide premiums for the Policies will be determined. If a state does not allow the adjustment of premium based upon this mutual agreement, the terms of premium adjustment for that state will be found on an endorsement to the policy and this agreement serves as the notice of election for that state. For those states, we will adjust your premiums in accordance with the applicable Policy and allocate the difference to the states that allow the premium to be adjusted in accordance with this agreement.

## 2. *Premium Payment and Loss Reimbursement Terms*

In addition to the final premiums, you are liable for the reimbursements of certain losses and Allocated Loss Adjustment Expense, under one or more deductible or loss reimbursement endorsements to the Policies or within the Loss Limitation of any Retrospectively Rated Policy, as shown in **D) Reimbursable Losses**. Allocated Loss Adjustment Expense, or ALAE, means such claim expenses, costs and any interest incurred in connection with the investigation, administration, adjustment, settlement or defense of any claim or lawsuit that the Company directly allocates to a particular claim.

You also agree to pay any state surcharges and/or assessments that are not included in the final premiums, as shown in **G) Non-Premium Surcharges and Assessments** herein and on the Policies.

Any payment due us, or return payment due you will be payable in its entirety within fifteen (15) days from the date of our invoice.

## 3. *Premium Calculation and Adjustment*

The premiums shown in **B) Premium Calculation and Adjustment** for the scheduled Policies were calculated in accordance with approved rating plans or are subject to deregulation. You certify that you have elected the use of those rating plans. You also certify that you understand all terms, conditions, and provisions of those plans, including the methods of adjustment, payment, and penalties for cancellation outlined herein and/or in endorsements to the policies listed in the Schedule of Policies (the "Policies").

No Workers Compensation premium charge has been made for accidental injury, disease or death resulting from acts of war for which coverage is provided under the War Hazards Act (42 US 1701).

## 4. *Claims Administration and Expense*

The Company has contracted with the Claims Adjusting Service(s) shown in C) Claims Administration and Expense as its agent to investigate, adjust, settle and provide for the defense of claims in all states in accordance with the terms of the scheduled policies and to collect, calculate and administer the Paid Loss Deposit Fund and/or Claims Administration Expenses on the Company's behalf.

Should the Company terminate the contractual arrangement between the Company and any Claims Adjusting Service(s) at the request of the insured or should the Claims Adjusting Service no longer meet the Company's minimum requirements, the Company shall choose ESIS, Inc. or another Claims Adjusting Service to handle future claims and possibly take over existing claims. In such situation, this Agreement will be deemed automatically amended to reflect the new Claims Adjusting Service, and the Company will inform the Insured of the revised or additional Claims Administration Expenses. The Insured shall pay such amounts by the Required Payment Date.

In the event of the termination of such contractual arrangement, the Company shall administer, calculate and collect the Paid Loss Deposit Fund itself, or shall assign such responsibility to the replacement Claims Adjusting Service.

Claims Administration Expense will be adjusted with loss information valued at 18 months from Policy inception and annually thereafter. Adjustments will be calculated in accordance with the fees listed in **C) Claims Administration and Expense.**

Claims Administration Expense will be charged for each individual type of claim listed in **C) Claims Administration and Expense** resulting from an accident, incident or occurrence.

A Workers Compensation claim is considered a Medical Only type of claim if it is closed within 90 days from the date of receipt and has medical payments totaling less than $2,500. Otherwise the claim is adjusted at the appropriate Indemnity type of claim rate.

5. ***Reimbursable Losses***

The Company or the Claims Adjusting Service will bill the Insured for reimbursement of paid losses and ALAE on a monthly basis, subject to the Single Payment of Paid Loss and/or Allocated Loss Adjustment Expense amount as provided for in **E) Collateral & Paid Loss Deposit Fund** and the Collateral Agreement executed by you and us.

When a workers compensation policy is subject to a Loss Limitation, the Loss Limitation applies per Incident. Incident means the amount of benefits or damages because of (a) bodily injury by disease applied separately to each employee or (b) bodily injury by accident applied separately to each occurrence to which this insurance applies.

As shown in D) Reimbursable Losses above, you are responsible for reimbursement of loss on policies subject to a loss limit as follows:

**General Liability**

You will reimburse the Company for each loss up to the amount of the Loss Limit plus a pro-rata share of Allocated Loss Adjustment Expense, which shall be apportioned between you and the Company as follows:

a. If the total amount of a loss exceeds the amount of the Policy's Loss Limitation, all Allocated Loss Adjustment Expense related to such claim shall be payable by the Insured and the Company in the same proportion as their respective pro-rata shares of such loss.
b. If the total amount of a loss does not exceed the amount of the Policy's Loss Limitation, all Allocated Loss Adjustment Expense related to such claim shall be payable by the Insured.
c. If Allocated Loss Adjustment Expense is incurred by the Company in connection with a loss, but no payment except payment for Allocated Loss Adjustment Expense is made with respect to such claim, then all Allocated Loss Adjustment Expense related to such claim shall be payable by the Insured.

**Workers' Compensation and Auto Liability**

You will reimburse the Company for the sum of the amount of each Paid Loss plus related Allocated Loss Adjustment Expense, up to the amount of the Loss Limitation.

Losses subject to a Loss Limitation are considered premium. The Expected Reimbursable Amount shown in **D) Reimbursable Losses** above is an estimate. This portion of your premium, along with any premium charge dependent upon the value of loss subject to a Loss Limitation will be adjusted using loss information valued 6 months after the expiration date of the policy and annually thereafter until we make a final premium calculation. In calculating a final premium calculation we may apply loss development factors to the losses.

6. ***Collateral & Paid Loss Deposit Fund***

Subject to all of the terms and conditions of the Collateral Agreement or other security agreement between you and the Company, you are required to provide collateral or other security, in addition to any collateral or security that you may already have provided, as indicated in E) **Collateral & Paid Loss Deposit Fund** above. Additional amounts may be due at other times, all as provided in the Collateral Agreement.

The Paid Loss Deposit Fund and Collateral are subject to all of the terms and conditions of the Collateral Agreement executed by you and us.

7. ***Taxes, Assessments, and Surcharges***

The tax and assessment charges herein are based upon the Company's current knowledge of the state's interpretation of current law. If current law or a state interpretation thereof changes, or a rate or basis of assessment changes, then the Insured and the Company agree that the Company shall have the right to amend such prior tax and/or assessment charges to the Insured in order to match the state interpretation, and the Company shall bill the Insured for such retrospective taxes and/or assessments accordingly.

If audited exposures and/or adjusted premiums generate a basis of assessment for any tax, assessment, or surcharge not listed in schedule G) NON-PREMIUM SURCHARGES AND ASSESSMENTS, then the Insured and the Company agree that the Company shall have the right to add such charges to the schedule and bill the Insured accordingly.

8. ***Audit Cooperation for Policies Subject to Audit***

The Policies require the Insured to keep records of information needed to compute premium and to allow the Company examination of the Insured's books and records as they relate to the Policy or Policies.

If the Insured does not allow this examination or furnish the Company the records or information as requested or does not otherwise cooperate in allowing the Company to perform the audit(s) within ninety days after the expiration or cancellation of the Policies, the Company may estimate the Insured's premium adjustment, subject to applicable state law requirements. The Company will base its calculation upon the assumption that the Insured's exposure base will increase by a minimum of two hundred percent (200%). The Company will calculate the Insured's premium adjustment based on the applicable increase. The Insured will also be responsible for cooperating in the completion of any employer documentation required by a governmental or regulatory body regarding a premium audit, such as an explanation or certification when no actual audit is performed. The Insured will be responsible to indemnify the Company for any fines or penalties that we may incur as a result of the Insured's failure to cooperate in the completion of an actual premium audit or of any required documentation.

9. ***Uninsured / Underinsured Motorist Insurance & Personal Injury Protection: Returning of Required Executed Selection Forms***

We will only bind coverage under the terms herein for Automobile Liability conditioned upon receipt of properly executed state coverage selection forms prior to the effective date. Failure to return all required selection forms shall be deemed your acceptance that the auto policy (ices) will be issued and rated to include the limits of UM/UIM coverage equal to the policy limits, or equal to the maximum limits required by law if lower than policy limits, and the limit for PIP coverage that we are required to offer for each state. In the event we do not receive the properly executed forms and we apply UM/UIM and PIP limits as described herein, an additional charge for this coverage will be added to your Auto premium.

10. ***Deregulation Disclosures and Certifications***

Certain states may require that deregulation disclosures and/or certifications be in writing and agreed to between the Insured and the Company. Any such disclosures and/or certifications are listed below:

ACE Risk Management ® Pa[illegible] ACE USA

**IN WITNESS WHEREOF,** this Notice of Election has been executed by the parties hereto, as officers of each, each of which intends by its execution hereof to be legally bound by the terms of this agreement.

| Insured | Company |
|---|---|
| Name: Sundi Galac | Name: Barbara Luck |
| Signature: [illegible] | Signature: [illegible] |
| Title: VP and Treasurer | Title: Vice President |
| Date: 10/2/06 | Date: 12/5/06 |

# SECTION II

**COLLATERAL AGREEMENT**
(Hereinafter this Agreement)
effective the September 30, 2006,
by and among

**ACE AMERICAN INSURANCE COMPANY**
and any affiliated property and casualty insurer that has issued one or more of the Policies as defined in this Agreement and such other insurance companies as may be added by any Notice of Election as parties hereto,
(hereinafter, collectively, the "Company")
and
Metaldyne Corporation,
(hereinafter, the Insured)

**WHEREAS**, the Insured is the named insured under the Policies (as defined herein); and

**WHEREAS**, the Company is willing to issue such Policies only if the Insured provides collateral security to the Company; and

**NOW, THEREFORE**, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in accordance with the terms and conditions of the Policies, the Company and the Insured agree as follows:

## ARTICLE I

### INSURED'S PAYMENTS

The Insured agrees to pay or reimburse the Company or its agent:

a. all premiums at inception billed by the Company or its agent in accordance with the terms of any Policies and/or any Notice of Election; and
b. all premiums billed by the Company or its agent in accordance with the terms of any Policies and/or any Notice of Election during the course of the term of the Policies as Claims Administration Expenses; and
c. all premiums billed by the Company or its agent in accordance with the terms of any Policies and/or any Notice of Election at any time as adjustments based upon change in audited exposures, audited claim frequencies, valuation date of losses, or any other basis of adjustment as outlined in any Policies and/or any Notice of Election; and
d. all non-premium surcharges imposed by any state taxing authority and billed by the Company or its agent in accordance with the terms of any Policies and/or any Notice of Election. If the rates or basis of surcharge are changed by any state authority, the Insured agrees to pay the surcharge based upon the rate or basis being imposed; and
e. Paid Loss Deposit Fund amounts related to any Policies, as provided in Article III of this Agreement; and
f. all other amounts the Insured is or may in the future be required to pay or reimburse in accordance with the terms and conditions of any Policies, this Agreement, any Insurance Agreements or any Notice of Election including without limitation the Insured's share of Paid Losses within applicable Deductible(s) or Retrospective Loss Limitations ; and the Insured's share of Allocated Loss Adjustment Expense as specified in the applicable Policy and/or Notice of Election; and
g. all amounts the Insured is or may be obligated to pay to other parties related to the Insurance Agreements but which are paid by the Company; and
h. to provide collateral to the Company to secure the Insured's Obligation as provided in Article IV of this Agreement.

The Company or its agent will bill the Insured as per this Agreement, any Notice of Election or as pursuant to any Policies for the amounts described above which are payable or reimbursable to the Company.

### GENERAL PROVISIONS/ PAYMENTS

All payments set out in this Agreement, including any Amendment or Addendum hereto, and in any Notice of Election, must be made by the Insured by the Required Payment Date unless otherwise specified.

All payments made by the Insured er this Agreement, any Notice of Election or Policies shall be allocated first to collateral security, then to other amounts owed to the Company other than premiums, then finally to premiums for the Policies, regardless of the designation of the payment.

If the Insured does not pay an amount billed by the Required Payment Date:

i. the Company shall have the right to bill the Insured for, and to collect, the Interest Charge applied to any such unpaid amount; provided, however, that in the event of a good faith dispute as to the amount billed, interest shall not be charged on the disputed portion; and

ii. the Company shall have the right to increase the required amount of any Paid Loss Deposit Fund to an amount determined by the Company, which amount may exceed the required amount as specified in Article III of this Agreement; provided, however, that such increase shall be reasonably related to the amounts outstanding.

All terms and conditions of each Notice of Election are part of this Agreement and are herein incorporated by reference in their entirety. The Insured and the Company agree that this Agreement works in concert with, and is not intended to, and does not, amend or alter any of the terms and conditions of any of the Policies or Notices of Election.

## ARTICLE II

## DEFINITIONS

Affiliate. The term "Affiliate" means any direct or indirect subsidiary and any person or entity that, heretofore, now or hereafter, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common ownership or control with another entity.

Allocated Loss Adjustment Expense or ALAE means such claim expenses, costs and any interest incurred in connection with the investigation, administration, adjustment, settlement or defense of any claim or lawsuit that the Company or the Claims Adjusting Service directly allocates to a particular claim, whether or not a payment indemnifying the claimant(s) is made. Such expenses include, but are not limited to, subrogation, all court costs, fees and expenses; fees for service of process; fees and expenses to attorneys for legal services; the cost of services of undercover operations and detectives; fees to obtain medical cost containment services; the cost of employing experts for the purpose of preparing maps, photographs, diagrams, and chemical or physical analysis, or for expert advice or opinion; the cost of obtaining copies of any public records; and the cost of depositions and court reporters or recorded statements, provided, however, that Allocated Loss Adjustment Expense shall not include the salaries and traveling expenses of the Company's employees or the Company's overhead and adjusters' fees.

Claims Adjusting Service means ESIS, Inc. or such other claims adjusting service handling claims under one or more of the Policies.

Claim Administration Expense means the amount the Company, ESIS, Inc. or other Claims Adjusting Service indicated in the Notice of Election, determines is needed to cover expenses of administering claims under the Policies, other than those fees related to recovery services, such expenses to be billed by either the Company or the Claims Adjusting Service.

Client Agreement means the agreement between the Company and the Claims Adjusting Service on behalf of the Insured.

Deductible Policies means any Policies that contain a deductible endorsement.

Insurance Agreements. The term "Insurance Agreements" means: (i) all policies of insurance previously issued, now in force and/or hereafter issued (whether or not any such policies have expired or expire hereafter) by the Company or any of its Affiliates to the Insured and/or any of its Affiliates (individually or with any other named insured on such policy), including the Policies, and any Notices of Election and (ii) this Agreement, and (iii) any and all previously existing, now and/or hereafter created program agreements, deductible agreements, paid loss retro agreements, funding agreements, claims servicing or adjusting agreements, funded deductible agreements, paid loss premium collection plans, deductible rating plans, insurance program agreements, agreements related to residual market assessments, cash flow deductible agreements, collateral and/or security agreements, or any other agreement among the Company and/or any of its Affiliates and the Insured and/or any of its Affiliates (individually or with any other person or entity), together with all amendments, modifications, renewals, or extensions thereof, relating to any policies issued to the Insured or any of its Affiliates by the Company or any of its Affiliates.

Initial Paid Loss Deposit Fund means any amount specified in any Notice of Election as the initial amount of any fund provided by the Insured for the payment of Paid Losses in accordance with Article III hereof.

Insured's Obligation means all amounts that the Insured is or may in the future be required to pay or reimburse to the Company or any of its Affiliates, or any Claims Adjusting Service, pursuant to the Insurance Agreements, including the Policies, including Ultimate Losses as calculated by the Company.

Interest Charge means the amount of interest for which the Insured is liable to the Company, payable at the monthly rate of one and one-half percent (1.5%) (or, if such rate is impermissible under applicable law, the maximum lawful, non-usurious rate that may be charged, subject to state filing requirements) on any amount payable by the Insured to the Company under this Agreement, but not paid by the Insured by the Required Payment Date, said charge to commence on the day next following the Required Payment Date for any such unpaid amount.

Loss Limitation means the amount of loss to be included as part of premium on a Policy subject to retrospective rating and not subject to a deductible endorsement. The loss limitation applies separately to each person who sustains bodily injury by disease and separately to all bodily injury arising out of any one accident.

Notice of Election means any document previously issued, now in force and/or hereafter issued by the Company or any of its Affiliates to the Insured and/or any of its Affiliates, entitled "Notice of Election", and which may include, but is not limited to, the following: (i) certification by the Insured that it has elected the use of any of the Company's rating plans; and (ii) certification by the Insured that it understands the terms, conditions and provisions of such plans as detailed in such Notice of Election; and (iii) any disclosures or certifications that may be required under applicable commercial deregulation rules.

Paid Losses means all amounts paid for losses (exclusive of Allocated Loss Adjustment Expense) under the Policies; provided, however, that the amount payable by the Insured for each Paid Loss shall be subject to the:

i. amount of the deductible as provided in the respective Deductible Policies, or
ii. amount of the loss limitation as provided in the respective Notice of Election.

Paid Loss Deposit Fund means any Initial Paid Loss Deposit Fund, including any such Initial Paid Loss Deposit Fund which has been adjusted pursuant to Article III of this or any other Insurance Agreement.

Policies mean collectively, Policies listed in any Notice of Election, and all renewals or extensions thereof, including any and all Deductible Policies, Retrospectively Rated Policies or other policies.

Required Payment Date means a date not later than fifteen (15) calendar days after the date of the Company's invoice for any amount billed by the Company to the Insured under the Insurance Agreements.

Retrospectively Rated Policies means any Policies scheduled in any Notice of Election subject to a Loss Limitation.

Ultimate Losses means losses incurred under the Insurance Agreements, including the Policies, within the respective deductibles or loss limitations plus future loss development and the amount of losses incurred but not reported, as estimated by the Company. Ultimate Losses may include Allocated Loss Adjustment Expense to the extent specified in the applicable Notice of Election or Policies, as estimated by the Company pursuant to the applicable Notice of Election.

## ARTICLE III

### PAID LOSS DEPOSIT FUND

As of the effective date of this Agreement, and of each Notice of Election, the Insured will be required to pay the Company or to the Claims Adjusting Service for the Policies listed on each respective Notice of Election, the amount specified as Initial Paid Loss Deposit Fund listed in the respective Notice of Election. Such payments will establish and initially fund, for the Policies listed on each of the respective Notice of Election, a Paid Loss Deposit Fund. Unless otherwise set out in the applicable Notice of Election, each of such Initial Paid Loss Deposit Fund amounts shall represent the Company's estimate of the average amount the Company will pay under such Policies listed on the respective Notice of Election during a seventy five (75) day period or other such period as indicated in the respective Notice of Election or Client Agreement for the amount of the Insured's share of Paid Losses and Allocated Loss Adjustment Expense.

In the event of any single payment of a large Paid Loss and/or Allocated Loss Adjustment Expense under any such Policy in an amount equal to or greater than the amount specified as "Single Payment of Paid Loss and/or Allocated

Loss Expense" on the Notice of Election on which such Policy is listed, the Company shall have the right to require the Insured to pay immediately the amount of such single payment into the Paid Loss Deposit Fund.

The Company, or the Claims Adjusting Service, if indicated in the Notice of Election, may from time to time recalculate the required amount of any Paid Loss Deposit Fund, based upon the Company's or Claims Adjusting Service's revised estimate of the average of the amounts it will pay as described above, and require the Insured to adjust the amount of such Paid Loss Deposit Fund accordingly, subject to the minimum required amount of each Paid Loss Deposit Fund enumerated in the Notice of Election.

## ARTICLE IV

## SECURITY FOR INSUREDS OBLIGATION

As security for payment of the Insured's Obligation, the Insured will provide to the Company, as beneficiary thereof, a clean irrevocable evergreen letter of credit (hereinafter, "LOC") issued by a bank or other financial institution acceptable to the Company, and in an amount and form, acceptable to the Company; and/or such other forms of collateral as the Company may permit in writing from time to time. Any LOC provided by the Insured shall provide by its terms that it will be renewed automatically each year for an additional year unless written notice of non-renewal is sent by the financial institution within sixty (60) days prior to the LOC's anniversary date. If the Company permits the Insured to provide collateral for the Insured's Obligation in a form other than a LOC, the Insured shall provide such other collateral in an amount and form acceptable to the Company. Regardless of the initial amount of the LOC or other such forms of collateral, the Company may require at any time that the amount of collateral security be increased to equal the full amount of the Insured's Obligation.

Not less than thirty days prior to any termination of the LOC, the Insured will deliver to the Company a replacement LOC in an amount and form acceptable to the Company, issued by a bank or other financial institution acceptable to the Company.

The Insured will continue to provide the Company with an LOC (and/or other collateral) as security for payment of the Insured's Obligation, until the Company determines that there is no longer any need for such security. If there shall be a material deterioration in the financial condition of the bank or other financial institution which has issued the LOC, or which issued or that is holding other collateral, such that the institution is no longer acceptable to the Company, the Company shall have the right to require the Insured to replace the LOC or other collateral with a new LOC or other collateral issued or held, as approved by Company, by a bank or other financial institution then acceptable to the Company.

If the Insured fails to provide the Company with a replacement LOC upon any LOC termination, or to provide the Company with any additional amount of LOC required by the Company (and/or to provide any other collateral if requested by the Company), the Company will have the right to draw the full amount of the existing LOC and/or other collateral. The Insured recognizes that the Company may continue to require collateral as security for the payment of the Insured's Obligation after any cancellation, non-renewal, conversion or replacement of the Policies. The Company shall have the right to draw against the LOC and/or other collateral in each instance where the Insured's Obligation, or any portion thereof, for any reason is not fulfilled.

Annually, the Company shall review and redetermine the amount of the Insured's Obligation and the amount of collateral security required pursuant to this Article. At such time, the Insured will provide audited financial statements, interim financial statements, and any other financial information requested by the Company for the purpose of evaluating the financial condition of the Insured. The Insured will provide any needed increases in the amount of the LOC (and/or other collateral permitted by the Company) within thirty days of the Company's request for any additional required amount of the LOC. Any replacement or additional LOC, or other permitted collateral, must meet all requirements for an LOC and collateral set out above. The Company will effect any decreases in the amount of the LOC (and/or other collateral) promptly, provided that the Insured is not in breach of any of its obligations under any of the Insurance Agreements.

All collateral provided hereunder shall be delivered to the Company at the following address: ACE American Insurance Company, 436 Walnut Street, Philadelphia, PA 19106, Attention: Collateral Manager.

The Insured agrees that the Company shall have no obligation to remit to the Insured or to apply in reduction of the Insured's Obligation any increase or profits (including without limitation any interest or money) received by the Company from the proceeds of any LOC or from any other collateral provided by the Insured.

Such proceeds, and any interest thereon, shall be part of the collateral securing the Insured's Obligation. To further secure the Insured's Obligation, Insured hereby grants to the Company a continuing security interest in and lien on all of its right, title, and interest, if any, in amounts drawn by the Company under the LOC and all interest thereon and proceeds thereof.

The Insured and the Company agree that nothing in this Agreement will constitute or be construed as a waiver of any rights the Company may have in each instance in which the Insured's Obligation for any reason is not fulfilled.

[If the Company has permitted the Insured to provide a portion of the security for the Insured's Obligation in the form of a contractual insurance policy, deductible buyback policy, deductible buy-down policy, or similar policy, then add the following provisions]

As part of the Insured's collateral security requirement hereunder, the Insured may purchase, upon the Company's written approval, a contractual insurance policy (the "CIP") from an insurer acceptable to the Company. The CIP shall provide reimbursement to the Insured for a portion of the Insured's Obligation. The Company will notify the Insured of the limits, terms and conditions of the CIP that the Company requires.

The CIP shall have terms and conditions approved in writing by the Company, including the following:
(i) aggregate limit; (ii) policy form; and (iii) policy premium. Should the Insured fail to pay the premium for the CIP, should the CIP be terminated, or should the Insured fail to maintain the CIP upon the terms and conditions approved by the Company, then the Company shall require the Insured to provide Cash Collateral in an amount acceptable to the Company immediately upon the Company's request.

If the Company permits in writing, the Insured may provide "other forms of collateral" as security for payment of the Insured's Obligation pursuant to this Agreement in the form of cash (the "Cash Collateral") and the Insured hereby grants to the Company a security interest in and lien on any and all such Cash Collateral. Cash Collateral includes any Paid Loss Deposit Fund. The Company may hold the Cash Collateral as part of the collateral securing the Insured's Obligation in any account in the Company's name and with any financial institution as the Company determines in its sole discretion. The Company may commingle the Cash Collateral with the Company's own funds or the funds of other insureds.

The Company is authorized to use the Cash Collateral to pay any and all of the Insured's Obligation owing under this Agreement without further notice to, or demand of, the Insured.

The Company shall have no duty to invest the Cash Collateral and may hold the Cash Collateral in an interest bearing or non-interest bearing account as the Company determines in its sole discretion.

## ARTICLE V

## TERMINATION/CANCELLATION OF THE POLICIES

It is understood that the Insured's Obligations may outlast the term of the Policies and that therefore, cancellation of any Policy by either the Insured or the Company will not terminate this Agreement. The parties' rights, duties and obligations under this Agreement will continue after any cancellation, non-renewal or replacement of the Policies.

This Agreement shall remain in full force and effect until the Company determines that there is no further Insured's Obligation. At such time, the Company will effect any decrease in collateral in accordance with Article IV, herein, and return any unused Paid Loss Deposit Fund that the Company is holding.

## ARTICLE VI

## GENERAL PROVISIONS/ARBITRATION

1. **Applicable Law**. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania. No amendments or modification of this Agreement shall have any force or effect unless in writing and signed by the parties hereto.

2. **Successors and Assigns**. All the terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns, whether so expressed or not; provided, however, that no party hereto shall assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the other parties hereto.

3. **Severability**. Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions and without affecting the validity or enforceability of such provision in any other jurisdiction.

4. **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

5. **No Amendment.** This Agreement may not be amended unless the amendment is in writing and signed by the parties hereto.

6. **Arbitration**. Any controversy, dispute, claim or question arising out of or relating to this Agreement, including without limitation its interpretation, performance or non-performance by any party, or any breach thereof (hereinafter, collectively, Controversy) shall be referred to and resolved exclusively by three arbitrators through private, confidential arbitration conducted in Philadelphia, PA. Such arbitrators shall be disinterested, neutral individuals who have experience and qualifications in the subject matter of the Controversy. One arbitrator shall be chosen by each party and the third by the two so chosen. If either party refuses or neglects to appoint an arbitrator within thirty (30) days after receipt of written notice from the other party requesting it to do so, the requesting party may choose a total of two arbitrators who shall choose the third. If the arbitrators fail to select the third arbitrator within ten (10) days after both have been named, the party plaintiff shall notify the American Arbitration Association (AAA) who shall appoint the third arbitrator. The AAA shall select an arbitrator who is disinterested, neutral and who has experience and qualifications in the subject matter of the Controversy. Each party shall bear the expense of its own arbitrator and shall jointly and equally bear the cost of the third arbitrator. In the event of the death, disability or incapacity of any arbitrator, a replacement shall be named pursuant to the process, which resulted in the selection of the arbitrator to be replaced. The arbitrators may abstain from following the strict rules of law, and shall make their decision with regard to the custom and usage of insurance business as at the effective date of this Agreement. The majority decision of the panel shall be final and binding upon the parties to this Agreement. Judgment may be entered upon the award of the arbitrators in any court of competent jurisdiction. Except as otherwise specifically provided in this Article, the arbitration of any Controversy shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

7. **Notices, Etc**. Unless otherwise provided in this Agreement, all notices, directions, requests, demands, acknowledgments and other communications required or permitted to be given or made under the terms hereof made for any reason other than those addressed in Article IV, shall be in writing and shall be deemed to have been duly given or made

a. (i) when delivered personally, (ii) when made or given by telecopier or electronic transmission where the receipt thereof is confirmed immediately thereafter by the recipient, (iii) when received when sent, all charges prepaid, by an internationally recognized overnight courier, or (iv) when mailed through the U.S. postal service, and

b. when sent to the Company at the address indicated in the signatory below or in the applicable Notice of Election to the attention of the Underwriting Manager and/or

c. when sent to the Insured at the address indicated in the applicable Policy.

Each Party may from time to time designate a different address for notices, directions, requests, demands, acknowledgments and other communications by giving written notice of such change to the other Parties.

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**IN WITNESS WHEREOF**, this Agreement has been executed by the parties hereto, to be effective on the date first written above.

**METALDYNE CORPORATION**

Name: Kimberly Guest

Signature: Kimberly Guest

Title: Risk Analyst

Date: 10/2/06

**ACE AMERICAN INSURANCE COMPANY**

Name: Barbara Luck

Signature: Barbara Luck

Title: Vice President

Date: 12/5/06

1133 Ave of the Americas, 41st Floor
New York, NY 10036

# SECTION III

# Limits and Coverages

Workers Compensation
Policy Number(s): WLR C44449560

Policy Limits - Workers Compensation

| | | |
|---|---|---|
| Part One | Statutory | |
| Part Two | Bodily Injury by Accident | $1,000,000 each accident |
| | Bodily Injury by Disease | $1,000,000 policy limit |
| | | $1,000,000 each employee |

Other States Insurance: Part Three applies to:

All states except ND, OH, WA, WV, WY

Policy Form and Endorsements

- The policy forms and endorsements being offered may be different than those requested.
- State mandatory endorsements will be attached to the policy in addition to those listed below.

| Title | Form # | Edition | Comments |
|---|---|---|---|
| NCCI WC and EL Policy | WC 000000A | 0492 | |
| DEDUCTIBLE ENDORSEMENT - AOS | CKE3W15B | 0896 | |
| EARLIER NOTICE OF CANCELLATION AND NONRENEWAL | CKE10290 | 0301 | 90 DAYS, 10 DAYS FOR NON-PAYMENT OF PREMIUM |
| SOLE PROPRIETORS PARTNERS OFFICERS | CKE2B07 | 0484 | |
| STOP-GAP EMPLOYERS LIABILITY | CKE5N32C | 0492 | |
| TERRORISM RISK INSURANCE ACT ENDORSEMENT | WC000420 | 0104 | |
| WAIVER OF OUR RIGHTS TO RECOVER FROM OTHERS | CKE3N13 | 0193 | |
| NOTIFICATION OF PREMIUM ADJUSTMENT | WC990409 ALL18057 | 0305 | |
| VOLUNTARY COMP & EL - AOS | CKE3N12B | 0891 | |
| VOLUNTARY COMP - FOREIGN | CKE5E84B | 0697 | Employees: Any US Employee while temporarily OUTSIDE the United States or Canada; Designated Country or Location of Operations: Anywhere else in the world unless subject to trade/economic sanctions by US; Designated WC Law: State of Hire; Repatriation Expense: $1,000,000 |

| | | | |
|---|---|---|---|
| WAIVER OF OUR RIGHTS TO RECOVER FROM OTHERS | CKE3N13 | 0193 | |
| TRIA Notification | TRIA 12 | 1104 | |
| ALTERNATE EMPLOYER ENDORSEMENT | CKE-3N29a | 0289 | 1 |

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# Limits and Coverages

Workers Compensation
Policy Number(s) WCU C44449572

Policy Limits - Workers Compensation

| | | |
|---|---|---|
| Part One | Statutory | |
| Part Two | Bodily Injury by Accident | $1,000,000 each accident |
| | Bodily Injury by Disease | $1,000,000 policy limit |
| | | $1,000,000 each employee |

Other States Insurance: Part Three applies to:

All states except ND, OH, WA, WV, WY

This is an excess policy subject to a self-insured retention of $500,000 per accident.

Policy Form and Endorsements

- The policy forms and endorsements being offered may be different than those requested.
- State mandatory endorsements will be attached to the policy in addition to those listed below.

| Title | Form # | Edition | Comments |
|---|---|---|---|
| EXCESS WC | CKE 1167 J | 0705 | |
| EARLIER NOTICE OF CANCELLATION AND NONRENEWAL | WC 990751 | | 90 DAYS, 10 DAYS FOR NON-PAYMENT OF PREMIUM |
| LOSS AND EXPENSE ENDOORSEMENT | CK12887 | | |
| DISCLOSURE OF PREMIUM AND ESTIMATED PREMIUM FOR CERTIFIED ACTS OF TERRORISM COVERAGE | ALL 16541 | | |
| NOTIFICATION OF PREMIUM ADJUSTMENT | ALL18057 | 0305 | |

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## Limits and Coverages

General Liability - Products
Policy Number(s): HDO G23717736

Policy Limits - General Liability

| | |
|---|---|
| Products-Completed Operations Limit | $6,000,000 |
| Each Occurrence Limit | $2,000,000 |
| Damage To Premises Rented To You Limit | $2,000,000 |
| Medical Expense Limit | $10,000 |

Policy Form and Endorsements

- The policy forms and endorsements being offered may be different than those requested.
- State mandatory endorsements will be attached to the policy in addition to those listed below.

| Title | Form # | Edition | Comments |
|---|---|---|---|
| ISO OCCURRENCE GL FORM | CG 00 01 | 1204 | |
| ADDITIONAL INSURED - DESIGNATED PERSON OR ORGANIZATION | CG2026 | 0704 | |
| ADDITIONAL INSURED - EMPLOYEES PROFESSIONAL HEALTH CARE SERVICES | LD2R90A | 0495 | |
| ADDITIONAL INSURED - LESSOR OF LEASED EQUIPMENT - AUTOMATIC STATUS WHEN REQUIRED IN LEASE AGREEMENT WITH YOU | CG2034 | 0704 | |
| ADDITIONAL INSURED - VOLUNTEER WORKERS | CG2021 | 0798 | |
| AIRCRAFT PRODUCTS - COMPLETED OPERATIONS EXCLUSION | LD6X25 | 9999 | |
| BROAD FORM NAMED INSURED | LD2X58 | 9999 | |
| CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM | CG2170 | 1102 | |
| DEDUCTIBLE - NO AGG - ALAE PRORATED - AOS | LD6U74a | 0700 | |
| EARLIER NOTICE OF CANCELLATION PROVIDED BY US | CG0224 | 1093 | 90 DAYS, 10 DAYS FOR NON-PAYMENT OF PREMIUM |
| EMPLOYMENT - RELATED PRACTICES EXCLUSION | CG2147 | 0798 | |
| EXCLUSION - ASBESTOS | LD3R16 | 0387 | |
| FELLOW EMPLOYEE COVERAGE | LD5T92 | 9999 | |
| FIRE, EXPLOSION, SMOKE AND WATER DAMAGE LEGAL LIABILITY | LD3T73 | 9999 | |
| KNOWLEDGE OF OCCURRENCE | LD2X61 | 9999 | |
| NUCLEAR ENERGY LIAB | IL0021 | 0602 | |

| EXCLUSION | | | |
|---|---|---|---|
| PARTNERSHIP, JOINT VENTURE OR LIMITED LIABILITY COMPANY AS NAMED INSURED - EXCESS INSURANCE | LD12987 | 1102 | |
| PYRAMIDING OF LIMITS ENDORSEMENT | LD4883 | 0788 | |
| SILICA OR SILICA-RELATED DUST EXCLUSION | CG2196 | 0305 | |
| UNINTENTIONAL FAILURE TO DISCLOSE | LD2X62 | 9999 | |
| WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS | CG2404 | 1093 | |
| WAR LIABILITY EXCLUSION - CGL | CG0062 | 1202 | |
| ADDITIONAL INSURED - MANAGERS OR LESSORS OF PREMISES | CG2011 | 0196 | |
| ADDITIONAL INSURED - VENDORS | CG2015 | 0704 | |
| NOTIFICATION OF PREMIUM ADJUSTMENT | ALL18057 | | |
| ALIENATED PREMISES | LD6X26 | | |
| POLLUTION EXCLUSION – HOSTILE FIRE EXCEPTION | LD6575A | | |
| NONOWNED WATERCRAFT EXCEPTION | LD5T98 | | |
| ADDITIONAL INSURED – CLUB MEMBERS | CG2002 | 1185 | |
| LIMITED CONTRACTUAL LIABILITY COVERAGE FOR PERSONAL AND ADVERTISING INJURY | CG2274 | | |
| AMENDED DEFINITION OF BI | CC1E15 | | "Bodily injury" means bodily injury, mental anguish, assault and battery, metal injury, shock, humiliation, sickness or disease sustained by a person, including death resulting from any of these at any time. |
| ADDITIONAL INSURED – SPECIFIED EMPLOYEES PROFESSIONAL HEALTH CARE SERVICES | LD4241A | | Performing Professional Healthcare Services within the scope of the employment |
| ADDITIONAL INSURED – ARCHITECTS, ENGINEERS OR SURVEYORS | CG 2007 | 0704 | |
| ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - COMPLETED OPERATIONS | CG2010 | 1001 | |

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# Limits and Coverages

General Liability - Premises
Policy Number(s): HDO G23717748

Policy Limits - General Liability

| | |
|---|---|
| General Aggregate Limit | $5,000,000 |
| Personal and Advertising Injury Limit | $2,000,000 |
| Each Occurrence Limit | $2,000,000 |
| Damage To Premises Rented To You Limit | $2,000,000 |
| Medical Expense Limit | $10,000 |
| Employee Benefit Liability – Each Claim | $2,000,000 |
| Employee Benefit Liability – Each Aggregate | $2,000,000 |

Policy Form and Endorsements

- The policy forms and endorsements being offered may be different than those requested.
- State mandatory endorsements will be attached to the policy in addition to those listed below.

| Title | Form # | Edition | Comments |
|---|---|---|---|
| ISO OCCURRENCE GL FORM | CG 00 01 | 1204 | |
| ADDITIONAL INSURED - DESIGNATED PERSON OR ORGANIZATION | CG2026 | 0704 | |
| ADDITIONAL INSURED - EMPLOYEES PROFESSIONAL HEALTH CARE SERVICES | LD2R90A | 0495 | |
| ADDITIONAL INSURED - LESSOR OF LEASED EQUIPMENT - AUTOMATIC STATUS WHEN REQUIRED IN LEASE AGREEMENT WITH YOU | CG2034 | 0704 | |
| ADDITIONAL INSURED - VOLUNTEER WORKERS | CG2021 | 0798 | |
| AIRCRAFT PRODUCTS - COMPLETED OPERATIONS EXCLUSION | LD6X25 | 9999 | |
| BROAD FORM NAMED INSURED | LD2X58 | 9999 | |
| CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM | CG2170 | 1102 | |
| DEDUCTIBLE - NO AGG - ALAE PRORATED – AOS | LD6U74a | 0700 | |
| EARLIER NOTICE OF CANCELLATION PROVIDED BY US | CG0224 | 1093 | 90 DAYS, 10 DAYS FOR NON-PAYMENT OF PREMIUM |
| EMPLOYMENT - RELATED PRACTICES EXCLUSION | CG2147 | 0798 | |
| EXCLUSION - ASBESTOS | LD3R16 | 0387 | |
| FELLOW EMPLOYEE COVERAGE | LD5T92 | 9999 | |
| FIRE, EXPLOSION, SMOKE AND WATER DAMAGE LEGAL LIABILITY | LD3T73 | 9999 | |

| | | | |
|---|---|---|---|
| KNOWLEDGE OF OCCURRENCE | LD2X61 | 9999 | |
| NUCLEAR ENERGY LIAB EXCLUSION | IL0021 | 0602 | |
| PARTNERSHIP, JOINT VENTURE OR LIMITED LIABILITY COMPANY AS NAMED INSURED - EXCESS INSURANCE | LD12987 | 1102 | |
| PYRAMIDING OF LIMITS ENDORSEMENT | LD4883 | 0788 | |
| SILICA OR SILICA-RELATED DUST EXCLUSION | CG2196 | 0305 | |
| UNINTENTIONAL FAILURE TO DISCLOSE | LD2X62 | 9999 | |
| WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS | CG2404 | 1093 | |
| WAR LIABILITY EXCLUSION - CGL | CG0062 | 1202 | |
| ADDITIONAL INSURED - MANAGERS OR LESSORS OF PREMISES | CG2011 | 0196 | |
| ADDITIONAL INSURED - VENDORS | CG2015 | 0704 | |
| NOTIFICATION OF PREMIUM ADJUSTMENT | ALL18057 | | |
| ALIENATED PREMISES | LD6X26 | | |
| POLLUTION EXCLUSION – HOSTILE FIRE EXCEPTION | LD6575A | | |
| NONOWNED WATERCRAFT EXCEPTION | LD5T98 | | |
| ADDITIONAL INSURED – CLUB MEMBERS | CG2002 | 1185 | |
| LIMITED CONTRACTUAL LIABILITY COVERAGE FOR PERSONAL AND ADVERTISING INJURY | CG2274 | | |
| EMPLOYEE BENEFITS LIABILITY ENDORSEMENT | LD9863A | 9999 | Retro date 6/30/2001 |
| AMENDED DEFINITION OF BI | CC1E15 | | "Bodily injury" means bodily injury, mental anguish, assault and battery, metal injury, shock, humiliation, sickness or disease sustained by a person, including death resulting from any of these at any time. |
| ADDITIONAL INSURED – SPECIFIED EMPLOYEES PROFESSIONAL HEALTH CARE SERVICES | LD4241A | | Performing Professional Healthcare Services within the scope of the employment |
| ADDITIONAL INSURED – ARCHITECTS, ENGINEERS OR SURVEYORS | CG 2007 | 0704 | |
| ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - COMPLETED OPERATIONS | CG2010 | 1001 | |

ACE Risk Management ®

Pa ACE USA

# Limits and Coverages

Automobile
Policy Number(s): ISA H0822805A

Policy Limits - Automobile Liability

| Coverage | Symbol | Limit |
|---|---|---|
| Liability | 1 | 2,000,000 |
| Medical Payments | 10 | 25,000 |
| Personal Injury Protection | 5 | See Schedule Below |
| Additional Personal Injury Protection | | Not Included |
| Uninsured Motorist | 6 | See Schedule Below |
| Underinsured Motorist | 6 | See Schedule Below |

Policy Form and Endorsements

- The policy forms and endorsements offered may be different than those requested.
- State mandatory endorsements will be attached to the policy in addition to those listed below.

| Title | Form # | Edition | Comments |
|---|---|---|---|
| ISO BUSINESS AUTO | CA 00 01 | 1001 | |
| ADDITIONAL INSURED - DESIGNATED PERSONS OR ORGANIZATIONS | DA9U74 | 1294 | |
| AUTO MEDICAL PAYMENTS COVERAGE | CA9903 | 0797 | |
| CANCELLATION BY US | DA13117 | 1202 | 90 DAYS, 10 DAYS FOR NON-PAYMENT OF PREMIUM |
| DEDUCTIBLE ENDORSEMENT (ALAE WITHIN THE DEDUCTIBLE) | DA6U70a | 0700 | |
| EMPLOYEES AS INSUREDS | CA9933 | 0299 | |
| FELLOW EMPLOYEE COVERAGE | CA2055 | 1001 | |
| HIRED AUTOS SPECIFIED AS COVERED AUTOS YOU OWN | CA9916 | 1293 | |
| KNOWLEDGE OF AN ACCIDENT | DA5X68 | 0999 | |
| NAMED INSUREDS | DA13118 | 1202 | |
| NUCLEAR ENERGY LIAB EXCLUSION | IL0021 | 0602 | |
| UNINTENTIONAL ERRORS & OMISSIONS | DA14672 | 1003 | |
| WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS | DA13115 | 1202 | |
| WAR EXCLUSION | CA0038 | 1202 | |
| DRIVE OTHER CAR COVERAGE - BROADENED COVERAGE FOR NAMED INDIVIDUALS | CA9910 | 1001 | |
| NOTICE OF OCCURRENCE | DA14673 | 1003 | |
| NOTIFICATION OF PREMIUM ADJUSTMENT | ALL18057 | | |

| | | | |
|---|---|---|---|
| MEXICO COVERAGE ENDORSEMENT | DA9T51 | | |
| POLLUTION LIABILITY – BROADENED COVERAGE FOR COVERED AUTOS | CA9948 | 0902 | |
| ENDORSEMENT FOR MOTOR CARRIER POLICIES OF INS. | MCS90 | 1202 | |
| LOSS PAYABLE CLAUSE | CA9944 | 1293 | |
| TRUCKERS ENDORSEMENT | CA2320 | 0797 | |
| CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM | CA2356 | 1102 | |
| GARAGEKEEPERS COVERAGE | CA9937 | 1001 | |
| MOBILE EQUIPMENT | CA2015 | | |
| EMPLOYEE HIRED AUTO | CA2054 | 1001 | |
| SOCIAL SERVICE AGENCIES –VOLUNTEERS AS INSUREDS | CA9934 | 1293 | |

Laws in many states require that an insurance company provide uninsured and/or underinsured motorist coverage (UM/UIM) for automobile Policies in an amount equal to the automobile Policy's Liability limits unless the insured either rejects coverage entirely (where allowed) or selects lower limits. Likewise, many states require that an insurance company provide Personal Injury Protection coverage (PIP) unless the insured rejects coverage entirely (where allowed) or selects the lowest available option. The Insured will need to consult with its insurance and/or legal advisers to determine the choice most appropriate for the Insured and its business operations. This proposal assumes the insured will make the selections delineated below.

ACE Risk Management ® P[illegible] ACE USA

Uninsured &, if applicable, Underinsured Motorist Coverages

| State | Rejection Permitted | Proposed Herein |
|---|---|---|
| AL | Yes | Coverage Rejected |
| AK | Yes | Coverage Rejected |
| AZ | Yes | Coverage Rejected |
| AR | Yes | Coverage Rejected |
| CA | Yes | Coverage Rejected |
| CO | Yes | Coverage Rejected |
| CT | No | $40,000 Combined Single Limit |
| DE | Yes | Coverage Rejected |
| DC | No | $55,000 Combined Single Limit |
| FL | Yes | Coverage Rejected |
| GA | Yes | Coverage Rejected |
| HI | Yes | Coverage Rejected |
| ID | Yes | Coverage Rejected |
| IL | No | $40,000 Combined Single Limit |
| IN | Yes | Coverage Not Offered |
| IA | Yes | Coverage Rejected |
| KS | No | $50,000 Combined Single Limit |
| KY | Yes | Coverage Rejected |
| LA | Yes | Coverage Rejected |
| ME | No | $100,000 Combined Single Limit |
| MD | No | $55,000 Combined Single Limit |
| MA | No | $40,000 Combined Single Limit for Uninsured Motorist Coverage and Coverage Rejected for Underinsured Motorist |
| MI | Yes | Coverage Not Offered |
| MN | No | $50,000 Combined Single Limit |
| MS | Yes | Coverage Rejected |
| MO | No | $50,000 Combined Single Limit for Uninsured Motorist Coverage and Coverage Rejected for Underinsured Motorist |
| MT | Yes | Coverage Rejected |
| ND | Only for vehicles greater than 20,000 pounds GVW | Coverage rejected for vehicles greater than 20,000 pounds GVW and limits of $50,000 Combined Single Limit for all other vehicles |
| NE | No | $50,000 Combined Single Limit |
| NV | Yes | Coverage Rejected |
| NH | No | Policy Limit for Liability |
| NJ | No | $35,000 Combined Single Limit |
| NM | Yes | Coverage Rejected |
| NY | No | Basic coverage with limits of $25,000 per person $50,000 per accident |
| NC | Yes | Coverage Rejected |
| OH | Yes | Coverage Not Offered |
| OK | Yes | Coverage Rejected |
| OR | No | $50,000 Combined Single Limit |
| PA | Yes | Coverage Rejected |
| RI | Only for Property Damage | $25,000 per person $50,000 per accident for Bodily Injury and Coverage Rejected for Property Damage |
| SC | No | $15,000 per person $30,000 per accident Bodily Injury $10,000 Property Damage for Uninsured Motorist and Coverage Rejected for Underinsured Motorist |
| SD | No | $25,000 per person $50,000 per accident |
| TN | Yes | Coverage Rejected |
| TX | Yes | Coverage Rejected |
| UT | Yes | Coverage Rejected |
| VT | No | $50,000 per person $100,000 per accident |
| VA | No | $25,000 per person $50,000 per accident Bodily Injury $20,000 per accident Property Damage |
| WA | Yes | Coverage Rejected |
| WI | No | $25,000 per person $50,000 per accident for Uninsured Motorist and Coverage Rejected for Underinsured Motorist |
| WV | No | $20,000 per person $40,000 per accident Bodily Injury $10,000 per accident |

ACE Risk Management ® Pa ACE USA

| | | |
|---|---|---|
| | | Property Damage |
| WY | Yes | Coverage Rejected |

ACE Risk Management ®
Personal Injury Protection Coverage

Pa ACE USA

| State | Rejection Permitted | Proposed | State | Rejection Permitted | Proposed |
|---|---|---|---|---|---|
| AL | | Coverage Not Available | MO | | Coverage Not Available |
| AK | | Coverage Not Available | MT | | Coverage Not Available |
| AZ | | Coverage Not Available | ND | No | Basic Coverage |
| AR | Yes | Coverage Rejected | NE | | Coverage Not Available |
| CA | | Coverage Not Available | NV | | Coverage Not Available |
| CO | | Coverage Not Available | NH | | Coverage Not Available |
| CT | | Coverage Not Available | NJ | No | Basic PIP Medical Expense Coverage |
| DE | No | Basic Coverage | NM | | Coverage Not Available |
| DC | Yes | Coverage Rejected | NY | No | Basic Coverage |
| FL | No | Basic Coverage | NC | | Coverage Not Available |
| GA | | Coverage Not Available | OH | | Coverage Not Available |
| HI | No | Basic Coverage | OK | | Coverage Not Available |
| ID | | Coverage Not Available | OR | No | Basic Coverage |
| IL | | Coverage Not Available | PA | No | Basic Coverage |
| IN | | Coverage Not Available | RI | | Coverage Not Available |
| IA | | Coverage Not Available | SC | | Coverage Not Available |
| KS | No | Basic Coverage | SD | | Coverage Not Available |
| KY | Yes | Basic Coverage | TN | | Coverage Not Available |
| LA | | Coverage Not Available | TX | Yes | Coverage Rejected |
| ME | | Coverage Not Available | UT | No | Basic Coverage |
| MD | Yes | Coverage Rejected | VT | | Coverage Not Available |
| MA | | | VA | | Coverage Not Available |
| MI | No | Basic Coverage | WA | Yes | Coverage Rejected |
| MN | No | Basic Coverage with No Stacking | WI | | Coverage Not Available |
| MS | | Coverage Not Available | WV | | Coverage Not Available |
| | | | WY | | Coverage Not Available |

# SECTION IV

## Proposal Conditions

- This proposal may be withdrawn at any time prior to its acceptance.
- Unless accepted, this proposal expires automatically thirty days after the date on the cover page or by the proposed effective date, whichever is first.
- This proposal has been constructed in reliance on the data provided in the underwriting submission. A material change in or misrepresentation of that data voids this proposal.
- Binding any ACE company under the terms of this proposal is conditioned upon compliance with the proposal's terms, and the following conditions:
  - Receipt of the Initial Collateral Amount in a form acceptable to the company and issued by a financial institution acceptable to the company by 10/30/06.
  - Receipt of properly executed Notice Of Election and Collateral Agreement by 10/30/06.
  - Receipt of properly executed NJ, & TX WC Deductible Notice of Election Forms by 10/30/06.
  - Receipt of properly executed state coverage selection forms prior to the effective date. Failure to return all required selection forms shall be deemed your acceptance that the auto policy(ies) will be issued and rated to include the limits of UM/UIM coverage equal to the policy limits, or equal to the maximum limits required by law if lower than policy limits, and the limit for PIP coverage that we are required to offer for each state. In the event we do not receive the properly executed forms and we apply UM/UIM and PIP limits as described herein, an additional charge for this coverage will be added to your Auto premium. Please note that rules on whether or not selection or rejection of these benefits is required or permitted vary greatly from state to state.

# SECTION V

ACE Risk Management ®

Part of ACE USA

**Standard LC** (To be typed on bank letterhead or Letter of credit form)

(Date)

(List Policy Issuing Companies by Full Legal Name)
1601 Chestnut Street,
Philadelphia, Pennsylvania 19103-0000

Attention: Collateral Manager

Irrevocable Letter of Credit No.

Beneficiaries:

By order of our client, _____, we hereby establish this Irrevocable Letter of Credit No. _____ in your favor for an amount up to but not exceeding the aggregate sum of _____ U.S. Dollars (U.S. $ ), effective immediately, and expiring at the offices of the bank on _____ unless renewed as hereinafter provided.

The term "Beneficiary" includes any successor by operation of law of the named Beneficiary including, without limitation, any liquidator, rehabilitator, receiver or conservator.

Funds under this Letter of Credit are available to you against your sight draft(s), drawn on us, bearing the clause "Drawn under Credit No. _____".

This Letter of Credit will be automatically renewed for a one year period upon the expiration date set forth above and upon each anniversary of such date, unless at least sixty (60) days prior to such expiration date, or prior to any anniversary of such date, we notify both you and your client in writing by registered mail that we elect not to so renew this Letter of Credit.

Upon receipt by you of our notice of election not to renew this Letter of Credit, you may draw hereunder by your sight draft(s) drawn on us and bearing the clause "Drawn under Credit No. _____".

This Letter of Credit sets forth in full the terms of our undertaking. Such undertaking shall not in any way be modified, amended or amplified by reference to any document or instrument referred to herein or in which this Letter of Credit is referred to or to which this Letter of Credit relates and any such reference shall not be deemed to incorporate herein by reference any document or instrument.

All bank charges and commissions incurred in this transaction are for the applicant's account.

We hereby agree with the drawers, endorsers and bona fide holders of drafts drawn under and in compliance with the terms of this credit that such drafts will be duly honored upon presentation to the drawee. The obligation of __(issuing bank)_under this Letter of Credit is the individual obligation of __(issuing bank), and is in no way contingent upon reimbursement with respect thereto.

Except as otherwise expressly stated herein, this credit is subject to and governed by the Laws of the State of New York and the 1993 revision of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce (Publication 500) and, in the event of any conflict, the Laws of the State of New York will control. If this credit expires during an interruption of business as described in Article 17 of said I.C.C. publication, we agree to effect payment if this Credit is drawn against within 30 days after the resumption of business.

Very truly yours,

Authorized Signature

# SECTION VI

ACE Risk Management ®

Pa[illegible] ACE USA

AAIC
Insurance Company

Metaldyne Corporation
Policyholder

WLR C44449560
Policy Number

AON RISK SERVICES INC
Broker/Producer

# POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

You should be aware that under the Terrorism Risk Insurance Act of 2002 ("The Act") effective November 26, 2002, any losses caused by certified acts of terrorism under your existing coverage may be partially reimbursed by the United States under a formula established by federal law (applicability is subject to the terms and conditions of each individual policy). The Act was specifically designed to address the ability of businesses and individuals to obtain property and casualty insurance for terrorism and to protect consumers by addressing market disruptions and ensure the continued availability of terrorism coverage.

Under the terms of The Act, you may now have the right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Responsibility for Compensation under The Act is shared between insurance companies covered by The Act and the United States. Under the formula set forth in The Act, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible, which is paid by the insurance company providing the coverage.

We are providing you with the terrorism coverage required by The Act. The premium for the coverage is set forth below.

Terrorism Risk Insurance Act premium: $8,308

Notice Form 3a (New/Renewal) TRIA06 (1/03)

ACE Risk Management ®

Pa ACE USA

AAIC
Insurance Company

Metaldyne Corporation
Policyholder

HDO G23717736
Policy Number

AON RISK SERVICES INC
Broker/Producer

# POLICYHOLDER DISCLOSURE
# NOTICE OF TERRORISM
# INSURANCE COVERAGE

You should be aware that under the Terrorism Risk Insurance Act of 2002 ("The Act") effective November 26, 2002, any losses caused by certified acts of terrorism under your existing coverage may be partially reimbursed by the United States under a formula established by federal law (applicability is subject to the terms and conditions of each individual policy). The Act was specifically designed to address the ability of businesses and individuals to obtain property and casualty insurance for terrorism and to protect consumers by addressing market disruptions and ensure the continued availability of terrorism coverage.

Under the terms of The Act, you may now have the right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Responsibility for Compensation under The Act is shared between insurance companies covered by The Act and the United States. Under the formula set forth in The Act, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible, which is paid by the insurance company providing the coverage.

We are providing you with the terrorism coverage required by The Act. The premium for the coverage is set forth below.

Terrorism Risk Insurance Act premium: $3,465

Notice Form 3a (New/Renewal) TRIA06 (1/03)

ACE Risk Management ®

Pa[illegible] ACE USA

AAIC
Insurance Company

Metaldyne Corporation
Policyholder

HDO G23717748
Policy Number

AON RISK SERVICES INC
Broker/Producer

# POLICYHOLDER DISCLOSURE
# NOTICE OF TERRORISM
# INSURANCE COVERAGE

You should be aware that under the Terrorism Risk Insurance Act of 2002 ("The Act") effective November 26, 2002, any losses caused by certified acts of terrorism under your existing coverage may be partially reimbursed by the United States under a formula established by federal law (applicability is subject to the terms and conditions of each individual policy). The Act was specifically designed to address the ability of businesses and individuals to obtain property and casualty insurance for terrorism and to protect consumers by addressing market disruptions and ensure the continued availability of terrorism coverage.

Under the terms of The Act, you may now have the right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Responsibility for Compensation under The Act is shared between insurance companies covered by The Act and the United States. Under the formula set forth in The Act, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible, which is paid by the insurance company providing the coverage.

We are providing you with the terrorism coverage required by The Act. The premium for the coverage is set forth below.

Terrorism Risk Insurance Act premium: $635

Notice Form 3a (New/Renewal) TRIA06 (1/03)

ACE Risk Management ®

P[illegible]f ACE USA

AAIC
Insurance Company

Metaldyne Corporation
Policyholder

ISA H0822805A
Policy Number

AON RISK SERVICES INC
Broker/Producer

# POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

You should be aware that under the Terrorism Risk Insurance Act of 2002 ("The Act") effective November 26, 2002, any losses caused by certified acts of terrorism under your existing coverage may be partially reimbursed by the United States under a formula established by federal law (applicability is subject to the terms and conditions of each individual policy). The Act was specifically designed to address the ability of businesses and individuals to obtain property and casualty insurance for terrorism and to protect consumers by addressing market disruptions and ensure the continued availability of terrorism coverage.

Under the terms of The Act, you may now have the right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Responsibility for Compensation under The Act is shared between insurance companies covered by The Act and the United States. Under the formula set forth in The Act, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible, which is paid by the insurance company providing the coverage.

We are providing you with the terrorism coverage required by The Act. The premium for the coverage is set forth below.

Terrorism Risk Insurance Act premium: $0

Notice Form 3a (New/Renewal) TRIA06 (1/03)

# EXHIBIT B

# RISK MANAGEMENT SERVICES AGREEMENT

**This Agreement** is entered into by and between **ESIS, Inc.** ("**ESIS**"), a Pennsylvania corporation with offices at 525 W. Monroe Street, and Metaldyne Corporation ("**Client**"), with offices at 47659 Halyard Drive, Plymouth, MI 48170.

**SECTION 1. Contract Term.** This Agreement is for a term of 1 year, commencing on September 30, 2005 and continuing in effect until its expiration on September 29, 2006, unless sooner terminated under the provisions of **SECTION 5.A., CANCELLATION.**

**SECTION 2. Definitions:** The following words and phrases appearing in bold letters have special meanings. Other words and phrases appearing in bold letters throughout this Agreement shall have the special meanings they are given with their first operative use.

**Allocated loss expense**: Means an expense that **ESIS** incurs, on behalf of **Client**, or its affiliate, for services needed for the proper investigation, adjustment or other administration of a given individual **claim**, and is generally recognized throughout the claims administration profession as either outside the scope of claims services permitted by claims professional licensure; or impracticable for the administrator's claims professional personally to perform due to geographical or logistical constraints, or similar cost-effectiveness concerns . **Allocated loss expenses** include, but are not limited to, attorneys' fees and costs; fees for official records of governmental agencies or for services of private investigators, photographers, appraisers, surveyors or other experts; expenses incurred for medical and vocational cost containment services; and extraordinary claim investigation expenses,. **Allocated loss expenses** are the obligation of **Client**, and not of **ESIS**.

**Claim**: means a monetary demand against **Client**, or its affiliate, as relief for bodily injury, disease or property damage sustained by a person or organization as the result of an **occurrence**. **Claim** does not however include such a demand if the **occurrence** from which the injury, disease or damage resulted was from pollution, asbestos or other toxic substances, or from gradual or long term exposure to those or any other environmentally unhealthy or unsafe conditions or products, whether or not useful, unless the relief sought is benefits due under a workers' compensation statute for injury or disease sustained or suffered by an employee of **Client** or its affiliate.

**Claim payment**: means a payment **ESIS** will make on **Client's**, or its affiliate's, behalf in complete or partial satisfaction of a **claim. Claim payments** are the obligation of **Client**, and not of **ESIS**.

**Claim Fund**: means the sum of money remitted by **Client** that allows **ESIS to** make, on behalf of **Client**, or its affiliates, **claim payments** and payments for **allocated loss expenses**.

**Discretionary settlement authority limit**: means the maximum amount of money that **Client** is authorizing **ESIS** to offer in settlement of any one **Claim** without first securing approval from **Client**. **Allocated loss expenses** are neither subject to nor included in the **discretionary settlement authority limit**.

**Fully earned**: means that a **service fee** charged by **ESIS** for an **included service** is fully due and owing, with no obligation on the part of **ESIS** to refund all or any part of the **service fee**.

**Included service**: means a service **ESIS** provides that is described in **Section 4., Risk Management Services Terms and Conditions** and for which a corresponding **service fee** has been provided in the **Service Rate Schedule** attached to this Agreement.

**Occurrence**: means an event or series of events deemed by **Client** to have given rise to unexpected bodily injury, disease or property damage causing loss to a person or organization, whether or not **Client** considers the event(s) or the injury, disease or damage to fall within the scope of any policy of insurance.

**Service fee**: means the compensation due and owing **ESIS** for **included services** to be rendered to **Client** and its affiliates.

**Special Billed Amount**: means an individual **claim payment**, or individual payment of **allocated loss expense**, that will exceed the sum of $75,000.00, and the funds for which will be specially requested of **Client** by **ESIS**, and funded by **Client**, outside of the **Claim Fund**.

**SECTION 3. Basic Obligations of ESIS and of Client:**

**ESIS** agrees to perform all **included services,** as described in **Section 4. , Risk Management Services Terms and Conditions,** in a professional manner throughout the term of this **Agreement** and, if provided under the attached **Service Rate Schedule,** beyond the expiration of this **Agreement,** unless otherwise provided under **SECTION 5.A., CANCELLATION. Client** agrees to pay all **service fees** for **included services** in the required amounts and within the required time period, as provided under the attached **Service Rate Schedule,** and to provide funds for **claim payments** and **allocated loss expenses** in the required amounts and within the required time period, as provided in **Section 4., Risk Management Services Terms and Conditions, A. Claims Adjustment Services.**

**SECTION 4. Risk Management Services Terms and Conditions.** **ESIS** makes available services upon the following terms and conditions:

**A. Claims Adjustment Services**

**ESIS** agrees as to do the following:

**1.** In accordance with its best professional judgment, and consistent with all applicable state and federal laws and regulations, investigate, adjust, and otherwise administer **Client's,** and its affiliates', **claims** that result from **occurrences** taking place during the term of this **Agreement. ESIS** will service each **claim,** unless otherwise provided under the attached **Service Rate Schedule,** or under **SECTION 5.A., CANCELLATION,** until it is either settled and paid, withdrawn, or becomes untenable under applicable statutes of limitations.

**2.** In providing these services, **ESIS** will:

**a.** Open and maintain a file for each **claim** that **Client** reports;
**b.** Establish **claim** reserves;
**c.** Maintain confidentiality of **claim** information to the extent required by applicable laws and regulations;
**d.** Resist **claims** where it would appear to be prudent, including arranging legal defense on **Client's** behalf when required;
**e.** Settle on **Client's** behalf, when it would appear that to resist would not be prudent, those **claims** that are capable of settlement within the applicable **discretionary settlement authority limit** as follows:
**$0** **(Workers' Compensation)**
**$0**_____(General Liability)
**$0**_____(Auto Liability)

**f.** Settle on **Client's** behalf, with **Client's** approval, those **claims** that it would appear prudent to settle, but cannot be settled within the applicable **Discretionary Settlement Authority Limit;**
**g.** Make **claim payments,** and payments for **allocated loss expenses,** from funds provided by **Client** for the **Claim Fund** or for **Special Billed Amounts;**
**h.** Investigate and, with Client's prior approval, pursue subrogation possibilities on **Client's** behalf, referring management of **Client's** and its affiliates' subrogation claims, where appropriate in **ESIS's** judgment, to one or more **ESIS** affiliates, including Recovery Service International, Inc. (**RSI**), at the **RSI** recovery rates described in the attached **Service Rate Schedule.**
**i.** Provide loss related information periodically, showing **Client's claims'** status, reserves, **claim payments** and payments for **allocated loss expenses;**
**j.** Permit **Client** reasonable access and inspection of **claim** files as well as, at **Client's** expense, formal file audits of a representative sample of files;
**k.** Close the **claim** file when it has been either settled and paid, withdrawn or becomes untenable under applicable statutes of limitations;
**l.** Dispose of closed **claim** files in accordance with **Client's** directions, and at **Client's** expense, or, in the absence of such direction, in accordance with **ESIS's** usual and customary records retention policy;
**m.** Twenty-four (24) months after the termination of this Agreement or its last renewal, or at such time as **Client** or its affiliates no longer has any open **claims** with **ESIS,** nor any reasonable prospect of any further **claims** being reported to **ESIS,** whichever occurs latest, reconcile amounts **Client** has provided for the **Claim Fund** against **claim payments** and payments for **allocated loss expenses** (the "**final Claim Fund Reconciliation**"); and
**n.** Upon **Client's** execution of an appropriate release of **ESIS** from any future obligations under this Agreement, tender any balance due **Client** shown by the **final Claim Fund Reconciliation.**

**3.** **ESIS** is **not required** to:

**a.** Accept for service any **claim type** for which a corresponding rate has not been established and set forth in the attached **Claims Service Rate Schedule,** but may in its discretion accept them, at those rates set forth for **claim types** of comparable complexity;
**b.** Determine or request insurance coverage for any **claim;** monitor **Client's** exhaustion of self-insured retention, deductible, or coverage limits under any policy of insurance; or otherwise be considered by the **Client** to have acted or spoken, on any insurer's behalf, whether insurers of the **ACE** Group of Companies or other insurers of the **Client;**
**c.** Make any **claim payments** or payments for **allocated loss expenses** of **Client** or its affiliates, or provide any other **Claims Adjustment Services** during any period of time in which **Client** has either failed to timely remit funds in the amounts requested by **ESIS,** below, or to timely pay any **service fee** in the amount required by the attached **Claims Service Rate Schedule,** as provided in **paragraphs A.5-8,** of this **Part A.**
**d.** Accept any party, other than **Client,** as the party responsible for the payment of **ESIS's service fees** or the funding of **claim payments** and allocated **loss expenses** of **Client** or its affiliates.

**Client** agrees to do the following:

4. **Client** will promptly report and refer to **ESIS** for service each **claim** against **Client**, or against any of its affiliates, that falls within the scope of this **Agreement.**

5. **Client** will timely pay all **service fees** established in the attached **Service Rate Schedule,** as well as **any** applicable state taxes or assessments on **Client's** purchase of **Claims Adjustment Services** within fifteen (15) days of **ESIS's** invoice. **Client** will pay interest at the rate of one percent (1%) per month on any overdue balances, excepting only items **Client** has in good faith disputed, and agrees to pay **ESIS's** collection expenses, if **ESIS** is forced to incur them to collect any overdue balances that **Client** has not so disputed.

6. **Client** will timely remit funds for **claim payments** and **allocated loss expenses** upon **ESIS's** written request, in the amount requested, within fifteen (15) days of each request.

7. **Client** will establish a **Claim Fund** by initially depositing with **ESIS** the sum of adequately funded dollars ($0.00), within fifteen (15) days of the effective date of this **Agreement,** and will continue to remit additional funds, upon **ESIS's** written request, sufficient to maintain a minimum balance (the "**Required** Level") in the **Claim Fund** in an amount equal to the greater of: the sum of all **claim payments** and **allocated loss expenses** paid by **ESIS** during the previous 11 weeks (excluding payments funded as **Special Billed Amounts**).

**ESIS** will make **claim payments** and payments for **allocated loss expenses** from funds deposited by **Client** for the **Claim Fund,** but any payment qualifying as a **Special Billed Amount** will be made from funds specially requested of, and provided by, **Client** for that payment. **Client** will remit funds for payments that qualify as **Special Billed Amounts** whenever specially requested in writing by **ESIS,** and immediately upon receipt of the request. **ESIS** will have no obligation to make any such payment until **Client** has remitted in advance the full amount of the funds specially requested by **ESIS.**

**Client** grants **ESIS** the right to adjust either or both elements of the **Required Level** whenever (a) the **Required Level** is, in **ESIS**'s reasonable judgment, insufficient to secure the prompt payment of **claims** or **allocated loss expenses** as incurred; or (b) **Client** has failed to remit funds in any amount requested by **ESIS** or within the required time period. Within fifteen (15) days of notification of any such adjustment, **Client** will make a cash deposit in the amount of the difference between the previous **Required Level** and the adjusted **Required Level.**

8. If **Client** fails to timely pay any **service fees** invoiced that Client has not in good faith disputed, or to remit any funds in any amount requested by **ESIS** or within the required time period, then:

(a) **Client** grants **ESIS** the right, upon expiration of fifteen (15) days' advance written notice to **Client,** to suspend all **Claims Adjustment Service** obligations under this Agreement, including the obligation to make **claim payments** or payments for **allocated loss expenses,** until **Client** pays all such unpaid **service fees** and remits all funds requested, in the amounts requested; and

(b) **Client** will defend and indemnify **ESIS** against any liabilities or regulatory sanctions, and reimburse **ESIS** any expenses it incurs, as a consequence of that suspension.

9. Subject to **Client's** approval of settlement offers that would exceed the **discretionary settlement authority limit, Client** will permit **ESIS** to exercise full authority and control, in accordance with **ESIS's** best professional judgment, in all aspects of its investigation, adjustment, and other administration of **Client's,** and its affiliates', **claims. Client** agrees that **ESIS** may refer management of **Client's** and its affiliates' subrogation claims to **ESIS** affiliates, including **RSI,,** as provided in paragraph **2.h.** of this **Part A.**

10. **Client** will secure, and at all times maintain, any consent from **Client's** insurers that is necessary for **ESIS** to perform **Claim Adjustment Services** for **claims** under **Client's** insurance policies, and **Client** grants **ESIS** consent to provide any **claim** information to those insurers that they may request of **ESIS** directly.

**B. Risk Management Information Services (RMIS)**

**ESIS** agrees to provide those of the following described services that are **included services,** under the following terms and conditions:

**Online Risk Management Information Services – (Online RMIS)**

**Basic RiskAdvantage**$^{SM}$ -- **ESIS** will provide **Client** the number, if any, of user identification numbers and passwords (collectively, "**userids**") as are set forth in the attached **Service Rate Schedule** to **Client's** designated representative(s) ("**users**") for the purpose of Internet-based access and use, for **Client's** benefit, of **ESIS's** proprietary web-based risk management information tool known as **RiskAdvantage**$^{SM}$, to enable **Client** to perform the following **RiskAdvantage**$^{SM}$ functions ("**Basic Functions**") with respect to **Client's** and its affiliates' **claims**:

a. Conduct a read-only inquiry of **claims** data **ESIS** electronically maintains in **ESIS's** systems, including dates of loss, claimant identity, **claim** payments, **allocated loss expense** payments, recoveries, and other basic **claims** data;

b. Read adjusters' notes maintained on **claim** files; and
c. Prepare and transmit electronic diary messages to **ESIS** Claim Offices.

**Enhanced RiskAdvantage**SM -- In addition to **Basic Functions, ESIS** will, if also provided in the attached **Service Rate Schedule,** similarly make available the following **RiskAdvantage**SM functions (**"Enhanced Functions"**) to those of **Client's users** who have been specially designated to perform them (**"Enhanced Users"**):

a. Create reports using **ESIS**-defined fields/sorts to calculate, monitor, compare and/or evaluate **claim** frequency and severity; **claim payments** and **allocated loss expenses**; critical **claim** timelines; and loss cost changes (**"Management Information Reports"**);
b. Create similar self-customized reports by using **Client**-defined fields/sorts;
c. Utilize interactive drill-down to access **claim** details that underlie **claim** groupings;
d. Print and/or save reports; and
e. Export report data to **Client's** external software packages.

**Customized Management Information Reports**

If provided in the attached **Service Rate Schedule, ESIS** will prepare for, and furnish, **Client** those **Management Information Reports** described in that schedule, with the frequency, in the format, and at the service rates, all of which are also described in that schedule.

**Claim Data Conversion, Consolidation and Carrier Tapes**

If provided in the attached **Service Rate Schedule, ESIS** will convert, consolidate and load **Client's** and its affiliates' **claim** data that **Client** or others have provided to **ESIS** into **ESIS's** systems, and/or to provide **ESIS**-compiled **claim** data to **Client** and/or its designated insurers or other recipients, all as described in that schedule, with the frequency, in the format, and at the service rates, all of which are also described in that schedule.

In providing any such **included service, ESIS** and **Client** agree that:

1. **ESIS** will correct any malfunction of the **included service,** or reconstruct any **claim** data that is rendered inaccurate or lost, but only if the malfunction or lost or inaccurate **claim** data occurs solely as a result of errors or omissions on the part of **ESIS,** and only if **Client** furnishes **ESIS** with adequate documentation of the malfunction or the lost or inaccurate data promptly after its discovery.

**Client agrees that ESIS's conditional obligation to correct or reconstruct is Client's only remedy for any such malfunction or inaccurate or lost data, and ESIS makes no other warranty, either express or implied, with respect to RMIS services, including, without limitation, any warranty of merchantability or fitness for a particular purpose.**

2. **ESIS** will have the right to modify the range of any **included service** to accommodate changes in technology or systems capabilities, provided that the modification not result in a decrease in the level of service negotiated by **Client,** and that **ESIS** furnish **Client** with thirty (30) days advance notification of the modification.

**Client** agrees to do the following:

3. **Client** will promptly pay the **service fees** as provided in the attached **Service Rate Schedule** for each **RMIS included service.**

4. **Client** warrants that only **users** authorized by **ESIS** will access or use **Risk Advantage**SM and that under no circumstances will any of **Client's** representatives disclose their **userids** to any other individual nor use the **userid** of any other individual, whether or not the other individual is himself/herself an authorized **user.**

5. **Client** will make use of all available security features **ESIS** provides in connection with **Client's** use of **RMIS** services and will immediately report any and all actual or potential security breaches to **ESIS.**

6. **Client** agrees to designate as **users** only those persons performing the claim and risk management functions of **Client** and its affiliates; to ensure that all information accessed through the use of **RMIS** services is disclosed and used only for those purposes; and to otherwise comply with all applicable federal and state laws and regulations regarding the privacy of the personally identifiable information of individuals or organizations.

**C. Claim Intake Services**

**ESIS** agrees to provide **RapidReport**SM services, as described below, and under the following terms and conditions:

**RapidReport**SM

**ESIS** will provide **Client** with telephonic call-in or Internet-based access to a 24-hour service that provides a central point of contact for the reporting of agreed-upon **claim types** and enables **ESIS** to:

a. Respond in person to **Client's** telephone calls on a 24/7 basis;
b. Ask and record answers to **Client** custom-formatted questions;
c. Create, report and file First Notices of Loss; and
d. Distribute First Notice of Loss and/or Universal Report Forms to agreed upon **Client** locations.

In providing these services, **ESIS** and **Client** agree that:

1. **ESIS** will make use of quality control procedures to make certain that completed documents are reviewed prior to their release, and that identified ambiguities are clarified.

2. **ESIS** will have the right to modify the range of **RapidReport**SM services to accommodate changes in technology or systems capabilities, provided that the modification does not result in a decrease in the level of service negotiated by **Client**, and that **ESIS** furnish **Client** with thirty (30) days advance notification of the modification.

**Client** agrees to do the following:

3. **Client** will promptly pay the **service fees** as provided in the attached **Service Rate Schedule** for **Claim Intake Services.**

4. **Client** will distribute the access number and/or web address to those of its locations that are to use **RapidReport**SM and will encourage local management to understand and fully utilize its capabilities.

5. **Client** will assist **ESIS** in the reporting process and provide all information requested in a timely manner.

6. **Client** will provide **ESIS** with, and promptly update, all necessary **Client** specific information, including the addresses of client locations, plant and/or division codes, contact names and telephone/fax information, SIC and FEIN.

7. **Client** warrants that only **users** authorized by **ESIS** will access or use **RapidReport**SM services via the Internet and that under no circumstances will any of **Client's** representatives disclose their **userids** to any other individual nor use the **userid** of any other individual, whether or not the other individual is himself/herself an authorized **user.**

8. **Client** will make use of all available security features **ESIS** provides in connection with **Client's** Internet use of **RapidReport**SM services and will immediately report any and all actual or potential security breaches to **ESIS.**

**D. Risk Control Services**

**ESIS** agrees, throughout the term of this **Agreement**, to offer to **Client** risk control services of the types, and at the **service fee** rates, set forth in the attached **Service Rate Schedule**, and under the following terms and conditions:

1. **Client** will cooperate with **ESIS** by providing access to all facilities, records, and personnel required by **ESIS** to complete each agreed-upon risk control assignment.

2. **Service fees**, laboratory costs, filing fees and any agreed-upon travel costs for each risk control assignment are payable, and will be invoiced to the **Client,** upon completion of the assignment. **Client** agrees to make prompt payment for each risk control assignment within fifteen (15) days of **ESIS's** invoice.

3. **Client** agrees that **ESIS** has no obligation to make changes in **Client's** operations or to oversee implementation of any of the recommendations **ESIS** makes.

4. **Client** acknowledges that in agreeing to perform any given risk control service with respect to any workplace, premises, product or operation, **ESIS** is not to be considered by **Client** to have approved of the social utility of its respective design or function.

5. **Client** understands that **Client's** purchase of risk control services is not a substitute for, nor does it excuse **Client** from, fulfilling any legal duty **Client** may have to provide a safe workplace, premises, product or operation.

6. **Client agrees that nothing contained in any Risk Control Services report or recommendation is to be considered by Client to constitute any express or implied representation or warranty that all accidents are preventable, or that the number or severity of Client's accidents or losses will be reduced if recommendations are followed.**

## SECTION 5. COMMON TERMS AND CONDITIONS

**A. Cancellation**

**1. Cancellation Without Cause** -- This Agreement may be terminated by either party, in advance of expiration, for no reason or for any reason, other than for material breach of its terms or conditions, (collectively, "without cause"), by the terminating party giving the other party at least sixty (60) days written notice prior to the effective date of cancellation. If **Client** cancels without cause, **ESIS** will cease rendering any **included services** on the effective date of cancellation, and all

**service fees** paid or previously owing for any **included services** will be deemed to have been **fully earned** by **ESIS**, whether or not the **service fees** for that **included service** have been prepaid in whole or in part. If **ESIS** cancels without cause, **ESIS** will continue, if **Client** desires, to perform **Claims Adjustment Services** for all **claim** files remaining open on the effective date of cancellation, subject to the rates set forth in any applicable **Claims Adjustment Service Rate Schedule.**

**2. Cancellation for Material Breach** -- This Agreement may be terminated by either party, in advance of expiration, for material breach of its terms or conditions ("for cause") by giving thirty (30) written days notice to the other of intent to terminate for cause prior to the effective date of cancellation, **provided however** that the notice must have first identified the nature and scope of the claimed material breach, affording an opportunity to the breaching party to cure the breach, and the breaching party must have failed to cure the breach within fifteen (15) days of receiving the notice. If **Client** cancels for cause, ESIS will continue, if **Client** desires, to perform **Claims Adjustment Services** for all **claim** files remaining open on the effective date of cancellation, subject to the rates set forth in the attached **Service Rate Schedule.** If **ESIS** cancels for cause, **ESIS** will cease rendering any **included services** on the effective date of cancellation, and **all service fees** paid or previously owing for any **included services** will be deemed to have been **fully earned** by **ESIS**, whether or not the **service fees** for that **included service** have been prepaid in whole or in part.

**3. Transition; Costs** -- When this Agreement expires or is cancelled, provided **Client** is not in material breach of its terms or conditions, **ESIS** will cooperate with **Client** in returning to **Client,** or its designee, all **claim** files remaining open on the effective date of termination. The costs of returning these claim files will be borne by the **Client**, unless **Client** has canceled this Agreement for cause, in which case, they will be borne by **ESIS**.

**B. No Third Party Beneficiaries** --This Agreement is intended to be for the sole benefit of **ESIS** and **Client** and its affiliates.

**C. Successors and Assigns** -- The terms and conditions of this Agreement shall be binding upon and inure to the benefit of **ESIS** and **Client** and their respective successors and assigns; **provided, however**, that the obligations of the parties under this Agreement may not be delegated by either party without the other party's prior written consent.

**D. Complete Agreement** -- This Agreement and its attached **Service Rate Schedule,** together with any addenda, sets forth the entire agreement of **ESIS** and **Client** with respect to **Risk Management Services**, and there are no prior or contemporaneous promises, conditions or understandings that have not been either abandoned or fully incorporated into its terms and conditions.

**E. Modification** -- No provision of this Agreement may be changed unless the change is set forth in a written addendum to this Agreement, signed by the party against whom enforcement of the change is sought.

**F. No Waiver** -- If either **ESIS** or **Client** ever declines to insist on strict compliance with any term or condition of this Agreement or fails to exercise any right, it will be not deemed a waiver of any other right, nor to permit less than strict compliance with any term or condition on any future occasion.

**G. Governing Law; Severability** -- This Agreement is intended to be governed by and construed in accordance with the law of the Commonwealth of Pennsylvania without reference to its conflict of laws principles. Any provision that is prohibited or unenforceable in any state will be ineffective within that state, but only to the extent needed to avoid offending that state's laws, and without affecting the validity of the offending provision in any other state, nor the validity of any other provision of this Agreement.

**H. Indemnification and Insurance** -- **ESIS** will indemnify, defend and hold harmless **Client** and its affiliates against any claims or demands, actions, damages, costs and expense to the extent resulting from the negligence or other fault of **ESIS**. **Client** will indemnify, defend and hold harmless **ESIS** against any claims or demands, actions, damages, costs and expense to the extent resulting from the negligence or other fault of **Client** or its affiliates. **ESIS** will maintain at all times during the term of this Agreement, the following types of insurance: General Liability, Automobile Liability, Workers' Compensation, Fidelity, and Errors and Omissions.

**I. Non-Solicitation** -- **Client** agrees that for a period of three (3) years following the expiration or cancellation of this Agreement or, if renewed, its last renewal, **Client** will not deliberately solicit for employment, any employee of **ESIS** having contact with **Client** during the performance of this Agreement, without the express consent of **ESIS**. Likewise, **Client** also agrees that for the same period, **Client** will not deliberately encourage, facilitate, or otherwise assist any organization that competes with **ESIS** for **Client's** risk management service opportunities to solicit or employ any such employee, without such consent.

**J. Arbitration** -- In the event that a dispute arises concerning the meaning, interpretation or performance of this Agreement, such dispute shall be resolved consensually if possible and, if not possible, by binding arbitration of the dispute as follows:

1. A demand for arbitration shall be in writing and shall include the name of an arbitrator to be appointed by the party demanding arbitration together with a statement of the matter in dispute.

2. Within thirty (30) days of receipt of the demand, the other party shall name an arbitrator and submit the name and its counterstatement of the matter in dispute. The two arbitrators so selected shall name a third arbitrator within fifteen (15) days of the date the second arbitrator was named.

3. An arbitration hearing to resolve the matter shall be held at a time and place to be decided by the arbitrators on forty-five (45) days' notice to the parties. The arbitration rules and procedures of the American Arbitration Association shall be employed.

4. An award by a majority of the arbitrators shall be final and binding on the parties. Each party shall bear its own costs, including the fees and expenses of its selected arbitrator. The parties shall share equally the fees and expenses of the third arbitrator.

Notwithstanding this provision, it is not the parties' intention to resolve by arbitration the rights and obligations of the parties or any other person pursuant to any policy of insurance, either directly or indirectly. If a dispute arises under this Agreement, the resolution of which purports or appears in anyway to define or affect the rights or obligations of any insured or insurer under any insurance contract, then either party may choose not to arbitrate the dispute, and if the parties choose to arbitrate, then no award or finding by any arbitrator shall be authority or precedent for any purpose in any litigation brought to define or affect such rights or obligations.

**K. Notices** – All notices and correspondence required to be given by this Agreement will be delivered by hand or certified mail, return receipt requested and postage pre-paid, or by a nationally recognized courier service, or by facsimile transmission, and be addressed as follows:

If to **Client**:

Karen Radtke,
Treasurer
47659 Halyard Drive
Plymouth, MI 48170

If to **ESIS**:

Karen Blider,
Assistant Vice President
525 West Monroe Street
Chicago, IL 60661
FAX: 312.775.3126

**IN WITNESS WHEREOF**, the parties have caused this Agreement and its attached **Service Rate Schedule**, both of which shall be effective on the date first above-written, to be executed on their behalf by the undersigned duly authorized individuals.

| **Metaldyne Corporation** | **ESIS, Inc.** |
|---|---|
| By: Karen A. Radtke | By: Karen Blider |
| Signature | Signature |
| | Karen Blider |
| Printed Name | Printed Name |
| | Assistant Vice President |
| Printed Title | Printed Title |
| | 2-6-04 |
| Date | Date |

# ESIS Service Rate Schedule for Metaldyne Corporation

## Claims Adjustment Administration Fee:

For the term of this Agreement, an annual **Administration Fee** for **Claims Adjustment** in the amount of $14,575.00 is payable (in full on the effective date of this Agreement.

## Claims Adjustment Service Rates:

### Fee Per Claim* – Cradle to Grave

**Claims** of the **claim types** described below that result from **occurrences** taking place during the term of this Agreement will be serviced, whether during the term of this Agreement and any continuous renewal period or not, until they are either settled and paid, withdrawn, or become untenable under applicable statutes of limitations, for a **service fee** per **claim*** based upon its respective **claim type**. The **service fee** is payable in full upon receipt of **Client's** referral of the **claim** to **ESIS**. All **service fees** that become payable during each period of the month will be invoiced to **Client** at the end of each such period.

| Claim Type | Service Fee Per Claim |
|---|---|
| Workers' Compensation | |
| Indemnity | $1,011.00 |
| Managed Medical Only | $745.00 |
| Medical Only | $134.00 |
| Employers Liability | $2,100.00 |
| Auto Liability | |
| Bodily Injury* | $920.00* |
| Property Damage | $620.00 |
| Personal Injury Protection | $789.00 |
| Medical Payment | $703.00 |
| Comprehensive | $469.00 |
| Collision | $450.00 |
| General Liability | |
| Bodily Injury* | $1,390.00* |
| Products Liability* | $426.00* |
| GL Record Only | $85.00 |
| Products Liability | |
| Bodily Injury | $1,463.00 |
| Property Damage | $1,463.00 |

*** Exception 1**: **Service fees** per **claim** scheduled for Workers' Compensation **claim types** have been priced contingent upon **Client's** continued use of **ESIS's** Medical Cost Containment Program (the "Medical Program"). A portion of the **allocated loss expenses** incurred for medical and vocational cost containment services, is retained by **ESIS** for the administrative services **ESIS** renders in managing the Medical Program, including, but not limited to, providing clients with explanations of each featured service; implementing special work flows and other client customization into the Medical Program; assessing/reviewing opportunities for improvement of PPO penetration and channeling of medical care; addressing state-specific utilization compliance issues such as EDI, employee notification requirements and MPN/MCO utilization procedures; conducting associated customer information and educational seminars; providing IT systems and data interface exchanges needed to feed medical cost containment data into **Global RiskAdvantage** for on-line Medical Program reporting capabilities and to otherwise relay case management notes, bill review and other relevant data between **ESIS**, its clients and **ESIS** preferred Medical Program vendors; conducting quality review programs, including audits of medical bill review turn-around time, data integrity, and invoicing accuracy, the case management vendor referral process, and service delivery; applying telephonic case management measures/monitors of compliance with appropriate utilization plans; and assessing accuracy of vendor charges and overall Medical Program impact on containment of the client's medical costs for all service components. If, at any time during the term of this Agreement, **Client** discontinues the use of the **ESIS** Medical Program, in whole or in part, by direct engagement of one or more **ESIS** preferred vendors, substitution of one or more of **Client's** preferred vendors, or otherwise; then **ESIS** will immediately discontinue providing all such administrative services; and (2) the **service fees** per **claim** scheduled for Workers' Compensation **claim types** will be subject to immediate increase.

*** Exception 2.**: If resulting from a single event, the sixth (6th) through the twenty-fifth (25th) General Liability, Auto or Products Liability **claims** will bear a per claim **service fee** discount of 50%. The twenty-sixth (26th) and all subsequent such **claims** of these **claim types** will be subject to prevailing hourly rates, plus expenses, in lieu of a **service fee** per claim.

## Risk Management Information Services Fees (RMIS Fees):

### Online RMIS – Base Package: $47,930.00

**Access Service Fees**

For the term of this Agreement, annual **service fees** are payable, based upon the number of **users**, and the level of access **ESIS** has authorized to **Client's users**. The **service fees** are payable in full on the effective date of this Agreement

| AccessLevel | No. of Users | Each Additional User |
|---|---|---|
| **Basic Functions** | 10 | $2,500.00 |
| **Enhanced Functions** | 4 | $3,500.00 |
| **Total** | 14 | |

**Monthly Electronic Reports**
**Claims Data Storage (Annually)**

## Risk Control Services Rates and Administration Fee

**Service fees** for any agreed-upon risk control services of the following risk control service types will be at the following rates:

| Service | Rate |
|---|---|
| Occupational Health Consultant | $151.00 per hour |
| Ergonomist | $153.00 per hour |
| Certified Industrial Hygienist | $153.00 per hour |
| All Other Risk Management Consultants | $151.00 per hour |
| RCS Seminar Attendance | $241.00 per seat |

## RSI Recovery Rates

Recovery rates for the following recovery claim types are contingent upon recovery, and applied net, if litigated, of the sum of any contingent legal fees and/or legal expenses.

| Service | Rate |
|---|---|
| Subrogation | 20% of net recovery |
| Salvage | 20% of net recovery |
| Second Injury Fund Recovery | 10% of net recovery |

**IN WITNESS WHEREOF**, the parties have caused this **Service Rate Schedule,** effective on the date first above-written, to be executed on their behalf by the undersigned duly authorized individuals.

**Metaldyne Corporation**

By: Karen A. Radtke
Signature
KAREN A. RADTKE
Printed Name
VP & TREASURER
Printed Title
10/19/05
Date

**ESIS, Inc.**

By: Karen Blider
Signature
Karen Blider
Printed Name
Assistant Vice President
Printed Title
2-6-06
Date