

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI

JUL 17 2003

In re

MISSISSIPPI CHEMICAL  
CORPORATION, *et al*<sup>1</sup>  
  
Debtors

CHARLENE J. KENNEDY, CLERK  
DEPUTY

CASE NO 03-02984 WEE  
Chapter 11  
Jointly Administered

**ORDER APPROVING PREMIUM FINANCE AGREEMENT WITH RESPECT TO  
PAYMENT AND SECURITY FOR AFCO CREDIT CORPORATION**

THIS CAUSE came before the Court upon the motion of the above-captioned Debtors to enter into one or more Commercial Premium Finance Agreements (collectively the "Agreement") with AFCO Credit Corp ("AFCO"), which Agreement provides for the financing of the insurance premiums to be paid for the Debtors' insurance policies, and no objection having been made, and it appearing to the Court that all legal requisites having been met and sufficient cause appearing, it is therefore

ORDERED that, pursuant to Section 364(c)(2) of the Bankruptcy Code, the Debtors are hereby authorized to enter into the Agreement in the form and substance substantially identical to that annexed hereto, and it is further

ORDERED that the Debtors are hereby authorized and directed to pay AFCO all sums due pursuant to the Agreement, and it is further

ORDERED that the full rights of AFCO pursuant to the Agreement and controlling state law be and the same hereby are fully preserved and protected and are and shall remain unimpaired by the pendency of these bankruptcy cases or any subsequent conversion of these proceedings to Chapter 7 or any subsequent appointment of a trustee, and it is further

ORDERED that, in the event that the Debtors default upon any of the terms of the Agreement, AFCO shall provide the statutorily required notice to the Debtors pursuant to Section 81-21-19(2) of the Mississippi Code. If upon default AFCO issues a Notice of Intent to Cancel the Debtors' insurance coverage if said default is not cured within ten (10) days, copies of such notice shall be transmitted via fax to Douglas C. Noble, Counsel for the Debtors, at (601) 360-9777. If said notice is duly provided and the default is not timely cured, AFCO may exercise such rights as it may otherwise have under the Agreement or state law but for the pendency of this proceeding and without the necessity of further application to this Court and free of the

<sup>1</sup> The Debtors are the following entities: Mississippi Chemical Corporation, Mississippi Nitrogen, Inc., MissChem Nitrogen, L.L.C., Mississippi Chemical Company, L.P., Mississippi Chemical Management Company, Mississippi Phosphates Corporation, Mississippi Potash, Inc., Eddy Potash, Inc., Triad Nitrogen, L.L.C., and Melamine Chemicals, Inc.

88.

restraints of the automatic stay of Section 362, cancel all insurance policies listed on the Agreement or any amendment thereto, and receive and apply all unearned insurance premiums to the account of the Debtors. In the event that, after such application of unearned premiums, any sums still remain due to AFCO pursuant to the Agreement, such deficiency shall be deemed an administrative expense of the estate.

SO ORDERED this the 17<sup>th</sup> day of JULY, 2003



EDWARD ELLINGTON  
United States Bankruptcy Judge



## Commercial Premium Finance Agreement

1 South 443 Summit Avenue, Suite 304A, Oakbrook Terrace, Illinois 60181  
TEL NOS (630) 953-2833 (800) 288-8214

Page 1 of 3

Agent (Name and Address) 30-12-91085-3  
ARTHUR J GALLAGHER RISK MGMT  
SERVICES INC  
TWO PIERCE PLACE  
ITASCA, IL 60143  
(630) 773-3800

Insured (Name and Address as shown on the policy)  
MISSISSIPPI CHEMICAL CORPORATION  
OWEN COOPER ADMINISTRATION BUILDING  
3622 US HIGHWAY 49 E  
YAZOO CITY, MS 39194  
(662) 751-2336

A) Total Premiums	B) Down Payment	C) Amount Financed	D) Finance Charge	E) Total Payments
\$6,353,973 95	\$2,273,419 00	\$4,080,554 95	\$42,629 99	\$4,123,184 94
F) Annual Percentage Rate	No of Payments	Amount of Payments	First Installment Due	Installment Due Dates
3 126%	7 (Monthly)	\$589,026 42	08/01/2003	1st

### SCHEDULE OF POLICIES

Policy Prefix and Numbers	Effective Date of Policy/Inst.	Name of Insurance Company and Name and Address of General or Policy Issuing Agent or Intermediary	Type of Coverage	Months Covered	Premium \$
JO339C	07/01/03	AMERICAN HOME ASSUR CO	MAR	12*	15,000 00
	07/01/03	ACE AMERICAN INSURANCE CO	FRDIC	12	2,500 00
	07/01/03	AMERICAN INTL SPECIALTY LINES INS TAX	POLL TAX	12 NRef	76,198 00 3,238 42
	07/01/03	LLOYDS OF LONDON/ARTHUR J GALLAGHE	PROP	12	4,370,137 00
		< \$218,698 00 TME> Policy Detail Continued			

(1) **DEFINITIONS** The above named insured ("the insured") is the debtor AFCO Credit Corporation ("AFCO") is the lender to whom the debt is owed. Insurance company or "company" "insurance policy" or "policy" and "premium" refer to those items listed under the Schedule of Policies. Singular words mean plural and vice-versa as may be required in order to give the agreement meaning. For New York insureds services for which any charge pursuant to Insurance Law Section 2119 is imposed are in connection with obtaining and servicing the policies listed herein.

**NOTICE** 1 Do not sign this agreement before you read it or if it contains any blank space. 2 You are entitled to a completely filled in copy of this agreement. 3 Under the law, you have the right to pay off in advance the full amount due and under certain conditions to obtain a partial refund of the service charge.

**INSURED AGREES TO THE TERMS SET FORTH ABOVE AND ON THE LAST PAGE OF THIS AGREEMENT**

INSURED'S NAME \_\_\_\_\_  
07092003MScxgadbxxcxgxbxxc

SIGNATURE OF INSURED OR AUTHORIZED REPRESENTATIVE \_\_\_\_\_  
X

TITLE \_\_\_\_\_  
DATE \_\_\_\_\_

### AGENT OR BROKER REPRESENTATIONS

The undersigned warrants and agrees: 1 The policies are in full force and effect and the information in the Schedule of Policies and the premiums are correct. 2 The insured has authorized this transaction and recognizes the security interest assigned herein and has received a copy of this agreement. 3 To hold in trust for AFCO any payments made or credited to the insured through or to the undersigned, directly or indirectly, actually or constructively by the insurance companies or AFCO and to pay the monies as well as any unearned commissions to AFCO upon demand to satisfy the outstanding indebtedness of the insured. Any lien the undersigned has or may acquire in the return premiums arising out of the listed insurance policies is subordinated to AFCO's lien or security interest therein. 4 The policies comply with AFCO's eligibility requirements. 5 No audit or reporting form policies policies subject to retrospective rating or minimum earned premium are included. The deposit or provisional premiums are not less than anticipated premiums to be earned for the full term of the policies. 6 The policies can be cancelled by the insured and the unearned premiums will be computed on the standard short-rate or pro-rata table. 7 The undersigned represents that a proceeding in bankruptcy receivership or insolvency has not been instituted by or against the named insured.

**IF THERE ARE ANY EXCEPTIONS TO THE ABOVE STATEMENTS PLEASE LIST BELOW**

\* Subject to Audit

**THE UNDERSIGNED FURTHER WARRANTS THAT IT HAS RECEIVED THE DOWN PAYMENT AND ANY OTHER SUMS DUE AS REQUIRED BY THE AGREEMENT AND IS HOLDING SAME OR THEY ARE ATTACHED TO THIS AGREEMENT**

AGENT OR BROKER \_\_\_\_\_  
CPFA-1(1/98-wm) c 1998 Afco Credit Corporation

SIGNATURE OF AGENT OR BROKER \_\_\_\_\_  
X

TITLE \_\_\_\_\_  
DATE \_\_\_\_\_

QIV# 30-03-01617 3 04



## Commercial Premium Finance Agreement

1 South 443 Summit Avenue, Suite 304A, Oakbrook Terrace, Illinois 60181

TEL NOS (630) 953-2833 (800) 288-8214

Page 2 of 3

### SCHEDULE OF POLICIES

Policy Prefix and Numbers	Effective Date of Policy/Inst.	Name of Insurance Company and Name and Address of General or Policy Issuing Agent or Intermediary	Type of Coverage	Months Covered	Premium \$
BE4811289		JLT RISK SOLUTIONS , IL TAX	TAX	NRef	120,429 59
	07/01/03	ARCH INS COMPANY TAX	PROP TAX	12 Ref	221,375 00 9,408 44
	07/01/03	NATIONAL UNION FIRE INSURANCE	UMB	12	599,000 00
	07/01/03	ACE AMERICAN INSURANCE CO	XSLB	12	300,000 00
	07/01/03	STARR EXCESS LIAB INS CO LTD TAX	XSLB TAX	12 NRef	275,000 00 11,687 50
	07/01/03	LLOYDS OF LONDON/ARTHUR J GALLAGHE	XSLB	12	350,000 00

**(2) LIMITED POWER OF ATTORNEY** The insured irrevocably appoints AFCO as its attorney in fact with full authority to cancel the insurance policies for the reasons stated in paragraph (14), and to receive all sums assigned to AFCO or in which it has granted AFCO a security interest. AFCO may execute and deliver on the insured's behalf all documents, instruments of payment, forms and notices of any kind relating to the insurance policies in furtherance of this agreement.

**(3) PROMISE OF PAYMENT** The insured requests that AFCO pay the premiums in the Schedule of Policies. The insured promises to pay to AFCO the amount stated in Block E above according to the payment schedule subject to the remaining terms of this agreement.

**(4) SECURITY INTEREST** The insured assigns to AFCO as security for the total amount payable in this agreement any and all unearned premiums and dividends which may become payable under the insurance policies for whatever reason and loss payments which reduce the unearned premiums subject to any mortgagee or loss payee interests. The insured gives to AFCO a security interest in all items mentioned in this paragraph. The insured further grants to AFCO its interest which may arise under any state insurance guarantee fund relating to any policy shown in the Schedule of Policies.

**(5) WARRANTY OF ACCURACY** The insured warrants to AFCO that the insurance policies listed in the Schedule have been issued to the insured and are in full force and effect and that the insured has not assigned any interest in the policies except for the interest of mortgagees and loss payees. The insured authorizes AFCO to insert or correct on this agreement, if omitted or incorrect, the insurer's name, the policy numbers, and the due date of the first installment. AFCO is permitted to correct any obvious errors. In the event of any change or insertion, AFCO will give the insured written notice of those changes or corrections made in accordance with this provision.

**(6) REPRESENTATION OF SOLVENCY** The insured represents that the insured is not insolvent or presently the subject of any insolvency proceeding.

**(7) ADDITIONAL PREMIUMS** The money paid by AFCO is only for the premium as determined at the time the insurance policy is issued. The insured agrees to pay the company any additional premiums which become due for any reason. AFCO may assign the company any rights it has against the insured for premiums due the company in excess of the premiums returned to AFCO.

**(8) SPECIAL INSURANCE POLICIES** If the insurance policy issued to the insured is auditable or is a reporting form policy or is subject to retrospective rating, then the insured promises to pay to the insurance company the earned premium computed in accordance with the policy provisions which is in excess of the amount of premium advanced by AFCO which the insurance company retains.

**(9) NAMED INSURED** If the insurance policy provides that the first named insured in the policy shall be responsible for payment of premiums and shall act on behalf of all other insureds with respect to any actions relating to the policy, then the same shall apply to this agreement. If such is not the case, then all insureds' names must be shown on this agreement unless a separate agreement specifies one insured to act in all matters for the others.

**(10) FINANCE CHARGE** The finance charge shown in Block D begins to accrue as of the earliest policy effective date unless otherwise indicated in the Schedule of Policies.

**(11) AGREEMENT BECOMES A CONTRACT** This agreement becomes a binding contract when AFCO mails a written acceptance to the insured.

**(12) DEFAULT CHARGES** If the insured is late in making an installment payment to AFCO by more than the number of days specified by law, the insured will pay to AFCO a delinquency charge not to exceed the maximum charge permitted by law.

**(13) DISHONORED CHECK** If an insured's check is dishonored for any reason and if permitted by law, the insured will pay to AFCO a fee for expenses in processing that check not to exceed the amount permitted by law.

**(14) CANCELLATION** AFCO may cancel the insurance policies after giving any required statutory notice and the unpaid balance due to AFCO shall be immediately payable by the insured if the insured does not pay any installment according to the terms of this agreement. AFCO at its option may enforce payment of this debt without recourse to the security given to AFCO. If cancellation occurs, the borrower agrees to pay a finance charge on the balance due at the contract rate of interest until that balance is paid in full or until such other date as required by law.

**(15) CANCELLATION CHARGES** If AFCO cancels any insurance policy in accordance with the terms of this agreement, then the insured will pay AFCO a cancellation charge, if permitted, up to the limit specified by law.

**(16) MONEY RECEIVED AFTER NOTICE OF CANCELLATION** Any payments made to AFCO after AFCO's notice of cancellation of the insurance policy has been mailed may be credited to the insured's account without affecting the acceleration of this agreement and without any liability or obligation on AFCO's part to request reinstatement of a cancelled insurance policy. Any money AFCO receives from an insurance company shall be credited to the amount due AFCO with any surplus being paid over to whomever is entitled to the money. No refund of less than \$1.00 shall be made. In the event that AFCO does request, on the insured's behalf, a reinstatement of the policy, such request does not guarantee that coverage under the policy will be reinstated or continued.

**(17) ATTORNEY FEES - COLLECTION EXPENSE** If for collection this agreement is placed in the hands of an attorney who is not a salaried employee of AFCO, then the insured agrees to pay reasonable attorney fees and costs including those in the course of appeal as well as other expenses as permitted by law or granted by the court.

**(18) REFUND CREDITS** The insured will receive a refund credit of the finance charge if the account is voluntarily prepaid in full prior to the last installment due date as required or permitted by law. Any minimum or fully earned fees will be deducted as permitted by law.

**(19) INSURANCE AGENT OR BROKER** The insurance agent or broker named in this agreement is the insured's agent, not AFCO's, and AFCO is not legally bound by anything the agent or broker represents to the insured orally or in writing.

**(20) NOT A CONDITION OF OBTAINING INSURANCE** This agreement is not required as a condition of the insured obtaining insurance coverage.

**(21) SUCCESSORS AND ASSIGNS** All legal rights given to AFCO shall benefit AFCO's successors and assigns. The insured will not assign the policies without AFCO's written consent except for the interest of mortgagees and loss payees.

**(22) LIMITATION OF LIABILITY** The insured agrees that AFCO's liability for breach of any of the terms of this agreement or the wrongful exercise of any of its powers shall be limited to the amount of the principal balance outstanding except in the event of gross negligence or willful misconduct.

**(23) ENTIRE DOCUMENT - GOVERNING LAW** This document is the entire agreement between AFCO and the insured and can only be changed in writing and signed by both parties except as stated in paragraph (5). The laws of the state indicated in the insured's address as set forth in the Schedule will govern this agreement unless stated in that Schedule.

INSURED'S INITIALS