UAC INSURANCE MUTUAL

Board of Trustees Meeting

Thursday, October 26, 2000, 9:30 a.m.
Utah Association of Counties Building

A G E N D A

9:30	Call to Order	Gary Herbert
	Introduction of Loss Control Maager	Shawn Guzman
	Review of Board Members Absent	Gary Herbert
	Approval of September Minutes	Gary Herbert
	2001 Administrative Budget	Brent Gardner
	Re-evaluation of Flood Zone A Properties	Ty Lewis
	Broker's Report	Rich Stokluska
	Third-Quarter Broker Evaluation	Shawn Guzman
	By-laws to Appoint Nominating Committee	Shawn Guzman
11:30	Lunch Break	
	Summary of Financial Statements	Shawn Guzman
	Director's Report	Shawn Guzman
	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
	Action on Litigation Matters	Kent Sundberg
	Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, Physical or Mental Health of an Individual	
1:30	Adjourn	

5397 South Vine Street, Salt Lake City, UT 84107

UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

UACIM BOARD OF TRUSTEES MEETING

MINUTES

October 26, 2000, 9:30 a.m.
Utah Association of Counties Building

BOARD MEMBERS PRESENT

Gary Herbert, *President*, Utah County Commissioner
Dan McConkie, *Vice President*, Davis County Commissioner
Sarah Ann Skanchy, *Secretary-Treasurer*, Cache County Council Member
Ken Bischoff, Weber County Commissioner
Ty Lewis, San Juan County Commissioner
Tex Olsen, Sevier County Commissioner
Kent Sundberg, Utah County Deputy Attorney

BOARD MEMBERS ABSENT

Chad Johnson, Beaver County Commissioner
Royal Norman, Box Elder County Commissioner
Kent Petersen, Emery County Commissioner
Ed Phillips, Millard County Sheriff

OTHERS PRESENT

Brent Gardner, UAC Executive Director
Shawn Guzman, UACIM Director
Mark Brady, UACIM Loss Control Manager
Sonya White, UACIM Administrative Assistant
Rich Stokluska, GRMS Account Executive

CALL to ORDER

Gary Herbert called the meeting to order and welcomed those in attendance.

INTRODUCTION of LOSS CONTROL MANAGER

Shawn Guzman explained that after reviewing approximately 70 applications and interviewing eight applicants the position of UACIM Loss Control Manager was extended to Mark Brady. Mark thanked the Board for this opportunity and explained that he is a graduate of the BYU Law School and has worked in the civil division of the Utah County Attorney's Office for the past ten years. He began his employment for the Mutual on October 16 and attended the Statewide Association of Prosecutors (SWAP) Conference October 17-20. He is looking forward to visiting each of the member counties.

REVIEW of BOARD MEMBERS ABSENT

Chad Johnson, Royal Norman, Kent Petersen and Ed Phillips requested to be excused from this meeting due to prior commitments. Tex Olsen made a motion to excuse these members from this meeting. Sarah Ann Skanchy seconded the motion, which passed unanimously.

APPROVAL of MINUTES

The minutes of the Board of Trustees meeting held September 21, 2000 were previously sent to the Board Members for review. Sarah Ann Skanchy made a motion to approve the September 21, 2000 minutes as written. Tex Olsen seconded the motion, which passed unanimously.

5397 SOUTH VINE STREET, SALT LAKE CITY, UT 84107 • 801-265-1331 • FAX 801-265-9485

2001 ADMINISTRATIVE BUDGET

Brent Gardner researched the administrative budget items in question from the September 21 Board meeting. He reported that the correct amount spent in 2000 for the auto reserve line item is $14,000. This amount is budgeted and carried each year based on the Utah Association of Counties policy on buying/selling vehicles. The policy, as approved by the Board of Directors, is to sell vehicles once the odometer reaches between 60,000-80,000 miles. Kent Sundberg said that 60,000 miles was a more appropriate number for the resale value of a vehicle. Shawn Guzman stated that in his research, the value of a new vehicle dramatically decreases at 50,000 miles. From the time you order and receive the vehicles it takes approximately five months. Mark Walsh, UAC Associate Director, is in the process of negotiating a trade-in arrangement with local dealers in an effort to turn the vehicles around each year at a set price. Brent continued with the second item in question which was the actual 2000 consulting fees item. This was an item used when Harry Bowes was retained to do consulting work for the Mutual during the first few years of operation. Mr. Bowes is no longer retained by the Mutual. The $970 amount that was listed under consulting fees has been correctly allocated to the loss control/training item. The expenses used for loss control/training are for the personnel workshop, defensive driving courses, staff dues and subscriptions, personnel committee, printing and contributions to the Sheriff's Association.

Tex Olsen is concerned that the Board is losing control over the administrative budget that they are required to approve. By approving the budget the Board is approving the monies spent. Gary Herbert expressed that the Board does not want to be in a position where the Mutual is subsidizing the Association or the Association is subsidizing the Mutual. Brent explained that he has tried to administer the budget so that the costs of operating the Mutual are covered without the Association making a profit. Ty Lewis said that the Association should be willing to refund any monies not spent, i.e., the Mutual did not spend the allocated salary because there was no Loss Control Manager for five months during this year. Brent is willing to take that request to the Association's Board of Directors. Kent Sundberg stated that if the administrative budget is over at the end of the year the Mutual should pay the difference to the Association and in turn if the budget is under, the Association should refund the difference—Ken Bischoff agreed. Dan McConkie made a motion to amend the *Agreement for General Administrative Services* between the Utah Association of Counties Insurance Mutual (UACIM) and the Utah Association of Counties (UAC) to state that any positive balance at the end of each year will be reimbursed to UACIM and any negative balance will be paid by UACIM. This amendment will be retroactive to the inception of the Mutual upon the approval of the UAC Board of Directors. Kent Sundberg seconded the motion, which passed unanimously. Kent Sundberg made a motion to approve the 2001 Administrative Budget contingent upon the revision to the *Agreement for General Administrative Services*. Ken Bischoff seconded the motion, which passed unanimously.

RE-EVALUATION of FLOOD ZONE A PROPERTIES

Ty Lewis reported that in researching the process of Flood Zone A properties being re-evaluated, he found that it is the responsibility of the city to request a map amendment from FEMA. This process is very costly and time consuming. It took seven years for an independent contractor, hired by Moab City, to resurvey the area. Shawn Guzman added that even if an entity bares the cost of a survey, FEMA only provides the entity with a letter of the amendments, not a new map. He has ordered the guidelines and specifications for this process. There is National Flood Insurance coverage available with only a $500,000 limit and the rates are high. The Mutual provides a $2 million limit but this limit precluded some reinsurers from bidding the program. Because of the high rates, everyone wants to re-map their area. Therefore, it appears that the Federal Government has taken a position that re-mapping is too cumbersome to undertake. Once Shawn receives the guidelines he will research what it will necessitate to have the membership's 15 Flood Zone A properties re-evaluated.

BROKER'S REPORT

Rich Stokluska reviewed the Travelers Property Reinsurance Certificate with the Board (see attachment #1). Under number 12, insolvency laws reference the states of Connecticut and New York. The Board directed Rich, Shawn Guzman and Kent Sundberg to research civil procedures in those states as they would affect the Mutual and/or request that the Certificate be amended to reference Utah.

Through the Travelers program, Rich explained that builder's risk and newly acquired properties must be reported within 90 days. There is no additional charge for builders risk and newly acquired buildings up to the coverage agreement limit of $5 million. Any value/amount over the $5 million will be charged a rate of .047 per $1000. Once builders risk properties are complete they need to be reported as a new building. Sonya White questioned the rate of .047 due to an invoice received from Gallaghers for a builders risk property in Uintah County that equates to .0627. Rich stated that the invoice is incorrect and he will have it reissued. The Board directed Sonya to send out a notice to members regarding the 90-day reporting period.

Rich presented the Board with a check in the amount of $45,989 for the pro-rated cancellation refund from Reliance Insurance Company.

BY-LAWS to APPOINT NOMINATING COMMITTEE

As directed, Shawn Guzman reviewed with the Board draft amendments to Articles 5.5 and 5.6 of the By-laws to incorporate a Nominating Committee (see attachment #2). Shawn explained that this draft was only a starting point and that he would like direction from the Board. Board members would like the Nominating Committee to have the authority not only to solicit nominations but also to make nominations for members of the Board of Trustees. Language needs to be added regarding the steps to be taken in case an election ends in a tie. Dan McConkie noted that the By-laws now read that two Trustee positions are reserved for the Chair of the Litigation Management Committee and the Chair of the Law Enforcement Committee. He feels that personnel issues are significant enough that a Trustee position should be reserved for the Chair of the Personnel Committee. The Board will invite the Chair of the Personnel Committee as a non-voting member of the Board and if attendance and issues continue each month, then they will look at this inclusion to the By-laws. With these recommendations, Shawn will revise his draft for review by the Board. Any changes to the By-laws require review by the membership at least 30 days prior to approval by the membership at an annual meeting. The changes will be approved by the Board and then sent to the membership 30 prior to the April 2001 meeting.

SET DATE and TIME for CLOSED MEETING

Sarah Ann Skanchy made a motion to set the date and time for a closed meeting to begin at 11:15 a.m. on October 26, 2000, to discuss pending or reasonably imminent litigation. Dan McConkie seconded the motion, which passed unanimously.

Ken Bischoff made a motion to conclude the closed meeting at 11:55 a.m. on October 26, 2000. Sarah Ann Skanchy seconded the motion, which passed unanimously.

ACTION on LITIGATION MATTERS

There were no actions to be taken on litigation matters.

SUMMARY of FINANCIAL STATEMENTS

The financial statements for the months ending August and September 2000 were previously sent to the Board for review. Because the August financials were in draft form at the last meeting, Shawn Guzman's comparisons are made from the July statements. The *Statutory Statement of Admitted Assets, Liabilities and Surplus* (page three) lists excess receivable of $0.00. The Mutual received the amount owed by AIG for the 1994 policy year of $102,911.50. Total surplus is at $3,801,171, a $37,424 increase from July even though the Mutual has paid $116,549 in additional property premium. Net Income (page four) is at $368,274, a $23,255 increase from July. Premiums Collected (page six) has been adjusted and amortized over the remaining three months of 2000 for the additional Travelers property premium paid and the Daggett County premium received. Premiums collected are at $2,354,815, down $111,310 from July. The Surplus Notes item (page 10) will be taken off the financials beginning 2001. The Board directed Shawn to request that the accountants show the Surplus Notes as paid for the remainder of the year. The interest rates have held steady the last couple of months, 6.71% PTIF and 5.82% at First Security Bank. The Budget to Actual Comparison (page 12) shows the Net Income of the Mutual at 127% with the budget year 75% complete.

DIRECTOR'S REPORT

Airport Liability. Shawn Guzman reported that Gallagher's has placed the Daggett County Airport liability coverage at a premium comparable to their prior carrier. Uintah County has also requested a quote through the Mutual for their Airport Liability. Both these counties were previously with Great American Insurance Company that has discontinued their program.

Tenant User Liability Insurance Program (TULIP). Shawn reported that the new Tenant User Liability Insurance Program will be effective November 1, 2000. Sonya White has created the one page application and certificate as approved by Gallaghers and the carrier, Gulf Insurance Company. She will be sending information packets to the member insurance coordinators and will make a presentation to the members at the November meeting.

Morgan County. Shawn explained that Morgan County is going out to bid for their Property and Casualty Insurance. He has had a couple of the County Officials approach him about bidding. Kent Sundberg made a motion that if a written request is made to the Mutual from Morgan County, then a membership proposal will be given. Ty Lewis seconded the motion, which passed unanimously.

Duchesne County Proposal. Shawn announced that a proposal was given to Duchesne County and the Commission has decided to stay a member of the Mutual. Duchesne County's premium for 2001 was approximately $20,000 less than the other bidder.

CHARACTER, PROFESSIONAL COMPETENCE, PHYSICAL or MENTAL HEALTH of an INDIVIDUAL

Sarah Ann Skanchy made a motion to set the date and time to go into closed session to discuss the character, professional competence, physical or mental health of an individual at 1:30 p.m. on October 26, 2000. Tex Olsen seconded the motion, which passed unanimously.

Kent Sundberg made a motion to conclude the closed session at 1:50 p.m. on October 26, 2000. Sarah Ann Skanchy seconded the motion, which passed unanimously.

THIRD-QUARTER BROKER EVALUATION

The evaluation of the Broker's performance for the third quarter was reviewed during the closed session to discuss the character, professional competence, physical or mental health of an individual. Sarah Ann Skanchy made a motion approving the third-quarter performance bonus for Arthur J. Gallagher & Company. Ken Bischoff seconded the motion, which passed unanimously.

OTHER BUSINESS

Brent Gardner requested that the item to present the driver policy at the November meeting be taken off the agenda until the questions and concerns of Davis County are alleviated. The Board agreed and scheduled the next meeting of the Board of Trustees to be held Thursday, December 21, 2000 at 10:00 a.m. at the Davis County Courthouse, room 216. An invitation will be extended to Steve Baker and Steve Rawlings, Davis County, to attend.

Approved on December 21, 2000

.....

UACIM Secretary-Treasurer

UAC INSURANCE MUTUAL

Administrative Budget

	1998 Actual	1999 Budget	1999 Actual	2000 Budget	2000 Actual as of 6/30/00	2001 Budget Proposed
REVENUES COLLECTED						
Beginning Balance						
Management Fees	280,000	358,610	358,610	447,686	223,843	446,815
Interest	20,975	0	19,181	0	10,435	0
Total Revenue	300,975	358,610	377,791	447,686	234,278	446,815
EXPENSES PAID						
Accounting/Audit	590	550	664	550	440	550
Administrative Fees	12,912	5,000	10,000	5,000	0	5,000
Auto Expenses	2,472	6,000	4,593	6,000	4,482	7,500
Auto Reserve	0	10,000	10,000	14,000	14,000	14,000
Board Expenses	6,951	8,000	5,223	8,000	5,222	7,000
Consulting Fees	0	0	0	0	0	0
Copying	1,563	1,200	2,334	1,200	392	1,200
Data Processing	139	2,000	3,166	3,500	1,397	3,500
Dues, Subscriptions	1,039	1,250	3,244	1,250	739	1,250
FICA	10,073	11,000	11,666	11,000	6,632	11,400
Loss Control/Training	10,928	10,700	10,667	10,700	4,206	14,000
Medical Insurance	22,566	24,870	25,905	26,900	16,481	29,400
Newsletter	0	1,000	0	1,000	0	1,000
Office Equipment	13,302	5,000	0	5,000	2,088	5,000
Office Rent	23,132	60,300	43,563	120,000	21,334	
Debt Service						85,128
Operating Expense						9,393
Reserve						17,260
Depreciation						5,634
Office Supplies	3,954	4,000	2,458	4,000	1,033	4,000
Other Insurance	4,552	5,000	3,216	5,000	599	5,000
Postage	3,475	4,000	3,476	4,000	1,785	4,000
Printing	3,330	1,000	1,903	1,000	94	1,000
Retirement	25,800	32,000	32,504	35,324	20,462	34,150
Staff Expense	17,754	13,500	13,703	13,500	8,738	15,000
Staff Salaries	131,343	146,340	150,774	164,862	86,508	159,550
Technical Assistance	4,267	400	198	400	0	400
Telephone	5,433	5,500	4,776	5,500	2,275	5,500
Total Expenses	305,575	358,610	344,033	447,686	198,905	446,815
ENDING BALANCE	-4,600	0	14,577	0	24,938	0

UACIM Loss Control
Expenditure Categories – 2000

Revenue	$10,700

Expenses:
Personnel Workshop
Defensive Driving Courses
Staff Dues & Subscriptions
Personnel Committee
Printing
Sheriff's Association Contribution

January Through October 26, 2000	$5,239.89

DRAFT

ARTICLE 5. Board of Trustees.

5.1 The Board shall be composed of eleven persons.

5.2 Each Trustee shall be an elected or appointed officer or an employee of a Member. At least one Trustee shall serve on the Board of Directors of the Utah Association of Counties. Three Trustees shall be representatives from first, second, or third class counties and three Trustees shall be representatives from fourth, fifth or sixth class counties, as defined in Utah Code Ann. §17-16-13. Three of the remaining Trustees shall be elected at large. The final two Trustee positions shall be reserved for the Chair of the Litigation Management Committee and the Chair of the Law Enforcement Committee, which positions shall be appointed by the Board. No person convicted of a felony may serve as a Trustee.

5.3 Election of Trustees shall take place at the annual meeting of the Members. Elected Trustees shall assume office at the first Board meeting following their election.

5.4 Terms of the elected Trustees shall be two-year overlapping terms.

5.5 The Board of Trustees shall elect three Trustees to serve on the Nominating Committee at the first Board meeting of each calendar year.

5.6 The Nominating Committee shall solicit nominations for available Trustee positions. Any Member or Trustee may nominate eligible persons to run for available Trustee positions. Nominations will be received at the UACIM office no later than ~~14~~ 30 days prior to the meeting at which the election is scheduled. UACIM will verify that each person nominated is willing to serve if elected before ~~placing that persons name on the ballot~~ forwarding the nominations to the Nominating Committee. ~~The person conducting Trustee elections shall also call for nominations from the floor and accept such nominations provided that the nominee expresses, or has expressed in writing, a willingness to serve if elected.~~ The Nominating Committee shall review the nominations and select by a majority vote not more than three names to be placed on the ballot for each available Trustee position. A person may not be nominated on the ballot for more than one available Trustee position. In the event that no nominations are received for one or more available Trustee positions, the Nominating Committee can solicit nominations from the floor on the following conditions:

a. The person nominated is eligible to serve as a Trustee under Subsection 5.2 of this Article; and
b. The person nominated, if present, expresses a willingness to serve, or, if not present, UACIM has verified that the person has expressed in writing a willingness to serve.

5.7 A vacancy shall occur on the Board when a Trustee:

a. Submits a written resignation to the Board.

b. Dies.

c. Is no longer an elected or appointed officer or employee of a Member.

d. Fails to attend three consecutive regular meetings of the Board without the Board having excused such absences except that such additional absence or absences shall be excused for temporary mental or physical disability or illness.

e. Is removed by the Members pursuant to Article 4.3.

f. Is convicted of a felony.

5.8 Any vacancy in the position of an elected Trustee may be filled by majority vote of the remaining Trustees until the next annual meeting of the Members, at which time the Members shall elect a person to fill the vacancy for the unexpired term.

5.9 To the extent permitted by law, Trustees may be reimbursed for expenses incurred in the performance of their duties, as authorized by the Board.

5.10 Each Trustee must be a resident of Utah. "Inside directors" may not constitute a majority of the Board, as provided by Utah Code Ann. §31A-5-407.

5.11 Subject to the limits described in Article 3.6, the powers of the Board shall include, but not be limited to, the powers to:

a. Delegate, by resolution adopted at a meeting of the Trustees and specifically defined in the written minutes of the Trustees' meetings, authority for specific functions to the Administrator, but only to the extent permitted by the Code.

b. Establish premiums, pursuant to guidelines adopted by the Board from time to time.

c. Serve as the policy-holder of any group policies or plans.

d. Determine the methods of claim administration and payment; provide for claim experience for the Members collectively or separately; and establish claim procedures and conditions to be met prior to the payment or defense of a claim.

e. Jointly self-insure or obtain reinsurance or excess insurance (specific or aggregate), or any combination thereof, or otherwise provide for the funding of coverages' provided by or through the Mutual, as the Board deems appropriate.

f. Establish the duties of the Administrator and Director of the Mutual.

g. Provide for the administration of the moneys of the Mutual, for the manner of payments to the Mutual, and for payment of all expenses of the Mutual; establish

standards for the accountability of all receipts and disbursements of the Mutual; and establish procedures for safekeeping, handling, and investing such monies received or paid.

h. Acquire, lease, hold, and dispose of real and personal property.

i. Exercise the full power and authority of any Member of the Mutual when requested to do so by the Member's governing body.

j. Provide for necessary activities to accomplish the purposes of the Mutual.

k. Do any act permitted by law and not in conflict with these Amended Bylaws, the Amended Interlocal Cooperation Agreement, or the Articles of Incorporation of the Mutual.

l. Provide for an independent audit of claim handling procedures, payments, and overall operations of the Mutual, at such times as the Board may determine.

m. Establish loss reduction, prevention and risk management policies, procedures, and requirements for Members of the Mutual.

n. Adopt and adjust the coverages provided through the Mutual in concurrence with excess insurers and/or reinsurers.

o. Enter into contracts as necessary or appropriate for the operation of the Mutual.

p. Appoint committees from time to time, as the Board considers appropriate; subject to the requirements of Utah Code Ann. §31A-5-412 (1994).

q. Approve a list of attorneys or firms of attorneys authorized to represent Members in claims covered by or through the Mutual.

r. Obtain the services of agents, attorneys, brokers, consultants, employees, and service providers as necessary or appropriate for the operation of the Mutual.

s. Provide risk management services and educational and other programs related to risk management.

t. Exercise all powers of the mutual except those powers reserved to the Members, and all powers necessary and proper for the operation of the Mutual and implementation of the Mutual, subject to the limits of the Amended Interlocal Cooperation Agreement, the Articles of Incorporation, Amended Bylaws, and the Code. The Board is responsible for all operations of the Mutual.

5.12 Subject to the limits of the Code, the Board shall:

a. Perform all duties required by the Code, the Amended Interlocal Cooperation Agreement, the Articles, and these Amended Bylaws.

b. Obtain and provide to Members at least annually an audit of the finances of the Mutual performed by an independent certified public accountant.

c. Provide for at least quarterly financial statements to account for income, expenses, assets and liabilities of the Mutual.

d. Provide at least annually for an actuarial review of the Mutual.

e. Adopt a budget annually and report the budget to the Members.

f. Require that fidelity bonds, in an amount to be determined by the Board, be in effect for the Administrator, claims service provider and its employees, and every other person having access to moneys of the Mutual.

g. Contract with Utah Association of Counties for administrative and management services, including a reasonable fee approved by the Board and Utah Association of Counties to cover the cost of the services so provided.

h. Appoint an Audit Committee, as provided in Utah Code Ann. §31A-5-412.

TENANT USERS LIABILITY INSURANCE PROGRAM (TULIP)

APPLICATION

Beaver County Facility Being Used: _____

Facility Address: _____

Applicant/Tenant User/Name of Group: _____

User's Mailing Address: _____

Contact Name: _____ Phone Number: _____

Event Date(s): _____ From: _____ (Time) To: _____ (Time)

Description of Event: _____

Estimated Number of Spectators/Attendees Per Day: _____

Event Type (per rating chart): I II III (Please Circle) Liquor Liability ❒ Yes ❒ No

Additional Insured (if any) _____

Premium $_____ (calculated from rating chart and submitted with application)

Tenant User Signature _____ Date _____

RATING CHARTS

Coverage will be provided for the following events without underwriting approval:

Type I			Type II	Type III
Banquets	Craft Shows	Meetings	Dances	Animal Shows
Concerts*	Exhibits	Receptions	Reunions	Rock Concerts
Conventions	Exhibitions	Seminars		

*Indoor no Heavy Metal, Rap, Rock

Contact Sonya White at 801-265-1331 or sonya@uacnet.org if an event is not listed above.

Total Attendance	Type I	Type II	Type III	+ Liquor Liability
1-100	$75	$95	$150	$100
101-500	$90	$165	$265	$150
501-1500	$135	$195	$350	$250
1501-3000	$175	$325	$550	$350
3001-5000	$265	$415	$675	$750
5001 +	Application must be submitted to underwriting to quote (allow two weeks)			
Add 10% to the Premium, or a Minimum of $100, for an Additional Insured				

Return completed, signed application and premium (checks made payable to UACIM) to Beaver County or mail to: UAC Insurance Mutual, 5397 South Vine Street, Salt Lake City, UT 84107

801.265.1331 801.265.9485(fax)

Coverage is provided through UAC Insurance Company, special events form, $1,000,000 limits. No coverage is provided by this policy unless an application has been submitted and approved or the fee paid to either Beaver County or UACIM. No Coverage is provided by this policy for paid professional entertainment or talent. This insurance does not apply to bodily injury or Personal Injury of any person while rehearsing or practicing for any performance or while traveling to and from any event. The insured is not liable for any injuries or damages to the facility caused by his own negligence. If any of the above questions have been answered fraudulently, or in such a way as to conceal or misrepresent any material fact or circumstance concerning the insurance or the subject thereof, this entire policy shall be void.

AFFIDAVIT OF GARY R. HERBERT

STATE OF UTAH)
:ss
COUNTY OF SALT LAKE)

Gary R. Herbert, being duly sworn upon oath, deposes and says:

1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.

2. That the Affiant, on or about the 26 day of October, 2000, presided over a meeting of the Utah Association of Counties Insurance Mutual Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.

3. That a quorum of the Utah Association of Counties Insurance Mutual Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.

4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.

FURTHER, Affiant saith not.

DATED this 26 day of October, 2000.

Gary R. Herbert

GARY R. HERBERT, President
Utah Association of Counties Insurance Mutual

On the 26th day of October 2000, personally appeared before me Gary R. Herbert, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.

SUSAN A. HALVERSON
NOTARY PUBLIC • STATE of UTAH
100 EAST CENTER STREET
PROVO, UTAH 84606
COMM. EXP. 1-20-2003

Susan A. Halverson
NOTARY PUBLIC

Residing at: Provo, Utah

My Commission Expires: 1-20-03

SUSAN A. HALVERSON
NOTARY PUBLIC • STATE of UTAH
100 EAST CENTER STREET
PROVO, UTAH 84606
COMM. EXP. 1-20-2009

TravelersPropertyCasualty
A Member of *CitiGroup*
One Tower Square
Hartford, Connecticut 06183

PROPERTY FACULTATIVE REINSURANCE CERTIFICATE

CEDING COMPANY AND ADDRESS

Utah Association of Counties Insurance Mutual
5397 Southvine Street
Salt Lake City, UT 84107

Producer:
Mr. Rich Stokluska
ARHTUR J. GALLAGHER & CO
Two Pierce Place
Itasca, IL 60143-3141
630-285-4012 Fax 630-285-4062

INSURED NAME AND EFFECTIVE DATE

Insured: Utah Association of Counties Insurance Mutual

Effective: 8-31-2000/1-1-2002
Ceding Company Policy #:
TBD

Reinsurer's Effective Period:
8-31-2000/1-1-2002
Reinsurer's Certificate #:
KT-FAC-123D178-3-00

DETAILS OF COVERAGE:
All Risk including Earthquake & Flood, **including** Flood Zone A, excluding Flood Zone V on Real and Personal Property, Mobile Equipment, EDP Equipment, including Media and Extra Expense, Builders Risk, Extra Expense, Newly Acquired, Ordinance or Law, Accounts Receivable, Valuable Papers, Fine Arts, Errors and Omission, Automobile Physical Damage and Miscellaneous Property on file with Travelers Property Casualty.

POLICY LIMITS	REINSURANCE AUTHORIZED
$250,000,000 per occurrence subject to the following sublimits; $25,000,000 Ann Agg Flood excl Flood Zone A & V $ 2,000,000 Ann Agg Flood Zone A. $25,000,000 Ann Agg EQ $ 1,000,000 Newly Acquired/Automatic $ 5,000,000 Builders Risk $ 5,000,000 Debris Removal $41,110,073 Mobile Equip $ 1,000,000 Ordinance or Law $ 9,710,514 Valuable Papers $ 1,255,000 Fine Arts $ 2,500,000 Accounts Receivable $25,000,000 Extra Expense $ 1,000,000 Errors & Omission $24,990,171 Data Processing Equipment & Med $ 1,250,018 Data Processing Extra Expense $52,201,098 Vehicles $ 250,000 Pollutant Cleanup ann agg	100% of $250,000,000 per occurrence excess of $150,000 SIR per occurrence except for Earthquake 2% subject to a min of $150,000 per unit, subject to the following sublimits; $25,000,000 Ann Agg Flood excl Flood Zone A & V $ 2,000,000 Ann Agg Flood Zone A $25,000,000 Ann Agg Earthquake $1,000,000 Newly AcquiredAutomatic 90 days reporting $5,000,000 Builders Risk 90 days reporting $5,000,000 Debris Removal or 25% of loss whichever is less $41,110,073 Mobile Equip in any one loss $ 5,000,000 Ordinance or Law in any one loss $ 9,710,514 Valuable Papers in any one loss $ 1,255,000 Fine Arts in any one loss $ 2,500,000 Accounts Receivable in any one loss $25,000,000 Extra Expense in any one loss $ 1,000,000 Errors & Omission in any one loss $24,990,171 Data Processing Equipment & Media in any one loss $ 1,250,018 Data Processing Extra Expense in any one loss $52,201,098 Vehicles in any one loss ACV basis $ 250,000 Pollutant Cleanup annual aggregate **There is no dropdown, we will be excess of the above stated deductibles each and every loss even if the loss fund is exhausted.**

Basis of Acceptance: **Excess of Loss X** **Contributing Excess** _____
Rate per $100 of TIV: .047 **TIV:** $742,443,364
Gross Premium Amount $ USD: $465,497 **Commission:** 0 %
Payment Schedule: $116,549 45 days from the effective date and $348.948 due 1/1/2001
Special Provisions:

1. Excludes Crime, B&M, T&D Lines and Optic Fiber Cables, above & below ground, Land, water, any tanks, flues, pipes, drains, wiring, tunnels or passageways which are buried underground, Bridges and Dams.
2. Policy must contain the attached Y2K endorsement.

Exclusion - Certain Computer Related Losses Due to Dates or Times (Property Coverages)

This endorsement modifies insurance provided under the following:

Property Coverages

A. This policy does not insure against loss or damage consisting of or caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss except as provided in B..

1. The failure, malfunction or inadequacy or the inability to use or have access to:

   a. Any of the following, whether belonging to the Insured or to others:

      (1) computer hardware, including microprocessors;
      (2) computer application software;
      (3) computer operating systems and related software;
      (4) computer networks;

(5) microprocessors (computer chips) not part of any computer system;
(6) any other computerized or electronic equipment or components; or

b. Any other products or services that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph 1.a. of this endorsement;

due to the inability of those products or services described in paragraphs 1.a. and 1.b. to correctly recognize, distinguish, interpret or accept one or more dates or times.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair or supervision done by or for the Insured to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in paragraph A.1. above.

3. The destruction, disruption, distortion or corruption of any computer data, coding, program or software due to the inability of those products or services described in paragraphs 1.a. and 1.b. to correctly recognize, distinguish, interpret or accept one or more dates or times.

B. If an excluded Type or Cause of Loss as described in A. 1., 2. and 3. of this endorsement results in direct physical loss or damage from the following covered causes of loss under the Property Coverages:

1. Fire;
2. Lightning;
3. Wind or hail;
4. Leakage from fire protective equipment;
5. Explosion;
6. Smoke;
7. Aircraft or vehicles;
8. Riot or civil commotion;
9. Vandalism;
10. Water Damage; or
11. Theft.

This policy shall pay only for such resulting direct physical loss or damage.

C. This policy does not insure against any preventive or remedial costs to repair or modify any items in A.1.a. and b. above to correct any actual or potential deficiencies or change any features of logic or operation.

D. This policy does not insure against any expense incurred by the insured or others in the defense, safeguarding, protecting or recovering of property whether before or after loss due to any actual or potential loss excluded in paragraph A. above.

3. Travelers will handle all property claims excess of $150,000.
4. In no event shall liability per location exceed 125% of the values shown for the location and or coverage on schedule.
5.Automatic Coverage/Newly Acquired all locations must be reported in 90 days or no coverage.

THE TRAVELERS INDEMNITY COMPANY

Countersigned at: Hartford, Connecticut
Date: 9-6-00

BY: Susan Bencher
Authorized Signature

GENERAL CONDITIONS

The liability of the REINSURER(S) named in this CERTIFICATE shall, subject to the terms and conditions of this CERTIFICATE, follow that of the COMPANY and, except as otherwise specifically provided in this CERTIFICATE, shall be subject to the terms and conditions of the policy(ies) reinsured.

1. RETENTION AND LIMIT - The COMPANY warrants to retain for its own account the amount specified in the Reinsurance Declarations on the face of this CERTIFICATE which amount may be subject to treaty and/or facultative reinsurance, unless otherwise declared to the REINSURER(S) in the Reinsurance Declarations. The liability of the REINSURER(S) for loss shall be limited to the amount(s) specified in the Reinsurance Declarations.

If this Reinsurance is on a Contributing Excess basis: 1) in the event of the COMPANY'S retention being less than such amount, the REINSURER(S) liability shall be proportionately reduced, and 2) the REINSURER(S) limit of liability will apply proportionately to loss settlement(s) and loss expense(s) in the percentages set forth in the Reinsurance Declarations. If this Reinsurance is on an Excess of Loss basis, the limit(s) of liability of the REINSURER(S) as stated in the Reinsurance Declarations apply(ies) only to that portion of loss settlement(s) in excess of the applicable COMPANY retention(s) as stated in the Reinsurance Declarations.

2. RIGHTS - In no event shall anyone other than the COMPANY, or in the event of the COMPANY'S insolvency, its receiver, liquidator or statutory successor, have any rights under this CERTIFICATE, and said CERTIFICATE shall not be assignable by the COMPANY or the REINSURER(S) without the prior written consent of the other party.

3. COMPANY POLICIES, ENDORSEMENTS, & RECORDS - The COMPANY shall, unless otherwise advised, furnish the REINSURER(S) with a copy of its policy(ies) and all endorsements(s) thereto which in any manner affect this Reinsurance. The COMPANY shall notify the REINSURER(S) promptly of any change in the policy(ies) reinsured hereunder, which affects this CERTIFICATE. Any change in the terms or conditions of the COMPANY'S policy(ies) subsequent to the effective date of this CERTIFICATE shall not increase or extend the REINSURER'S liability hereunder unless such change is made part of this CERTIFICATE by endorsement.

4. INSPECTION OF RECORDS - The COMPANY shall make available for inspection and place at the disposal of the REINSURER(S) at reasonable times and place any of its records relating to this Reinsurance or claims in connection therewith.

5. EXCLUSIONS - The Reinsurance hereunder is subject to The Standard Nuclear Incident Exclusion Clause(s) and Standard War Exclusion Clause(s) for the coverage provided.

Certain Computer Related Losses Due to Dates or Time (Property Coverages)
This endorsement modifies insurance provided under the following:
Property Coverages

A. This policy does not insure against loss or damage consisting of or caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss except as provided in B..

1. The failure, malfunction or inadequacy or the inability to use or have access to:

   a. Any of the following, whether belonging to the Insured or to others:

      (1) computer hardware, including microprocessors;
      (2) computer application software;
      (3) computer operating systems and related software;
      (4) computer networks;
      (5) microprocessors (computer chips) not part of any computer system;
      (6) any other computerized or electronic equipment or components; or

   b. Any other products or services that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph 1.a. of this endorsement;

   due to the inability of those products or services described in paragraphs 1.a. and 1.b. to correctly recognize, distinguish, interpret or accept one or more dates or times.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair or supervision done by or for the Insured to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in paragraph A.1. above.

3. The destruction, disruption, distortion or corruption of any computer data, coding, program or software due to the inability of those products or services described in paragraphs 1.a. and 1.b. to correctly recognize, distinguish, interpret or accept one or more dates or times.

B. If an excluded Type or Cause of Loss as described in A. 1., 2. and 3. of this endorsement results in direct physical loss or damage from the following covered causes of loss under the Property Coverages:

1. Fire;
2. Lightning;
3. Wind or hail;
4. Leakage from fire protective equipment;
5. Explosion;
6. Smoke;
7. Aircraft or vehicles;
8. Riot or civil commotion;
9. Vandalism;
10. Water Damage; or
11. Theft.

This policy shall pay only for such resulting direct physical loss or damage.

C. This policy does not insure against any preventive or remedial costs to repair or modify any items in A.1.a. and b. above to correct any actual or potential deficiencies or change any features of logic or operation.

D. This policy does not insure against any expense incurred by the insured or others in the defense, safeguarding, protecting or recovering of property whether before or after loss due to any actual or potential loss excluded in paragraph A. above.

6. CERTIFICATE PERIOD - The effective period of this CERTIFICATE shall be as specified in the Reinsurance Declarations with regard to date, and as specified in the policy(ies) reinsured with regard to time.

7. WARRANTIES - If this Reinsurance attaches prior to the date of acceptance, the COMPANY warrants that there are no known or reported losses which might be recoverable under this CERTIFICATE as of the date this Reinsurance is accepted.

8. CLAIMS & SETTLEMENTS - The COMPANY shall promptly notify the REINSURER(S) by telephone and in writing, of any occurrence, accident, or event, and any developments subsequent thereto, which could reasonably involve this CERTIFICATE of Reinsurance. The COMPANY shall also promptly notify the REINSURER(S) of any occurrence, accident, or event in respect of which the COMPANY has established a loss reserve equal to or greater than fifty (50) percent of the COMPANY'S retention specified in the Reinsurance Declarations or if this Reinsurance applies on a Contributing Excess basis, when notice of claim is received by the COMPANY.
The COMPANY has the obligation and duty to investigate and defend claims or suits affecting this Reinsurance and to pursue such claims or lawsuits to a final determination. While the REINSURER(S) do not undertake to investigate or defend claims or suits they shall nevertheless have the right and shall be given the opportunity, at their request, with the full cooperation of the COMPANY, to appoint counsel at their own expense and to become associated with the COMPANY and the COMPANY'S representatives in the defense and control of any claims, suits, or proceeding involving this CERTIFICATE of Reinsurance, and the COMPANY and the REINSURER(S) will cooperate in every respect in the defense and control of such claims, suits or proceedings.

All loss settlements made by the COMPANY providing they are within the term(s), condition(s), and limit(s) of the original policy(ies) and within the term(s), conditions(s), and limit(s) of this CERTIFICATE of Reinsurance, shall be binding on the REINSURER(S). Should the COMPANY'S policy limit include expenses, the REINSURER'S maximum limit of liability for loss and expenses shall be as stated in the Reinsurance Declarations. Should the COMPANY'S policy pay expenses supplemental to limits, this CERTIFICATE will follow form and pay expenses supplemental to its limits as stated in the Reinsurance Declarations. Upon receipt of a Definitive Statement of Loss and documentation of payment of loss by the COMPANY, the REINSURER(S) shall promptly pay its proportion of such loss as set forth in the Reinsurance Declarations. A Definitive Statement of Loss shall consist of those parts or portions of the COMPANY'S investigative claim file which, in the judgment of the REINSURER(S), is wholly sufficient for the REINSURER(S) to establish adequate loss reserves and determine the propriety of any loss reported hereunder.

On policies that pay expenses supplemental to limits the REINSURER(S) shall pay its proportion of expenses (other than office expenses and payments to any salaried employee of the COMPANY) incurred by the COMPANY in the investigation, defense, and/or settlement of claims or suits and its proportion of court costs and interest on any judgment or award in the ratio that the REINSURER'S loss payment bears to the COMPANY'S gross loss payment. If there is no loss payment the REINSURER(S) shall pay, within the limit(s) of the COMPANY'S policy(ies) or the applicable yer of participation, its proportion of such expenses only in respect of business accepted on a Contributing Excess basis and then only in the percentage stated in the Reinsurance Declarations.

9. SUBROGATION & SALVAGE - The REINSURER(S) will be paid or credited by the COMPANY with its proportion of subrogation and/or salvage(s), i.e., reimbursement obtained or recovery made by the COMPANY, less the actual cost (excluding COMPANY salaries and office expenses) of obtaining such reimbursement or making such recovery. If the Reinsurance afforded by this CERTIFICATE is on an Excess of Loss basis, subrogation and/or salvage(s) shall be applied in the inverse order in which liability for loss attaches.

10. PREMIUM TAXES - The COMPANY will be liable for all taxes on premiums ceded to the REINSURER(S) under this CERTIFICATE.

11. REINSURANCE ASSOCIATIONS & SYNDICATES - If a Reinsurance Association or Reinsurance Syndicate participates through an Underwriting Manager in coverage under this CERTIFICATE, it is understood and agreed that the Underwriting Manager is not a REINSURER hereunder and neither is, nor shall be, in any way or to any extent liable for any loss or claim whatsoever.

The liability of the Member Companies of any Reinsurance Association or Reinsurance Syndicate participating in coverage under this CERTIFICATE shall be SEVERAL ONLY and not JOINT & SEVERAL for the proportions set opposite their respective names in the MEMBER'S LIST on file with the COMPANY and/or Intermediary.

12. INSOLVENCY - In the event of the insolvency of the COMPANY:
Reinsurance under this CERTIFICATE shall be payable by the REINSURER(S) on the basis of the liability of the COMPANY without diminution because of such insolvency, directly to the COMPANY or to its liquidator, receiver, conservator, or statutory successor, except as otherwise provided by law including Sections 4118(a)(1)(A) and 1114(c) of the New York Insurance Law. The REINSURER(S) shall be given written notice of the pendency of each claim which may involve the Reinsurance afforded by this CERTIFICATE within a reasonable time after such claim is filed for insolvency proceedings. The REINSURER(S) shall have the right to investigate each such claim and interpose at its(their) own expense, in the proceedings where the claim is to be adjudicated, any defense which it(they) may deem available to the COMPANY or its liquidator, receiver, conservator, or statutory successor. The expense thus incurred by the REINSURER(S) shall be chargeable, subject to court approval, against the insolvent COMPANY as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the COMPANY solely as a result of the defense undertaken by the REINSURER(S).

Offset between the REINSURER(S) and the COMPANY will be subject to applicable law.

13. OFFSET - Except as provided in INSOLVENCY the REINSURER(S) or the COMPANY may offset any balance(s), whether on account of premiums, commissions, claims, losses, adjustment expenses, recoveries or any other amount(s) due from one party to the other under this CERTIFICATE.

14. ARBITRATION - As a condition precedent to any right of action hereunder, any dispute between the COMPANY and the REINSURER arising out of, or relating to the formation, interpretation, performance or breach of this CERTIFICATE, whether such dispute arises before or after termination of this CERTIFICATE, shall be submitted to arbitration. Arbitration shall be initiated by the delivery of a written notice of demand for arbitration sent certified or registered mail or by other carrier services providing receipt of delivery by one party to the other.

One arbitrator shall be chosen by each party and the two arbitrators shall, before instituting the hearing, choose an impartial third arbitrator who shall preside at the hearing. If either party fails to appoint its arbitrator within thirty (30) days after being requested to do so by the other party, the latter may appoint the second arbitrator.

If the two arbitrators are unable to agree upon the third arbitrator within thirty (30) days of their appointment, the third arbitrator shall be selected from a list of six individuals (three named by each arbitrator) by a judge of the federal district court having jurisdiction over the geographical area in which the arbitration is to take place, or if the federal court declines to act, the state court having general jurisdiction in such area. If the state court also declines to act, each arbitrator shall then decline two of the nominations presented by the other arbitrator. The third arbitrator shall then be chosen from the remaining two nominations by drawing lots.

All arbitrators shall be disinterested active or former officials of insurance or reinsurance companies or underwriters at Lloyd's, London, not under the control and without past employment or directorial relationships to either party to this CERTIFICATE. Within ten (10) days of his or her notification that he or she has been selected as an Arbitrator, such Arbitrator shall make full written disclosure of all business, social, or familial relationships with either party or their employees.

Within thirty (30) days after notice of appointment of all arbitrators, the panel shall meet, and unless the panel establishes an alternative schedule, the parties shall abide by the following deadlines: (a) ninety (90) days or the filing of the claimant's and respondent's brief and the claimant's reply, (b) sixty (60) days for the period of discovery and (c) ninety (90) days from the conclusion of the hearing for the panel to render its decision.

The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of procedure and evidence. Arbitration shall take place in Hartford, Connecticut. Insofar as the arbitration panel looks to substantive law, it shall consider the law of the State of Connecticut. The decision of any two arbitrators when rendered in writing shall be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.

The panel shall interpret this CERTIFICATE as an honorable engagement rather than as merely a legal obligation and shall make its decision considering the custom and practice of the applicable insurance and reinsurance business as promptly as possible following the termination of the hearings. Judgment upon the award may be entered in any court having jurisdiction thereof.

Each party shall bear the expense of its own arbitrator and shall jointly and equally bear with the other party the cost of the third arbitrator. The remaining costs of the arbitration shall be allocated by the panel. The panel may, at its discretion, award such further costs and expenses as it considers appropriate, including but not limited to attorneys fees and interest.

15. SERVICE OF SUIT - (This Clause is applicable only to an unauthorized REINSURER in the State of New York or to a REINSURER who is domiciled outside the United States of America.)

In the event of the failure of the REINSURER hereon to pay any amount claimed to be due hereunder, the REINSURER, at the request of the COMPANY, will submit to the jurisdiction of a court of competent jurisdiction within the United States of America, and will comply with all requirements necessary to give such court jurisdiction, and all matters hereunder shall be determined in accordance with the law and practice of such court.

Nothing in this Clause constitutes or should be understood to constitute a waiver of the REINSURER'S rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States.

It is further agreed that service of process in such suit may be made upon Messrs. Mendes and Mount, 750 Seventh Avenue, New York, New York 10019-6829, and that in any suit instituted, the REINSURER will abide by the final decision of the Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of the REINSURER in any such suit and/or upon the request of the COMPANY to give a written undertaking to the COMPANY that they will enter a general appearance upon the REINSURER'S behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the REINSURER hereon hereby designates the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the COMPANY or any beneficiary hereunder arising out of this CERTIFICATE, and hereby designates the above-named as the firm to whom the said officer is authorized to mail such process or true copy thereof.

16. FUNDING - (This Clause shall apply individually to each participating REINSURER.)

If the REINSURER is or becomes unauthorized by the United States Secretary of the Treasury or in any state of the United States of America or the District of Columbia, the REINSURER hereby agrees to fund unearned premium, known outstanding Losses including Allocated Loss Adjustment Expense relating thereto, Losses and Allocated Loss Adjustment Expense paid by the COMPANY but not recovered from the REINSURER and any reserve for incurred but not reported Losses as shown in the statement prepared by the COMPANY (hereinafter referred to as the "REINSURER'S Obligations") by Letter of Credit as described below. The COMPANY has the right to request the Letter of Credit at its convenience, in an amount sufficient to secure the REINSURER'S Obligations to the COMPANY.

Immediately upon request by the COMPANY, the REINSURER agrees to apply for and secure timely delivery to the COMPANY of a clean, irrevocable and unconditional Letter of Credit in form and content and issuer satisfactory to the COMPANY. Such Letter of Credit shall be issued for a period of not less than one year, and shall be automatically extended for one year from its date of expiration or any future expiration date unless sixty (60) days prior to any expiration date the issuing bank shall notify the COMPANY by certified or registered mail that the issuing bank elects not to consider the Letter of Credit extended for any additional period. If the COMPANY receives this notification, at least thirty (30) days prior to the expiration of the Letter of Credit, the REINSURER shall deliver to the COMPANY a replacement Letter of Credit in an amount sufficient to secure the REINSURER'S Obligations. The COMPANY shall have the right to adjust the required amount of any Letter of Credit at any time to secure the REINSURER'S Obligations to the COMPANY. The REINSURER shall provide such amended Letter of Credit to the COMPANY within fifteen (15) days of the REINSURER'S receipt of the written notice of the need for any such change.

The Letter of Credit shall stipulate that the beneficiary need only draw a sight draft under the Letter of Credit and present it to obtain funds and that no other documents need be presented. In the event the amount drawn by the COMPANY on any Letter of Credit for the benefit of the COMPANY is in excess of the actual amount determined to be due, the COMPANY shall promptly return to the REINSURER the excess amount so drawn provided the REINSURER'S Obligations under this CERTIFICATE are deemed to be final by the COMPANY. All of the foregoing shall be applied without diminution because of insolvency on the part of the COMPANY or the REINSURER.

17. CANCELLATION - This Reinsurance may be canceled at any time on a pro rata basis by either the COMPANY or the REINSURER(S) by giving written notice to the other party. The effective date of the cancellation shall be determined by the number of days allowed in the original policy plus 15 additional days not to exceed 90 days in all. Cancellation of the policy(ies) reinsured hereunder shall constitute an automatic cancellation of this Reinsurance as of the same date and on the same premium basis as that of the policy(ies) reinsured. However, if the policy(ies) is(are) canceled and simultaneously rewritten, the COMPANY, if it so desires, may resubmit the risk for acceptance by the REINSURER(S) on the new basis and for the new term. The COMPANY shall be entitled to return premiums payable on the canceled CERTIFICATE less the amount of the ceding commission thereon, if any.

In the event of non-payment of premium, the REINSURER(S) may cancel this CERTIFICATE by giving written notice to the COMPANY not less than 15 days prior to the date when such cancellation is to be effective. Proof of mailing shall be deemed proof of notice.

18. GOVERNING LAW - This CERTIFICATE shall be governed by and interpreted in accordance with the laws of the state of Connecticut of the United States of America.

The terms of this CERTIFICATE shall not be waived or changed except by endorsement(s) issued to form a part hereof, executed by a duly authorized representative of the REINSURER(S).

TO REPORT A PROPERTY CLAIM

To report a Property claim please contact the Claim Administrator; Susan Bencher, telephone number 860-954-4545, fax number 860-277-9277 . Please have the pertinent information available when you call the Claims Administrator; Insured Name, Certificate Number, Specific Location of the Loss, Description of the Loss, and the Persons Name and Telephone Number that our claims adjuster can contact for additional information.