

**GERALD B. FARLOW & ASSOCIATES, LTD.
REINSURANCE COMPANY FORMATION INFORMATION**

NAME OF COMPANY:

Three suggested names should be selected in order of preference.

1. _____, Limited/Ltd.

2. _____, Limited/Ltd.

3. _____, Limited/Ltd.

The company name should include the term Reinsurance

CONTACT:

Person to contact regarding formation/operation of company.

Name: _____

Address: _____

City, State, Zip: _____

Telephone: () _____

SHAREHOLDERS:

Only one shareholder is required.

Name: _____

Address: _____

City, State, Zip: _____

Social Security Number: _____

Number or Percentage of Shares: _____

Name: _____

Address: _____

City, State, Zip: _____

Social Security Number: _____

Number or Percentage of Shares: _____

Name: _____

Address: _____

City, State, Zip: _____

Social Security Number: _____

Number or Percentage of Shares: _____

Please attach an additional sheet with the relevant information on any additional shareholders.

DIRECTORS:

There should be at least two and no more than ten directors.

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

Please attach an additional sheet with the relevant information on any additional directors.

OFFICERS:

President: _____

Vice President: _____

Secretary: _____

Treasurer: _____

ANNUAL MEETING DATE:

Circle One: 1st 2nd 3rd 4th _____ of _____

(day of week)

(month)

Form SS-4 (Rev. January 2009) Department of the Treasury Internal Revenue Service	Application for Employer Identification Number (For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.) ▶ See separate instructions for each line. ▶ Keep a copy for your records.	OMB No. 1545-0003 EIN
Type or print clearly.	1 Legal name of entity (or individual) for whom the EIN is being requested	
	2 Trade name of business (if different from name on line 1)	3 Executor, administrator, trustee, "care of" name
	4a Mailing address (room, apt., suite no. and street, or P.O. box)	5a Street address (if different) (Do not enter a P.O. box.)
	4b City, state, and ZIP code (if foreign, see instructions)	5b City, state, and ZIP code (if foreign, see instructions)
	6 County and state where principal business is located	
	7a Name of principal officer, general partner, grantor, owner, or trustor	7b SSN, ITIN, or EIN
	8a Is this application for a limited liability company (LLC) (or a foreign equivalent)? <input type="checkbox"/> Yes <input type="checkbox"/> No	
	8b If 8a is "Yes," enter the number of LLC members ▶	
	8c If 8a is "Yes," was the LLC organized in the United States? <input type="checkbox"/> Yes <input type="checkbox"/> No	
	9a Type of entity (check only one box). Caution. If 8a is "Yes," see the instructions for the correct box to check.	
<div><input type="checkbox"/> Sole proprietor (SSN) <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation (enter form number to be filed) ▶ <input type="checkbox"/> Personal service corporation <input type="checkbox"/> Church or church-controlled organization <input type="checkbox"/> Other nonprofit organization (specify) ▶ <input type="checkbox"/> Other (specify) ▶</div> <div><input type="checkbox"/> Estate (SSN of decedent) <input type="checkbox"/> Plan administrator (TIN) <input type="checkbox"/> Trust (TIN of grantor) <input type="checkbox"/> National Guard <input type="checkbox"/> State/local government <input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> Federal government/military <input type="checkbox"/> REMIC <input type="checkbox"/> Indian tribal governments/enterprises Group Exemption Number (GEN) if any ▶</div>		
9b If a corporation, name the state or foreign country (if applicable) where incorporated	State	Foreign country
10 Reason for applying (check only one box)		
<div><input type="checkbox"/> Started new business (specify type) ▶ <input type="checkbox"/> Hired employees (Check the box and see line 13.) <input type="checkbox"/> Compliance with IRS withholding regulations <input type="checkbox"/> Other (specify) ▶</div> <div><input type="checkbox"/> Banking purpose (specify purpose) ▶ <input type="checkbox"/> Changed type of organization (specify new type) ▶ <input type="checkbox"/> Purchased going business <input type="checkbox"/> Created a trust (specify type) ▶ <input type="checkbox"/> Created a pension plan (specify type) ▶</div>		
11 Date business started or acquired (month, day, year). See instructions.		12 Closing month of accounting year
13 Highest number of employees expected in the next 12 months (enter -0- if none). Agricultural Household Other		14 Do you expect your employment tax liability to be \$1,000 or less in a full calendar year? <input type="checkbox"/> Yes <input type="checkbox"/> No (If you expect to pay \$4,000 or less in total wages in a full calendar year, you can mark "Yes.")
15 First date wages or annuities were paid (month, day, year). Note. If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year) ▶		
16 Check one box that best describes the principal activity of your business.		
<div><input type="checkbox"/> Construction <input type="checkbox"/> Rental & leasing <input type="checkbox"/> Transportation & warehousing <input type="checkbox"/> Real estate <input type="checkbox"/> Manufacturing <input type="checkbox"/> Finance & insurance <input type="checkbox"/> Other (specify)</div> <div><input type="checkbox"/> Health care & social assistance <input type="checkbox"/> Wholesale-agent/broker <input type="checkbox"/> Accommodation & food service <input type="checkbox"/> Wholesale-other <input type="checkbox"/> Retail</div>		
17 Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided.		
18 Has the applicant entity shown on line 1 ever applied for and received an EIN? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," write previous EIN here ▶		
Third Party Designee	Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.	
	Designee's name	Designee's telephone number (include area code) ()
	Address and ZIP code	Designee's fax number (include area code) ()
Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.		Applicant's telephone number (include area code) ()
Name and title (type or print clearly) ▶		Applicant's fax number (include area code) ()
Signature ▶		Date ▶

Do I Need an EIN?

File Form SS-4 if the applicant entity does not already have an EIN but is required to show an EIN on any return, statement, or other document.¹ See also the separate instructions for each line on Form SS-4.

IF the applicant...	AND...	THEN...
Started a new business	Does not currently have (nor expect to have) employees	Complete lines 1, 2, 4a–8a, 8b–c (if applicable), 9a, 9b (if applicable), and 10–14 and 16–18.
Hired (or will hire) employees, including household employees	Does not already have an EIN	Complete lines 1, 2, 4a–6, 7a–b (if applicable), 8a, 8b–c (if applicable), 9a, 9b (if applicable), 10–18.
Opened a bank account	Needs an EIN for banking purposes only	Complete lines 1–5b, 7a–b (if applicable), 8a, 8b–c (if applicable), 9a, 9b (if applicable), 10, and 18.
Changed type of organization	Either the legal character of the organization or its ownership changed (for example, you incorporate a sole proprietorship or form a partnership) ²	Complete lines 1–18 (as applicable).
Purchased a going business ³	Does not already have an EIN	Complete lines 1–18 (as applicable).
Created a trust	The trust is other than a grantor trust or an IRA trust ⁴	Complete lines 1–18 (as applicable).
Created a pension plan as a plan administrator ⁵	Needs an EIN for reporting purposes	Complete lines 1, 3, 4a–5b, 9a, 10, and 18.
Is a foreign person needing an EIN to comply with IRS withholding regulations	Needs an EIN to complete a Form W-8 (other than Form W-8ECI), avoid withholding on portfolio assets, or claim tax treaty benefits ⁶	Complete lines 1–5b, 7a–b (SSN or ITIN optional), 8a, 8b–c (if applicable), 9a, 9b (if applicable), 10, and 18.
Is administering an estate	Needs an EIN to report estate income on Form 1041	Complete lines 1–6, 9a, 10–12, 13–17 (if applicable), and 18.
Is a withholding agent for taxes on non-wage income paid to an alien (i.e., individual, corporation, or partnership, etc.)	Is an agent, broker, fiduciary, manager, tenant, or spouse who is required to file Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons	Complete lines 1, 2, 3 (if applicable), 4a–5b, 7a–b (if applicable), 8a, 8b–c (if applicable), 9a, 9b (if applicable), 10, and 18.
Is a state or local agency	Serves as a tax reporting agent for public assistance recipients under Rev. Proc. 80-4, 1980-1 C.B. 581 ⁷	Complete lines 1, 2, 4a–5b, 9a, 10, and 18.
Is a single-member LLC	Needs an EIN to file Form 8832, Classification Election, for filing employment tax returns and excise tax returns, or for state reporting purposes ⁸	Complete lines 1–18 (as applicable).
Is an S corporation	Needs an EIN to file Form 2553, Election by a Small Business Corporation ⁹	Complete lines 1–18 (as applicable).

¹ For example, a sole proprietorship or self-employed farmer who establishes a qualified retirement plan, or is required to file excise, employment, alcohol, tobacco, or firearms returns, must have an EIN. A partnership, corporation, REMIC (real estate mortgage investment conduit), nonprofit organization (church, club, etc.), or farmers' cooperative must use an EIN for any tax-related purpose even if the entity does not have employees.

² However, do not apply for a new EIN if the existing entity only (a) changed its business name, (b) elected on Form 8832 to change the way it is taxed (or is covered by the default rules), or (c) terminated its partnership status because at least 50% of the total interests in partnership capital and profits were sold or exchanged within a 12-month period. The EIN of the terminated partnership should continue to be used. See Regulations section 301.6109-1(d)(2)(iii).

³ Do not use the EIN of the prior business unless you became the "owner" of a corporation by acquiring its stock.

⁴ However, grantor trusts that do not file using Optional Method 1 and IRA trusts that are required to file Form 990-T, Exempt Organization Business Income Tax Return, must have an EIN. For more information on grantor trusts, see the Instructions for Form 1041.

⁵ A plan administrator is the person or group of persons specified as the administrator by the instrument under which the plan is operated.

⁶ Entities applying to be a Qualified Intermediary (QI) need a QI-EIN even if they already have an EIN. See Rev. Proc. 2000-12.

⁷ See also *Household employer* on page 4 of the instructions. **Note.** State or local agencies may need an EIN for other reasons, for example, hired employees.

⁸ See *Disregarded entities* on page 4 of the instructions for details on completing Form SS-4 for an LLC.

⁹ An existing corporation that is electing or revoking S corporation status should use its previously-assigned EIN.



VEHICLE SERVICE CONTRACT & PRIORITY MAINTENANCE
REINSURANCE WAREHOUSE AGREEMENT

**VEHICLE SERVICE CONTRACT & PRIORITY MAINTENANCE AGREEMENT
REINSURANCE WAREHOUSE AGREEMENT**

THIS VEHICLE SERVICE CONTRACT REINSURANCE WAREHOUSE AGREEMENT made and entered into on the _____ day of _____ 200___; by and between Interstate National Dealer Services, Inc. (hereinafter "Administrator") and _____ a _____ corporation, (hereinafter the "PRODUCER").

It is agreed that PRODUCER intends to establish an insurance company capitalized under the laws of the Turks & Caicos Islands. When such insurance company is formed, Administrator agrees to arrange to reinsure all remittances submitted by the PRODUCER and accepted by Administrator from the date of this Agreement less the ceding fees allowed thereon; less paid claims and claim expenses; less amounts refunded due to cancellations.

It is the intent of the Agreement that prior to the formation of the Producer's insurance company, all underwriting gains or losses will accrue to PRODUCER in addition to all investment income calculated on reserves deposited on behalf of PRODUCER.

This Agreement shall be conditioned upon the Producer achieving an average monthly submission of seventy five (75) vehicle service contracts and/or priority maintenance agreements for each month prior to the formation of PRODUCER'S reinsurance company. This Agreement shall be binding upon the parties hereto and may only be amended by the parties, by mutual agreement, in writing.

INTERSTATE NATIONAL DEALER SERVICES, INC.
ADMINISTRATOR

PRODUCER

By: _____

Name: _____

Title: _____



VEHICLE SERVICE CONTRACT & PRIORITY MAINTENANCE
PRODUCER AGREEMENT

PRODUCER AGREEMENT

This Agreement is made and entered into by and between _____ (hereafter referred to as "Producer") and Interstate National Dealer Services Inc., (hereafter referred to as "Administrator"), as of the date executed below.

WHEREAS Producer wishes to offer the RpmOne Vehicle Service Contract Program and/or Priority Maintenance Agreement Program ("Programs"), and further wishes to form an affiliated reinsurance company to provide reinsurance and accept certain risks produced as a result of the sale of such Vehicle Service Contracts, Limited Warranties (VSCs), and Priority Maintenance Agreements (PMAs) and;

WHEREAS Administrator is prepared to provide the administration of such VSC/PMA and Administrator is further prepared to organize, manage, and administer Producer's reinsurance company.

THEREFORE it is agreed that:

- I. Producer will:
 - A. Offer Program(s) to its new and used vehicle retail customers ("Purchasers") on all eligible vehicles during the term of this agreement.
 - B. Utilize the pricing structures, underwriting and claims guidelines issued by Administrator from time to time on forms supplied by Administrator. Such structures and guidelines will determine which vehicles are eligible for use in Program(s) as well as the required pricing, including reserves for claims. Producer additionally agrees, should a VSC/PMA be returned to Producer, to either correct the error that caused the declination and resubmit the VSC/PMA to Administrator or, if the VSC/PMA cannot be corrected in accordance with Administrator's requirements, to refund to applicant any monies tendered with respect to such VSC/PMA.
 - C. Be responsible for all services and obligations required to be fulfilled to Purchasers of the VSCs/PMAs and hereby acknowledges that Administrator shall, under no circumstance, have any such responsibility.
 - D. Transmit to Administrator no less often than monthly, completed VSC/PMA applications in a form and manner as directed by Administrator together with appropriate monies due Administrator from Program sales. Failure to submit the above to Administrator within sixty (60) days of the VSC/PMA inception date may result in denial of services or coverage.
 - E. Authorize Administrator to receive from such remittance, described in D. above, fees associated with VSCs/PMAs written, or if such remittances are insufficient for payment of same then, withdraw such amounts from funds in the reinsurance company formed by Producer and previously remitted by Producer.
 - F. Direct Administrator to form, at Producer's expense, a reinsurance company in The Turks & Caicos Islands. Producer will specify the name and ownership of such reinsurance company to Administrator. Producer will execute such forms and supply such information as is required in order to form and maintain such reinsurance company including execution of the Reinsurance Agreement attached hereto as Exhibit "A".
 - G. Allow Administrator to be reimbursed from the Reinsurance Company for payments it has made for any claims and claim adjustment expenses including, but not limited to, inspection and/or legal fees relating to the VSC/PMA or for cancellation of any VSC/PMA.
 - H. Agree that eligible vehicles include only those vehicles that qualify per Administrator's underwriting guidelines and are in sound mechanical condition at time of sale. Producer agrees to change engine oil and oil filter; replenish all fluid levels; and do all necessary mechanical reconditioning prior to delivering a used vehicle covered by a VSC to a VSC Purchaser. Any misrepresentation or concealment of a material fact by Producer for the purpose of securing a VSC/PMA validation, shall eliminate Administrator's responsibility regarding that VSC/PMA.
 - I. Refund to any lender which has financed the purchase price of any VSC/PMA, Producer's retained portion of the total VSC/PMA charge on a pro-rata basis, in the event of a cancellation of a VSC/PMA at lender's request due to a total loss, repossession of the vehicle covered under the VSC/PMA or default

by VSC/PMA Purchaser in repayment obligations to lender. In the event the VSC/PMA was not financed, Producer agrees to return to Purchaser that portion of the returned VSC/PMA charge calculated by Administrator to be due to Purchaser pursuant to the terms of VSC/PMA.

- J. Permit Administrator or its authorized representatives, during normal business hours, to enter Producer's place of business to inspect and examine all records relative to the VSCs/PMAs or the subject matter of this Producer Agreement until one (1) year following the expiration of such VSCs/PMAs for the purpose of review and audit.
- K. Agrees to follow Administrator's procedures prior to (i.) repairing all covered mechanical failures under any VSC of Administrator's Program and/or (ii.) performing all scheduled maintenance work under any PMA of Administrator's Program.
- L. Agrees, in its capacity as a qualified repair facility, to (i.) repair or replace any covered part(s) due to mechanical failure; or arrange to provide for covered repairs in accordance with any VSC issued and/or (ii.) perform scheduled maintenance work in accordance with any PMA issued.
- M. Agrees to inform Administrator before initiating any covered repair, replacement, or scheduled maintenance of all circumstances or conditions including, but not limited to, Program Holder's neglect, abuse, failure to perform required services, alteration of vehicle/craft, etc., that might exclude coverage under the terms of VSC/PMA.
- N. To submit to Administrator all claims for reimbursement within thirty (30) days after completion of repairs for VSCs or maintenance work for PMAs. No such claim will be submitted for an amount greater than that authorized by Administrator. Producer further agrees not to submit to Administrator for reimbursement, any claims for: (i) repairs or expenses not covered by VSCs/PMAs, (ii) repairs or expenses resulting from Producer's failure to perform repairs in a good and workmanlike manner, (iii) repairs to correct conditions existing, or which may reasonably be assumed to have existed, at the time the covered vehicle/craft was sold, and (iv) repairs or expenses which are also covered by Manufacturer's Warranty or recall, a Producer's or repair facility's guarantee, or other similar coverage not administered by Administrator. Producer agrees that any improper claim submission may be rejected by Administrator, and such claim will be solely the responsibility of Producer.
- O. Unconditionally guarantee all services and materials as supplied by Producer against faulty workmanship and/or defective materials under normal use for a minimum of ninety (90) days or four thousand (4,000) miles, whichever shall occur first, from the date repairs are completed and vehicle returned to Purchaser.
- P. Hold harmless, indemnify and defend Administrator against all claims, liability, damage, costs and expenses (including attorney fees), collectively "losses" caused by any act or omission of Producer and/or Producer's agents, employees or representatives related to any VSC/PMA which is not reported to Administrator per Paragraph I.D. above; or which are the result of any negligent, fraudulent or intentional act or failure to act of Producer or Producer's agents, employees or representatives including, but not limited to, failure to follow Administrator's underwriting and procedural guidelines. In no event shall Producer have any obligations under this paragraph to the extent of, but only to the extent of, any losses caused by acts or omissions of Administrator.
- Q. Produce and submit a combined monthly average of seventy five (75) acceptable VSCs/PMAs over the term of the agreement. Should Producer fail to sell and submit a combined seventy five (75) VSCs/PMAs per month on average from the inception of the agreement to date, Administrator may, at its sole discretion, cause to have all remaining funds held for the Reinsurance Company ceded back to Administrator and neither Producer nor Reinsurance Company will have any right or interest in such retro ceded amounts.
- R. Implement pricing adjustments and changes in underwriting guidelines as required by Administrator from time to time upon notice.

II. Administrator will:

- A. Provide for complete administration of all VSCs/PMAs sold by Producer which are submitted to Administrator and for which the correct remittances have been made as provided in Paragraph I. D. above.
- B. Supply to Producer, VSC/PMA forms, transmittals, underwriting guidelines, rate charts, advertising materials and other such forms as Administrator may hereafter supply for use in Program in the quantities needed from time to time by Producer.
- C. Assist Program Holder's in receiving benefits provided under the terms of the VSC/PMA, in accordance with Administrator's then current Service Department Guidelines.

- D. Provide Producer with periodic reports and summary of VSCs/PMAs received and paid for, claims paid, and contracts in force and expired, in formats determined by Administrator.
- E. At Producer's direction, as set forth in Paragraph I. F. above, arrange for the formation of a reinsurance company and the preparation of all necessary documents to enable such reinsurance company to function under the terms of the Reinsurance Agreement attached hereto as Exhibit "A."
- F. Assist Producer in the operation of the reinsurance company described in II. E. above including, but not limited to, the filing of required documents, payment of required fees, preparation of the annual statement, and filing of a United States Federal Tax Return. Any payment of such fees, taxes, or charges and all costs associated with the maintenance of the reinsurance company and the preparation and filing of Tax and other returns shall be made by the Producer and/or the reinsurance company or if made by Administrator, then Administrator is authorized to obtain reimbursement from the Producer and/or the reinsurance company.
- G. Maintain insurance designed to pay, on behalf of Administrator and Producer, sums necessary to perform obligations under the VSC/PMA submitted to and accepted by Administrator, in the event Administrator, Producer, and/or reinsurance company are unable to perform such obligations as required under this Agreement, provided that Producer and Producer's reinsurance company have fulfilled all of their obligations required under this and related documents. Producer understands that such insurance may be subject to (i) compliance by Producer with all terms of the agreement and (ii) full payment of sums determined to be appropriate by Administrator or such insurer.
- H. For VSCs. Agrees to compute payment to Producer for repairs completed by Producer and arrange for payment from reinsurance company at a rate not to exceed Producer's customary retail labor rate, except as provided for in Paragraph V.C. of this Agreement, for the time required for repairs according to the agreed upon repair manual for automotive contracts, Spader repair manual for Recreational Vehicles, other recognized and approved national manuals for these and other programs and published suggested list price on parts. Sublet work will be reimbursed at Producer's actual cost. Producer acknowledges that Administrator assumes no obligation for the workmanship, quality of repairs or replacement of parts; nor for any bodily injury or property damage caused directly or indirectly by mechanical failure or malfunction, or any other cause, of a vehicle or any part thereof.
- I. For PMAs, agrees to compute and make payment to Producer at the labor rate, labor hours, and parts cost established by the Administrator for each scheduled maintenance.

III. NOTIFICATION OF TRANSFER OF CONTROL

Producer acknowledges that in the event Producer should cease to control the business from which it is offering VSCs/PMAs, whether as a result of a transfer of stock, transfer of assets, liquidation or otherwise, then, at least 30 days prior to such event, Producer will notify Administrator and make adequate provision and arrangements, whether through the reinsurance company formed pursuant to this agreement and/or assumption by a successor business and/or otherwise, for the performance of its obligations under this Producer Agreement.

IV. MODIFICATION

No amendment, modification, or alteration of this Producer Agreement shall be valid or binding unless it is written and signed by both Producer and Administrator.

V. TERMINATION

- A. This Agreement may be terminated at any time by either party upon giving thirty (30) days written notice to the other party. Unless so terminated, this Agreement shall be a continuing Agreement.
- B. Upon termination, all obligations hereunder by either party shall cease, provided however, that Producer and Administrator shall remain responsible in accordance with the provisions of the Agreement for all VSCs/PMAs issued and paid to Administrator prior to date of termination in accordance with Article I D. and proper remittance was made. Producer, as indicated by signing this Producer Agreement, shall be liable for Producer's obligation to Administrator, lien holders and consumers on cancellations occurring after termination. Administrator will not under any circumstance be liable for Producer's obligation to lien holders and/or consumers on cancellations.

- C. Upon termination by Producer or Administrator, all claims submitted by Producer subsequent to termination shall be paid at the retail labor rate determined in accordance with Paragraph II H. in effect at the time of such termination.
- D. Upon termination by Producer or Administrator, unless ceded back to Administrator as described in I. Q. above, all unconsumed reserves and investment income generated by such reserves, shall remain the property of the reinsurance company.

VI. PRIOR AGREEMENTS

This Producer Agreement supersedes all prior agreements, if any, between Administrator and the Producer.

VII. MISCELLANEOUS

- A. This Agreement shall have no force or effect unless and until such time as it is accepted by Administrator in the State of New York.
- B. This Agreement may not be assigned directly or indirectly by operation of law or otherwise by Producer without the prior written consent of Administrator. A transaction in which 50% or more of the ownership interest in Producer are changed shall be deemed to be an assignment for purposes of this agreement.
- C. Nothing herein shall be construed to make Producer an agent, either express or implied, or an employee of Administrator.
- D. If any provision of this Agreement is held invalid under the law or regulations of any state where used, such provision shall be deemed not to be part of this Agreement in such state, but shall not invalidate any other provision hereof.
- E. Administrator reserves the right to an offset of any losses, and/or expenses relating and connected to Producer's VSC/PMA business against any funds due to Producer.

In Witness thereof the parties have executed this Producer Agreement on the date set forth under their names.

PRODUCER

By: _____
Signature

Print Name and Title

Address

City State

Date: _____

INTERSTATE NATIONAL DEALER SERVICES, INC.
ADMINISTRATOR

By: _____
Signature

Print Name and Title

Address

City State

Date: _____

Producer Data

Agency Name:

Agency Code #:

License #:

Producer
Code #:

Programs:

☐ StarAuto

☐ StarCertified

☐ StarRV

☐ StarSport

☐

Reinsurance Company:

Dealer:

Franchise

Held: 1.

Address:

2.

City/State/Zip:

3.

Phone:

Primary

Lenders: 1.

Fax:

2.

E-mail:

3.

Fed. ID#:

4.

PERSONNEL

Owner/Producer:

General

Manager:

Key Person:

Service

Manager:

F&I Manager:

Office

Manager:

RETAIL SALES PER MONTH

UNITS

NEW:

USED:

TOTAL:

STAR SERVICE CONTRACTS

NEW:

USED:

TOTAL:

CLAIMS INFORMATION

LABOR AT \$

PER HOUR

TAX

% ON

☐ PARTS

☐ LABOR

SPECIAL INSTRUCTIONS

REINSURANCE AGREEMENT

Issued to

DEALERS ASSURANCE COMPANY

an insurance company organized under the laws of Ohio
(the "Company")

by

a reinsurance company organized under the laws of the Turks & Caicos Islands,
British West Indies
(the "Reinsurer")

ARTICLE I – AGREEMENT TERM

This Agreement shall become effective as of 12:01 A.M. Eastern Time, _____, 200__, (the "Effective Date") and shall remain in effect until terminated in accordance with the provisions of Article IX – Termination.

ARTICLE II – BUSINESS COVERED

The Company shall cede and the Reinsurer shall accept as quota share reinsurance a 100.0% quota share of the Company's entire liability under all policies, certificates, contracts, and other evidences of insurance covering the liability arising under Service Contracts and/or Prepaid (Priority) Maintenance Agreements sold on or after the Effective Date by those producers identified in Schedule A to this Agreement (individually a "Producer" and collectively the "Producers"), as may be amended in writing from time to time.

The term "Service Contract" shall mean a written agreement or contract that promises repair or replacement of a covered vehicle, equipment, or other product, or of any component thereof, or indemnification for the cost of such repair or replacement, and other stated ancillary benefits, due to the failure of the covered vehicle, equipment, or other product, or the component thereof, to work or function as originally intended, mechanical failure or breakdown, or any other damage or loss specifically covered under the terms of the Service Contract caused by defects in materials or workmanship, wear and tear, and other named perils, including but not limited to a contract or agreement defined as a "service contract" under the NAIC Model Service Contract Act or any applicable state law, limited warranties, road hazard agreements, tire and wheel protection agreements, theft protection device limited warranties, and appearance protection agreements.

Furthermore, the term "Prepaid (Priority) Maintenance Agreement (PMA)" shall mean a written agreement or contract that promises to provide maintenance services for the covered vehicle pursuant to the terms and conditions provided for on said Agreements.

ARTICLE III – TERRITORY

The liability of the Reinsurer hereunder shall extend to all losses incurred by the Company with respect to the underlying Service Contracts and/or PMA, wherever such losses occur.

ARTICLE IV – ORIGINAL CONDITIONS

- A. All reinsurance for which the Reinsurer shall be liable by subscribing to this Agreement shall be subject in all respects to the same rates, terms, conditions, interpretations, waivers, the exact proportion of premiums paid to the Company, and to the same modifications, alterations and cancellations as the respective insurances of the Company to which this reinsurance relates, subject always to the limits, terms and conditions of this Agreement.
- B. The liability of the Reinsurer hereunder shall attach simultaneously and obligatorily with that of the Company. In the event the Producer fails to remit appropriate Service Contract and/or PMA fees or premiums and the Company is unable to effect cancellation of the related Service Contracts and/or PMA, the Company shall be relieved of the obligation to pay reinsurance premiums with respect to such Service Contracts and/or PMA, but the Reinsurer shall be obligated to provide reinsurance hereunder with respect thereto as if said reinsurance premiums had been paid.
- C. Nothing herein shall in any manner create any obligations or establish any rights against the Reinsurer in favor of any third party or any persons not a party to this Agreement.

ARTICLE V – PREMIUM AND CEDING COMMISSION

- A. As reinsurance premium, the Company shall pay to the Reinsurer 100.0% of the net written premiums received by the Company on the insurance reinsured under this Agreement. The term “net written premiums” shall mean the gross written premiums of the Company for its insurance reinsured hereunder, less return premiums thereon for cancellations and surrenders of any of the underlying Service Contracts and/or PMA’s.
- B. The Reinsurer shall allow the Company a ceding fee for each underlying Service Contract and/or PMA reinsured hereunder as specified in Schedule B to this Agreement. The Company’s ceding fee shall be deemed fully earned and is not refundable; provided, however, that the Company shall refund its full ceding fee previously allowed with respect to underlying Service Contracts and/or PMA’s that are flat cancelled under conditions necessitating a full refund of the Service Contract and/or PMA purchase price.
- C. In addition to the ceding fee, the Reinsurer shall be required to reimburse the Company for the following expenses:
 - (1) all state, county, municipal, city, or other governmental premium taxes or assessments levied against the Company with respect to the premiums ceded to the Reinsurer hereunder;

- (2) all increases, if any, in the fees and assessments levied against the Company by state boards, bureaus, insolvency funds, assigned risk pools, and guaranty associations on account of the Company's increased premium base resulting from the insurance of the underlying Service Contracts and/or PMA's reinsured under this Agreement;
- (3) all federal excise taxes payable with respect to the premiums ceded to the Reinsurer under this Agreement, but only to the extent such premiums are subject to the federal excise tax pursuant to the Internal Revenue Code;
- (4) the non-refundable portion of any administration fees paid with respect to the underlying Service Contracts and/or PMA's reinsured hereunder in the event the Service Contracts and/or PMA's are canceled; and
- (5) all commission or compensation chargebacks levied by the Company against the Producers as a result of the cancellation or surrender of any underlying Service Contracts and/or PMA's, but only to the extent such chargebacks have not been recovered from the Producers, and any other unpaid amounts due from the Producers to the Company or its affiliates as it relates to the underlying Service Contracts and/or PMA's.

In the event any return premiums become due hereunder, the Company shall make reasonable efforts to secure a refund from the appropriate governmental authorities or agents and brokers of the proportionate share of fees, taxes, assessments, and commissions or compensations previously allowed to the Company as provided herein with respect to such return premiums. Any such refund actually recovered by the Company shall be credited to the Reinsurer, it being the true intent of this Agreement that the Reinsurer shall not be entitled to offset any such refund from the return premiums due hereunder in the absence of such recovery by the Company or the Company's written consent.

ARTICLE VI – REPORTS AND REMITTANCES

On or before the 25th day of the 2nd month following the each calendar quarter, the Company shall furnish to the Reinsurer a report containing the following information as of the close of the prior calendar month:

- A. Net written premiums;
- B. Ceding fees and other expense reimbursements payable to the Company;
- C. Losses and loss adjustment expenses paid by the Company;
- D. Loss reserves (including reserves for loss adjustment expense) at the end of the month, including reserves for losses incurred but not reported;

E. Unearned premium reserves at the end of the month; and

If item A above exceeds the sum of items B and C, a balance shall be due the Reinsurer. The Company shall deposit the amount due the Reinsurer in the reinsurance trust account established by the Reinsurer pursuant to Article XV – Unauthorized Reinsurance. If a balance is shown to be due the Company from the Reinsurer, the Company shall be entitled to withdraw the balance due from the reinsurance trust account.

ARTICLE VII – LOSS SETTLEMENTS

All loss settlements made by the Company, whether under the strict policy terms and conditions or by way of compromise, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay or allow, as the case may be, its proportionate share of each such settlement in accordance with this Agreement. The Reinsurer shall also be liable for its proportionate share of loss adjustment expenses incurred by the Company with respect to losses reinsured hereunder.

The term “loss adjustment expense” as used herein shall be understood to mean all costs and expenses directly allocable to a specific claim that are incurred by the Company in the investigation, appraisal, adjustment, settlement, litigation, defense, or appeal of a specific claim, excluding the Company’s overhead expenses and the salaries of the Company employees.

Nothing in this Article shall be construed as meaning that loss and loss adjustment expenses are not recoverable hereunder until the final loss to the Company has been ascertained.

ARTICLE VIII – EXTRA-CONTRACTUAL DAMAGES

In addition to its proportionate share of all insurance liabilities and losses reinsured hereunder, the liability of the Reinsurer shall include 100% of the Company’s liability for any and all claims, demands, suits, judgments, damages, consequential damages, punitive damages, treble damages, exemplary awards, fines, and penalties, including but not limited to judgments in excess of the limits of the Service Contracts or the Company’s insurance policies, extra-contractual obligations, or damages for the breach of the covenant of good faith and fair dealing, resulting from or arising out of the issuance of the Service Contracts covered hereby or the insurance thereof by the Company, the handling of claims thereon, or the violation or breach by an Producer, or any officer, director, employee, agent, or representative of such Producer, of any state or federal law, regulation, or duty, including common-law duties and obligations, pertaining to the sale of the Service Contracts covered hereby or the disclosure thereof in any retail sales document or credit instrument, any unfair business trade practices, or any misrepresentation, gross negligence, or ordinary negligence in the sale of the Service Contracts or the processing of claims thereunder, or the performance of repairs. The liabilities described in the preceding sentence shall be deemed incurred and ceded hereunder on the date the Service Contract to which such liabilities relates becomes effective, regardless of the date the acts giving rise to such liabilities are performed.

ARTICLE IX – TERMINATION

- A. This Agreement may be terminated by either party upon not less than ninety (90) days' advance written notice to the other party, which termination shall become effective at 12:01 A.M. Central Time on the date specified in the notice of termination
- B. In the event this Agreement is terminated, (1) no further liability shall be ceded hereunder with respect to Service Contracts issued on or after the date such termination becomes effective, and (2) this Agreement shall continue to apply to all reinsurance in force on the date of termination until the expiry or cancellation of the underlying Service Contracts and/or PMA's and all losses thereon and on the Company's insurance policies reinsured hereunder have been paid and recovered by the Company from the Reinsurer.

ARTICLE X – ERRORS AND OMISSIONS

Inadvertent errors or omissions by the Company in any matter reported to the Reinsurer shall not invalidate the reinsurance hereunder, provided such errors or omissions are rectified promptly upon discovery thereof by the Company.

ARTICLE XI – ACCESS TO BOOKS AND RECORDS

The Company shall place at the disposal of the Reinsurer at all reasonable times during regular business hours, and the Reinsurer shall have the right to inspect through its designated representatives, during the term of this Agreement and thereafter, all books, records and papers of the Company pertaining to the reinsurance provided hereunder or all losses thereon.

ARTICLE XII – OFFSETS

Each party hereto shall have, and may exercise at any time and from time to time, the right to offset any balance or balances due from such party (or any affiliate of such party) to the other party (or any affiliate of such other party) against any balance or balances due to the former from the latter under this Agreement or any other contract between the parties hereto, or between a party hereto and an affiliate of the other party, or between any affiliates of the parties, whether on account of premiums, loans, commissions, fees, payments or otherwise, and regardless of the capacity, whether as ceding insurer or assuming insurer, buyer or seller of goods or services, or otherwise, in which such party or any affiliates acted under the contract or contracts involved.

ARTICLE XIII - CURRENCY

Whenever the word Dollars or the “\$” appears in this Agreement, they shall be understood to mean United States Dollars, and all transactions under this Agreement shall be in United States Dollars. Amounts paid or received by the Company in any other currency shall be converted to United States Dollars at the rate of exchange (per the Wall Street Journal) at the date such transaction is entered on the books of the Company.

ARTICLE XIV – TAXES

In consideration of the terms under which this Agreement is issued, the Company undertakes not to claim any deduction in respect of the premiums hereon when making tax returns, other than

income or profits tax returns, to any state or territory of the United States of America or to the District of Columbia.

ARTICLE XV – UNAUTHORIZED REINSURANCE

- A. This Article shall apply until the Company is entitled to full reserve credit for the reinsurance ceded hereunder in all states in which the Company transacts business. It is agreed that whenever the Company is required by law to establish reserves for the reinsurance ceded hereunder, including but not limited to policy reserves, unearned premium reserves, and loss reserves (including those for losses incurred but not reported), the Company will forward to the Reinsurer a statement showing the proportion of such reserves which is applicable to the Reinsurer. The Reinsurer agrees to deposit assets in a trust account pursuant to paragraph B hereof in an aggregate amount not less than 100% of the Reinsurer's proportion of said reserves. The Company is expressly authorized and instructed to deposit any remittance otherwise due the Reinsurer hereunder in the trust account, to be held in accordance with provisions of this Article.
- B. The Reinsurer, as the grantor, shall enter into a trust agreement with the Company, as the beneficiary, and an institution, as trustee, that is (1) organized under or, in the case of a United States branch or agency office of a foreign banking organization, is chartered under the laws of the United States or any state thereof and has been granted authority to operate with fiduciary powers, (2) is regulated, supervised, and examined by federal or state officials that have regulatory authority over banks and trust companies, and (3) is not a parent, subsidiary, or affiliate of the Reinsurer or the Company (an "Institution"), for the purpose of establishing a trust account for the sole and exclusive benefit and use of the Company. Such trust account shall consist solely of investments that are of the types permitted for reserves under the insurance laws of the State of Ohio and are expressly included within the investment guidelines under the terms of the trust agreement. The trust agreement shall comply with the requirements of the insurance laws of the State of Ohio and any other state asserting jurisdiction over the Company's ceded reinsurance credits. The form and content of the trust agreement shall be prescribed by the Company or otherwise acceptable to the Company.
- C. The Company or its successors in interest, by operation of law or otherwise, including, without limitation, any liquidator, rehabilitator, receiver, or conservator, may withdraw assets from the trust account at any time and from time to time, notwithstanding any other provisions in this Agreement, and such funds shall be applied without diminution because of the insolvency on the part of the Company or the Reinsurer, for one or more of the following purposes only:
 - (1) to pay or reimburse the Company for the Reinsurer's share under this Agreement for (a) any losses and loss adjustment expenses paid by the Company but not recovered from the Reinsurer, or (b) unearned premiums due to the Company, if not otherwise paid by the Reinsurer, under the Reinsurance Agreement;

- (2) to make payment to the Reinsurer of any amounts held in the trust account in excess of 110% of the actual amount required to fund the Reinsurer's share of reserves for (a) reported and outstanding losses, (b) incurred but not reported losses, (c) loss adjustment expenses, and (d) unearned premiums (collectively "Obligations");
 - (3) to pay any other amounts the Company claims are due under this Agreement; and
 - (4) where the Company has received notice of termination of the trust agreement and where any of the Reinsurer's Obligations remain unliquidated and undischarged ten days prior to the termination date of the trust agreement, to withdraw amounts equal to such Obligations and deposit such amounts in a separate account, in the name of the Company, in any United States bank or trust company, apart from its other assets, in trust for the uses and purposes specified above as may remain unliquidated or undischarged after such withdrawal and for any period after such termination date.
- D. In lieu of, or in addition to, establishing a trust account and making the required deposits as required above, the Reinsurer may satisfy its obligations herein by securing delivery to the Company of an irrevocable, clean and unconditional letter of credit in the face amount of 110% of the Reinsurer's proportion of such reserves. The letter of credit shall be issued by an Institution that is approved to issue letters of credit for the purposes herein by the Securities Valuation Office of the National Association of Insurance Commissioners. The letter of credit shall be subject to and issued in compliance with the insurance laws of the State of Ohio. The form and content of the letter of credit shall be prescribed by the Company or otherwise acceptable to the Company. The Company may draw upon any such letter of credit only for the purposes specified in paragraph C above.
- E. Whenever a trust account or letter of credit shall be required under this Agreement, the Reinsurer shall make the required deposit to the trust account or secure delivery to the Company of an acceptable letter of credit in the required amount not later than the "as of date" of the filing prepared by the Company for any state insurance department on the "as of date" of the statement forwarded by the Company to the Reinsurer.

ARTICLE XVI – INSOLVENCY

- A. In the event of the insolvency and the appointment of a conservator, liquidator, or statutory successor of the Company, the portion of any risk or obligation assumed by the Reinsurer shall be payable to the conservator, liquidator, or statutory successor of the Company on the basis of the claims allowed against the insolvent Company by any court of competent jurisdiction or by any conservator, liquidator, or statutory successor of the Company having authority to allow such claims, without diminution because of the insolvency, or because the conservator, liquidator, or statutory successor has failed to pay all or a portion of any claims. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Company shall give written notice to the Reinsurer of the pendency of a claim against the Company that would involve a possible

claim against the Reinsurer under this Agreement within a reasonable time after such claim is filed in the liquidation proceeding, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Company or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to court approval, against the 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.

- B. It is further understood and agreed that, in the event of the insolvency of the Company, the reinsurance under this Agreement shall be payable directly by the Reinsurer to the Company or to its liquidator, receiver, conservator, or statutory successor, except (1) where this Agreement specifically provides another payee of such reinsurance in the event of the insolvency of the Company, or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such policy obligations of the Company as direct obligations of the Reinsurer to the payees under such policies and in substitution for the obligations of the Company to such payees.

ARTICLE XVII – SERVICE OF SUIT

(This Clause applies only to reinsurers domiciled outside of the United States or should the Company be authorized to do business in New York, reinsurers unauthorized in New York, as respects suits instituted in New York.)

It is agreed that in the event of the failure of the Reinsurer hereon to pay any amount claimed to be due hereunder, the Reinsurer hereon, at the request of the Company, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this article constitutes or should be understood to constitute a waiver of the Reinsurer's right 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.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, 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 its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Agreement.

ARTICLE XVIII – ARBITRATION

As a precedent to any right of action hereunder, if any differences shall arise between the contracting parties with reference to the interpretation of this Agreement or their rights with respect to any transaction involved, whether arising before or after termination of this

Agreement, such differences shall be submitted to arbitration upon the written request of one of the contracting parties.

Each party shall appoint an arbitrator within thirty (30) days of being requested to do so, and the two named shall select a third arbitrator before entering upon the arbitration. If either party refuses or neglects to appoint an arbitrator within the time specified, the other party may appoint the second arbitrator. If the two arbitrators fail to agree on a third arbitrator within thirty (30) days of their appointment, each of them shall name three individuals, of whom the other shall decline two, and the choice shall be made by drawing lots. All arbitrators shall be active or retire, disinterested officers of insurance or reinsurance companies or Underwriters at Lloyd's, London, not under the control of either party to this Agreement.

Each party shall submit its case to its arbitrator within thirty (30) days of the appointment of the third arbitrator or within such period as may be agreed by the arbitrators. All arbitrators shall interpret this Agreement as an honorable engagement rather than as merely a legal obligation. They are relieved of all judicial formalities and may abstain from following the strict rules of law or evidence. They shall make their award with a view to effecting the general purpose of this Agreement in a reasonable manner rather than in accordance with a literal interpretation of the language.

The decision in writing of any two arbitrators, when filed with the contracting parties, shall be final and binding on both parties. Judgment upon the award rendered 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 expense of the third arbitrator and of the arbitration. In the event that two arbitrators are chosen by one party as above provided, the expense of the arbitrators and the arbitration shall be equally divided between the two parties. Any arbitration shall take place in the city in which the Company's home office is located unless some other place is mutually agreed upon by the contracting parties.

ARTICLE IXX – GOVERNING LAW

This Agreement shall be governed in all respects by the laws of the State of Ohio, without regard to its internal laws concerning the conflicts of law or the choice of laws.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Reinsurance Agreement on the dates set beside their respective signatures.

Date: _____

DEALERS ASSURANCE COMPANY

By: _____

Title: _____

Date: _____

By: _____

Title: _____

SCHEDULE A
PRODUCERS LIST

Producer:

Account #

Effective Date

SCHEDULE B

CEDING COMMISSION

2.5% per underlying Service Contract reinsured under the Agreement.
0% per underlying PMA reinsured under the Agreement.

TRUST AGREEMENT

This Trust Agreement (the “Agreement”), dated as of _____, is made by and among _____, a reinsurance company organized under the laws of the Turks & Caicos Islands, British West Indies (the “Grantor”), Dealer Assurance Company, a corporation organized under the laws of Ohio (individually and together with any successor thereof by operation of law, including, without limitation, any liquidator, rehabilitator, receiver or conservator, the “Beneficiary”), and Fifth Third Bank, an Ohio banking corporation and a member of the Federal Reserve System (the “Trustee”).

WITNESSETH:

WHEREAS, the Grantor and the beneficiary have entered into the reinsurance agreement(s) listed in Exhibit A hereto (the “Reinsurance Agreement”);

WHEREAS, the Grantor and the Beneficiary desire to establish a segregated trust account (the “Trust Account”) for the purpose of securing the Grantor’s liabilities with respect to the business reinsured under the Reinsurance Agreement;

WHEREAS, the Trustee has agreed to act as Trustee hereunder and to hold all assets deposited in the Trust Account for the sole use and benefit of the Beneficiary; and

WHEREAS, this Agreement is made for the purpose of setting forth the duties and powers of the Trustee with respect to the Trust Account;

NOW, THEREFORE, for and in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereby agree as follows:

Section 1. Deposit of Assets to the Trust Account.

(a) The Grantor shall establish the Trust Account and the Trustee shall administer the Trust Account in its name as Trustee for the sole use and benefit of the Beneficiary. The Trust Account shall be subject to withdrawal by the Beneficiary solely as provided herein. All assets in the Trust Account shall be maintained by the Trustee in a safe place, separate and distinct from all other assets of the Trustee or any other person or entity, and at an office or branch of the Trustee in the United States.

(b) The Grantor shall transfer to the Trustee, for deposit to the Trust Account, the assets listed in Exhibit B hereto, and may transfer to the Trustee, for deposit to the Trust Account, such other assets as from time to time may be required to secure its Obligations (as defined in Section 11 below) with respect to the Reinsurance Agreement (all such assets actually received in the Trust Account are herein referred to individually as an “Asset” and collectively as the “Assets”). The Assets shall consist only of United States legal tender in cash (“Cash”) and Eligible Securities (as defined in Section 11 below).

(c) The Grantor hereby represents and warrants (i) that any Assets transferred by the Grantor to the Trustee for deposit to the Trust Account will be in such form that the

Beneficiary or the Trustee upon direction of the Beneficiary may, whenever necessary, negotiate any such Assets without consent or signature from the Grantor or any person in accordance with the terms of this Agreement and (ii) that all Assets transferred by the Grantor to the Trustee for deposit to the Trust Account consist only of cash and Eligible Securities.

(d) All Assets in the Trust Account shall be valued at their current fair market value in United States Dollars as determined by the Trustee in its sole discretion exercised in a reasonable manner.

(e) The Trustee shall have no responsibility to determine whether the Assets in the Trust Account are sufficient to secure the Grantor's Obligations with respect to the Reinsurance Agreement.

Section 2. Withdrawal of Assets from the Trust Account.

(a) Without notice to the Grantor, the Beneficiary shall have the right, at any time and from time to time, to withdraw from the Trust Account, upon written notice to the Trustee (the "Withdrawal Notice"), such Assets as are specified in such Withdrawal Notice. The Withdrawal Notice may designate a third party (the "Designee") to whom Assets specified therein shall be delivered and may condition delivery of such Assets to such Designee upon receipt, and deposit to the Trust Account, of other Assets specified in such Withdrawal Notice. The Beneficiary need not present any statement or document in addition to a Withdrawal Notice in order to withdraw any Assets, except that the Beneficiary may be required to acknowledge receipt of the withdrawn Assets. Neither this Agreement nor the Beneficiary's rights of withdrawal hereunder are subject to any conditions or qualifications not contained in this Agreement.

(b) Upon receipt of a Withdrawal Notice, the Trustee shall immediately take any and all steps necessary to transfer absolutely and unequivocally all right, title, and interest in the Assets specified in such Withdrawal Notice to the Beneficiary or its Designee and shall deliver physical custody of such Assets to the Beneficiary or its Designee as specified in such Withdrawal Notice.

(c) Subject to Section 4 of this Agreement, in the absence of a Withdrawal Notice, the Trustee shall not allow any withdrawals or substitutions of Assets from the Trust Account.

(d) The Trustee shall have no responsibility whatsoever to determine that any Assets withdrawn from the Trust Account pursuant to this Section 2 will be used and applied in the manner contemplated by Section 3 of this Agreement.

Section 3. Application of Assets.

The Beneficiary hereby covenants to the Grantor that it shall use and apply any withdrawn Assets, without diminution because of the insolvency of the Beneficiary or the Grantor, for the following purposes only:

(a) to pay or reimburse the Beneficiary for the Grantor's share under the Reinsurance Agreement regarding (1) any losses and allocated loss expenses paid or payable by

the Beneficiary but not recovered from the Grantor, or (2) unearned premiums due the Beneficiary, if not otherwise paid by the Grantor in accordance with the terms of the Reinsurance Agreement;

(b) to make payment to the Grantor of any amounts held in the Trust Account that exceed 125% of the unearned reserves. The required reserve margin of 125% of the unearned reserves is the amount required to fund the entire Obligations (as defined in Section 11 below) with respect to the Reinsurance Agreement; and

Section 4. Redemption, Investment and Substitution of Assets.

(a) The Trustee shall, without consent of the Beneficiary, surrender for payment all maturing Assets and all Assets called for redemption and deposit the proceeds of any such payment to the Trust Account.

(b) If no proceeding seeking supervision, liquidation, reorganization, dissolution, conservation or other similar relief with respect to the Grantor, its assets or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect (a "Grantor Insolvency Proceeding") has been commenced of which the Trustee has received written notice, then, from time to time, at the written order and direction of the Grantor or its designated investment advisor, the Trustee shall invest Assets in the Trust Account in Eligible Securities. If the Trustee has received written notice that a Grantor Insolvency Proceeding has been commenced, or if the Grantor has been declared insolvent, then the Grantor shall thereafter cease to have the foregoing right to direct the investment of Assets and such right shall vest in the Beneficiary.

(c) Unless the right to direct the investment of assets in the Trust Account shall have vested in the Beneficiary pursuant to Section 4(b) above, the Grantor may, from time to time, direct the Trustee to substitute Eligible Securities for other Eligible Securities held in the Trust Account, provided such substitutions are at least equal in market value to the substituted Assets. The Trustee shall have no responsibility whatsoever to determine the value of such substituted securities or that such substituted securities constitute Eligible Securities.

(d) All investments and substitutions of securities referred to in paragraphs (b) and (c) of this Section 4 shall be in accordance with the investment guidelines set forth in Exhibit C hereto and shall satisfy the definition of "Eligible Securities" in Section 11 of this Agreement. The Trustee shall have no responsibility whatsoever to determine that any Assets in the Trust Account are or continue to be Eligible Securities. Any instruction or order concerning such investments or substitutions of securities shall be referred to herein as an "Investment Order." The Trustee shall execute Investment Orders and settle securities transactions by itself or by means of an agent or broker. The Trustee shall not be responsible for any act or omission, or for the solvency, of any such agent or broker unless said act or omission is the result, in whole or in part, of the Trustee's negligence, willful misconduct or lack of good faith.

(e) Any loss incurred from any investment pursuant to the terms of this Section 4 shall be borne exclusively by the Trust Account. The Trustee shall not be liable for any loss due to changes in market rates or penalties for early redemption.

Section 5. Accumulation of Income.

All payments of interest, dividends, and other income actually received in respect of Assets in the Trust Account shall be received by the Trustee, shall be deposited by the Trustee in the Trust Account, and shall form and become part of the Assets.

Section 6. Right to Vote Assets.

The Trustee shall forward all annual and interim stockholder reports and all proxies and proxy materials relating to the Assets in the Trust Account to the Grantor. If the Trustee has not received written notice that a Grantor Insolvency Proceeding has been commenced, the Grantor shall have the full and unqualified right to vote any Assets in the Trust Account. The Trustee shall instruct any entities authorized to hold Assets in accordance with the terms hereof to transmit to the Grantor upon receipt, all financial reports, stockholder communications, notices, proxies and proxy solicitation materials received from issuers of Assets, and all information relating to exchange or tender offers received from offerors with respect to such Assets. Grantor agrees that it shall not knowingly allow the value of the Assets to fall below 125% of the Grantor's Obligations due to a vote of an Asset. If the Trustee has received written notice that a Grantor Insolvency Proceeding has been commenced, or if the Grantor has been declared insolvent, the Beneficiary shall have the full and unqualified right to vote any Assets in the Trust Account and the Trustee shall forward all annual and interim stockholder reports and all proxy and proxy materials relating to the Assets in the Trust Account to the Beneficiary.

Section 7. Additional Rights and Duties of the Trustee.

(a) The Trustee shall notify the Grantor and the Beneficiary in writing within ten (10) days following each deposit to, or withdrawal from, the Trust Account.

(b) Before accepting any Asset for deposit to the Trust Account, the Trustee shall determine that such Asset is in such form that the Beneficiary whenever necessary may, or the Trustee upon direction by the Beneficiary will, negotiate such Asset without consent or signature from the Grantor or any person or entity other than the Trustee in accordance with the terms of this Agreement.

(c) The Trustee may deposit any Assets in the Trust Account in a book-entry account maintained at the Federal Reserve Bank of New York or in depositories such as the Depository Trust Company and the Participants Trust Company, or with such other custodian agreed upon by the Parties. Assets may be held in the name of a nominee maintained by the Trustee or by any such depository.

(d) The Trustee shall accept and open all mail directed to the Grantor or the Beneficiary in care of the Trustee.

(e) The Trustee shall furnish to the Grantor and the Beneficiary a statement of all Assets in the Trust Account upon the inception of the Trust Account and at the end of each calendar month thereafter.

(f) Upon the request of the Grantor or the Beneficiary, the Trustee shall promptly permit the Grantor or the Beneficiary, their respective agents, employees or independent auditors to examine, audit, excerpt, transcribe and copy, during the Trustee's normal business hours, any books, documents, papers and records relating to the Trust Account or the Assets.

(g) The Trustee is authorized to follow and rely upon all instructions given by officers named in incumbency certificates furnished to the Trustee from time to time by the Grantor and the Beneficiary, respectively, and by attorneys-in-fact acting under written authority furnished to the Trustee by the Grantor or the Beneficiary, including, without limitation, instructions given by letter, facsimile transmission, telegram, teletype, cablegram or electronic media, if the Trustee reasonably believes such instructions to be genuine and to have been signed, sent or presented by the proper party or parties. The Trustee shall not incur any liability to anyone resulting from actions taken by the Trustee in reliance in good faith on such instructions. The Trustee shall not incur any liability in executing instructions (i) from an attorney-in-fact prior to receipt by it of notice of the revocation of the written authority of the attorney-in-fact or (ii) from any officer of the Grantor or the Beneficiary named in an incumbency certificate delivered hereunder prior to receipt by it of a more current certificate.

(h) The duties and obligations of the Trustee shall only be such as are specifically set forth in this Agreement, as it may from time to time be amended, and no implied duties or obligations shall be read into this Agreement against the Trustee. The Trustee shall only be liable for its own negligence, willful misconduct or lack of good faith.

(i) No provision of this Agreement shall require the Trustee to take any action which, in the Trustee's reasonable judgment, would result in any violation of this Agreement or any provision of law.

(j) The Trustee may confer with counsel of its own choice in relation to matters arising under this Agreement and shall have full and complete authorization from the other Parties hereunder for any action taken or suffered by it under this Agreement or under any transaction contemplated hereby in good faith and in accordance with opinion of such counsel

Section 8. The Trustee's Compensation, Expenses and Indemnification.

(a) The Grantor shall pay the Trustee, as compensation for its services under this Agreement, a fee computed at rates determined by the Trustee from time to time and communicated in writing to the Grantor. The Grantor shall pay or reimburse the Trustee for all of the Trustee's expenses and disbursements in connection with its duties under this Agreement (including attorney's fees and expenses), except any such expense or disbursement as may arise from the Trustee's negligence, willful misconduct or lack of good faith. The Grantor also hereby indemnifies the Trustee for, and holds it harmless against, any loss, liability, costs or expenses (including attorney's fees and expenses) incurred or made without negligence, willful misconduct or lack of good faith on the part of the Trustee, arising out of or in connection with the

performance of its obligations in accordance with the provisions of this Agreement, including any loss, liability, costs or expenses arising out of or in connection with the status of the Trustee and its nominee as the holder of record of the Assets. The Grantor hereby acknowledges that the foregoing indemnities shall survive the resignation of the Trustee or the termination of this Agreement and hereby grants the Trustee a lien, right of set-off and security interest in the Assets; provided, however, that such lien, right of set-off and security interest shall apply only to those Assets which the Beneficiary has provided the Trustee with proper authorization to return such Assets to the Grantor.

(b) No Assets shall be withdrawn from the Trust Account or used in any manner for paying compensation to, or reimbursement or indemnification of, the Trustee in the absence of the prior written consent of the Beneficiary.

Section 9. Resignation of the Trustee.

(a) The Trustee may resign at any time by giving not less than 90 days' written notice thereof to the Beneficiary and to the Grantor, such resignation to become effective on the acceptance of appointment by a successor trustee and the transfer to such successor trustee of all Assets in the Trust Account in accordance with paragraph (b) of this Section 9.

(b) Upon receipt of the Trustee's notice of resignation, the Grantor and the Beneficiary shall appoint a successor trustee. Any successor trustee shall be an institution that is (1) organized under or, in the case of a United States branch or agency office of a foreign banking organization, is chartered under the laws of the United States or any state thereof and has been granted authority to operate with fiduciary powers, (2) is regulated, supervised, and examined by federal or state officials that have regulatory authority over banks and trust companies, and (3) is not a Parent, a Subsidiary or an Affiliate of the Grantor or the Beneficiary. Upon the acceptance of the appointment as trustee hereunder by a successor trustee and the transfer to such successor trustee of all Assets in the Trust Account, the resignation of the Trustee shall become effective. Thereupon, such successor trustee shall succeed to and become vested with all the rights, powers, privileges and duties of the Trustee, and the Trustee shall be discharged from any future duties and obligations under this Agreement, but the Trustee shall continue after its resignation to be entitled to the benefits of the indemnities provided herein for the Trustee.

Section 10. Termination of the Trust Account.

(a) The Trust Account and this Agreement, except for the indemnities provided herein, may be terminated only after (i) the Grantor or the Beneficiary has given the Trustee written notice of its intention to terminate the Trust Account (the "Notice of Intention"), and (ii) the Trustee has given the Grantor and the Beneficiary the written notice specified in paragraph (b) of this Section 10. The Notice of Intention shall specify the date on which the notifying Party intends the Trust Account to terminate (the "Proposed Date").

(b) Within ten Business Days following receipt by the Trustee of the Notice of Intention, the Trustee shall give written notification (the "Termination Notice") to the Beneficiary and the Grantor of the date (the "Termination Date") on which the Trust Account shall terminate. The Termination Date shall be (a) the Proposed Date (or if not a Business Day, the next Business

Day thereafter), if the Proposed Date is at least 30 days but no more than 45 days subsequent to the date the Termination Notice is given; (b) 30 days subsequent to the date the Termination Notice is given (or if not a Business Day, the next Business Day thereafter), if the Proposed Date is fewer than 30 days subsequent to the date the Termination Notice is given; or (c) 45 days subsequent to the date the Termination Notice is given (or if not a Business Day, the next Business Day thereafter), if the Proposed Date is more than 45 days subsequent to the date the Termination Notice is given.

(c) On the Termination Date, upon receipt of written approval of the Beneficiary, the Trustee shall transfer to the Grantor any Assets not previously withdrawn by the Beneficiary and remaining in the Trust Account, at which time all liability of the Trustee with respect to such Assets shall cease.

Section 11. Definitions.

Except as the context shall otherwise require, the following terms shall have the following meanings for all purposes of this Agreement (the definitions to be applicable to both the singular and the plural forms of each term defined if both such forms of such term are used in this Agreement):

(a) The term “Affiliate” with respect to any corporation shall mean a corporation which directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such corporation. The term “control” (including the related terms “controlled by” and “under common control with”) shall mean the ownership, directly or indirectly, of more than five percent (5%) of the voting stock of a corporation.

(b) The term “Business Day” shall mean any day on which the offices of the Trustee in Cincinnati, Ohio, are open for business.

(c) The term “Eligible Securities” shall mean and include those securities and other investments that satisfy the investment guidelines set forth in Exhibit C hereto; provided, however, that no such securities shall have been issued by a Parent, a Subsidiary, or an Affiliate of the either the Grantor or the Beneficiary.

(d) The term “Obligations” shall mean, with respect to the Reinsurance Agreement, (i) reinsured losses and allocated loss expenses paid or payable by the Beneficiary, but not recovered from the Grantor, (ii) reserves for reinsured losses reported and outstanding, (iii) reserves for allocated loss expenses, (iv) reserves for losses and allocated loss expenses incurred but not reported, and (v) reserves for unearned premiums.

(e) The term “person” shall mean and include an individual, a corporation, a partnership, an association, a trust, an unincorporated organization or a government or political subdivision thereof.

(f) The term “Parent” shall mean an institution that, directly or indirectly, controls another institution.

(g) The term “Subsidiary” shall mean an institution controlled, directly or indirectly, by another institution.

Section 12. Governing Law and Jurisdiction.

This Agreement shall be subject to and governed by the laws of the State of Ohio. Any action or proceeding arising out of or relating to this Agreement must be brought in the state or federal courts located in Cincinnati, Ohio, and the parties hereto consent and submit to the jurisdiction and venue of such courts for any such action or proceeding. Process in any action or proceeding referred to in the preceding sentence may be served on any party anywhere in the world.

Section 13. Successors and Assigns.

No party may assign this Agreement or any of its rights or obligations hereunder, whether by merger, consolidation, sale of all or substantially all of its assets, liquidation, dissolution or otherwise, except as expressly permitted by Section 9 of this Agreement.

Section 14. Severability.

In the event that any provision of this Agreement shall be declared invalid or unenforceable by any regulatory body or court having jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining portions of this Agreement.

Section 15. Entire Agreement.

This Agreement constitutes the entire agreement by and among the Parties, and there are no understandings or agreements, conditions or qualifications relative to this Agreement which are not fully expressed in this Agreement.

Section 16. Amendments.

This Agreement may be modified or otherwise amended, and the observance of any term of this Agreement may be waived, if such modification, amendment or waiver is in writing and signed by all of the Parties.

Section 17. Notices.

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 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 prepaid telex, telegraph or telecopier, or (iii) in the case of mail delivery, upon the expiration of three days after any such notice, direction, request, demand, acknowledgment or other communication shall have been deposited in the United States mail for transmission by first class mail, postage prepaid, or upon, receipt thereof, whichever shall first occur and (b) when addressed as follows:

If to the Grantor:

PORC Name

Attention:

Facsimile:

If to the Beneficiary:

Dealers Assurance Company
3518 Riverside Drive
Columbus, Ohio 43221-0185
Attention: Robert L. Ratchford
Facsimile: (614) 459-2665

If to the Trustee:

Fifth Third Bank
200 East Robinson Street, MBLE9B
Orlando, Florida 32801
Attention: Kimberly Kutlenios
Facsimile: (407) 999-3107

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. All notices, directions, requests, demands, acknowledgments and other communications relating to the Beneficiary's approval of the

Grantor's authorization to substitute Assets and to the termination of the Trust Account shall be in writing and may not be made or given by prepaid telex, telegraph or telecopier.

Section 19. Headings.

The headings of the Sections have been inserted for convenience of reference only, and shall not be deemed to constitute a part of this Agreement.

Section 20. Counterparts.

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall constitute an original, but such counterparts together shall constitute one and the same Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

Attest: [PORC Name]

By:_____

Attest: DEALERS ASSURANCE COMPANY

By:_____
Robert L. Ratchford

Attest: FIFTH THIRD BANK

By:_____
Kimberly Kutlenios, Vice President

EXHIBIT A

Reinsurance Agreement

EXHIBIT B

List of Assets Initially Deposited to the Trust Account

Not Applicable

EXHIBIT C

INVESTMENT GUIDELINES

I. Government Obligations – Obligations which are not in default as to principal and interest, which are valid and legally authorized, and which are issued, assumed, guaranteed, or insured by:

- (a) the United States or any agency or instrumentality thereof;
- (b) any state of the United States;
- (c) any territory or possession of the United States or any governmental unit in the United States;
- (d) any agency or instrumentality of any governmental unit referred to in paragraphs (b) and (c) above, provided that such obligations are by law (statutory or otherwise) payable, as to both principal and interest, from taxes levied or by law required to be levied or from adequate special revenues pledged or otherwise appropriated or by law required to be provided for purpose of such payment, but in no event shall obligation be eligible for investment if payable solely out of the special assessments on properties benefited by local improvements.

II. Corporate Obligations – Obligations issued by any solvent American institution, or which are assumed or guaranteed by any solvent American institution, and which are not in default as to principal and interest provided such obligations:

- (a) are rated A (or equivalent) or better by at least two nationally recognized securities rating agencies;
- (b) are insured by one or more authorized insurance companies who are licensed to insure corporate obligations, and after considering such insurance, are rated AA+ (or equivalent) by at least two nationally recognized securities rating agencies; or
- (c) have been given the one of the two highest quality designations by the Securities Valuation Office of the National Association of Insurance Commissioner;

provided, however, that the aggregate amount invested in the obligations of any one issuer (including preferred shares and common shares) shall not exceed 10% of the market value of the portfolio.

III. Preferred Shares – Preferred shares of a solvent American institution if all of the obligations of such institution are eligible as investments under paragraphs (a) and (b) of Section II above; provided, however, that the aggregate amount invested in (i) the preferred shares of any one issuer (together with all debt obligations and common shares of such issuer) shall not exceed

10% of the market value of the portfolio, and (ii) the preferred shares of all issuers (together with any and all common shares in the portfolio) shall not exceed 20% of the market value of the portfolio.

IV. Common Shares – Common shares of any solvent American institution if:

- (a) all of its obligations and preferred shares, if any, are eligible as investments under Sections II and III above; and
- (b) such shares are registered on a national securities exchange, as provided in the Securities Act of 1934, or otherwise registered pursuant to said Act, price quotations therefore are furnished through a nationwide automated quotations system approved by the National Association of Securities Dealers, Inc.;

provided, however, that the aggregate amount invested in (i) the common shares of any one issuer (together with all debt obligations and preferred shares of such issuer) shall not exceed 10% of the market value of the portfolio, and (ii) the common shares of all issuers (together with any and all preferred shares in the portfolio) shall not exceed 20% of the market value of the portfolio.

V. Letters of Credit – Letter of credit issued by one or more banks that

- (a) are organized and existing under the laws of the United States or any state thereof;
- (b) are regulated, supervised and examined by United States federal or state authorities having regulatory authority over banks and trust companies; and
- (c) have been approved by the Securities Valuation Office of the National Association of Insurance Commissioners for the purpose of issuing letters of credit that are acceptable for financial statement reserve credit for reinsurance ceded to unauthorized reinsurance companies;

provided, however, that the form of the letter of credit satisfies the requirements applicable to Ohio domestic casualty insurance companies as a condition of taking financial statement reserve credit for reinsurance ceded to unauthorized reinsurance companies.

VI. Certificates of Deposits – Certificates of deposits issued by banks or trust companies that:

- (a) are organized and existing under the laws of the United States or any state thereof; and
- (b) are regulated, supervised and examined by United States federal or state authorities having regulatory authority over banks and trust companies; and

VII. Money Market Funds – If managed by the Trustee or an Affiliate of the Trust

VIII. Other Approved Investments – Other investments approved by the Beneficiary.