Jason Hoffman - (1 o.
re: Sinclair -

With the Compliments

of

Welbeck Management Limited

Jon Richmond

P.O. BOX HM 2446
HAMILTON HM JX
BERMUDA

TELEPHONE: (441) 295-2240
TELEX: 3367 WEL BA
FAX: (441) 295-2269

FACULTATIVE REINSURANCE AGREEMENT

between

AMERICAN HOME ASSURANCE COMPANY/

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA./

BIRMINGHAM FIRE INSURANCE COMPANY OF PENNSYLVANIA

(hereinafter called the "Company")

and

SINCLAIR INSURANCE COMPANY, LIMITED

(hereinafter called "the Reinsurer")

W I T N E S S E T H :

WHEREAS, the Company is willing to cede to the Reinsurer certain insurance under the terms and conditions hereinafter set forth; and

WHEREAS, the Reinsurer is willing to reinsure such insurance on said terms and conditions:

NOW, THEREFORE, in consideration of the premiums and of the mutual covenants and agreements herein set forth, the parties hereto hereby covenant and agree as follows:

ARTICLE I

POLICIES REINSURED

A.	Name of Insured:	U. S. INDUSTRIES, INC. (as per Policies listed in Item B).
B.	Policy Numbers:	(1) WC 495-7320 (2) WC 495-7321
		(3) WC 495-7322 (4) GLA 197-9080
		(5) GLA 197-9081 (6) GLA 197-9082
		(7) BA 154-9340 (8) 145-3887

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which are incorporated herein by reference and made a part hereof.

C. Policy Period: 12:01 A.M. Eastern Standard Time, October 1, 1986, to 12:01 A.M. Eastern Standard Time, October 1, 1987.

D. Coverage: As per Policies listed in Item B.

E. Policy Limits:

(1) Policy Numbers WC 495-7320, WC 495-7321, and WC 495-7322:

(a) Worker's Compensation (Indemnity): Statutory.

(b) Worker's Compensation (Occupational Disease): Statutory.

(c) Employers' Liability:
One Hundred Thousand Dollars ($100,000) each accident
Five Hundred Thousand Dollars ($500,000) policy limit
One Hundred Thousand Dollars ($100,000) each employee

(d) U.S.L. & H.: Statutory.

(e) Employers' Liability "Jones Act" (Including Disease):

(2) Policy Numbers BA 154-9340, RM 145-3887 and GLA 197-9081:
Automobile Liability:
Two Million Dollars ($2,000,000) Combined Single Limit

(3) Policy Numbers GLA 197-9080, and GLA 197-9082:
Products Lability:
Two Million Dollars ($2,000,000) per occurrence and Two Million Dollars ($2,000,000) in the aggregate.

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ARTICLE II

TERMS:

This Agreement is effective at 12:01 A.M. Eastern Standard Time, the 1st day of October, 1986.

This Agreement shall continue in effect until terminated.

ARTICLE III

TERRITORY:

This Agreement shall cover losses occurring within the territorial limits provided by the Policies reinsured hereunder and listed in Article I hereof.

ARTICLE IV

DEFINITIONS:

A. The term "Policies" as used in this Agreement shall mean any and all binders, certificates, policies and contracts of insurance, accepted or held covered provisionally or otherwise and issued to the Insured named in Article I hereof.

B. The term "Ultimate Net Loss" as used in this Agreement shall mean the actual Loss sustained by the Company, such loss to include in addition to any limit of liability herein stated Loss Expenses Paid, however, Allocated Loss Expenses shall be paid in proportion to the ratio that the actual loss paid by Reinsurer bears to the total amount of the loss except in those instances where no loss is paid but there are Allocated Loss Expenses in that instance Reinsurer will assume all Allocated Loss Expenses up to

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the Reinsurer's limit of liability stated herein (except office expense and salaries of officials and employees not classified as loss adjusters), but salvages and all other recoveries including recoveries under all reinsurance except catastrophe excess reinsurance of the company, shall be deducted from such loss to arrive at the amount of liability, if any, attached hereunder. All salvages, recoveries, or payments recovered or received subsequent to loss settlement hereunder, shall be applied as if recovered or received prior to the aforesaid settlement, and all necessary adjustments shall be made by the parties hereto. Nothing in this clause shall be construed to mean that losses are not recoverable hereunder, until the Company's Ultimate Net Loss has been ascertained.

C. The term "Gross Premiums Written" as used in this Agreement shall mean Direct Written Premiums for Policies covered hereunder, adding all other Additional Premiums and subtracting all other Return Premiums and cancellations, however, Direct Premiums written on installment premium payment policies shall be deemed to be the installment due in the period for which the account is rendered, in accordance with the Reports and Remittances article contained in this Agreement.

D. The term "Unearned Premiums Reserve" as used in this Agreement shall mean the premium represented by the unexpired portion of the policy in force as of any specified date.

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E. The term "Losses Paid" as used in this Agreement shall mean Losses Paid less Recoveries for Salvage and Subrogation.

F. The term "Loss Expenses Paid" as used in this Agreement shall mean Allocated and Unallocated Loss Expenses.

(1) "Allocated Loss Expenses" as used in this Agreement shall mean all court costs, fees and expenses; interest; fees for service of process; fees to attorneys; costs of undercover operative and detective services; fees of independent adjusters or attorneys for investigation or adjustment of claims beyond initial investigation, cost of employing experts for preparation of maps, photographs, diagrams, ,chemical or physical analysis or for advice, opinion or testimony concerning claims under investigation, in litigation, or for which a Declaratory Judgment is sought; costs for legal transcripts of testimony taken at coroner's inquests, criminal or civil proceedings; costs for copies of any public records; costs of depositions and court reported or recorded statements; and any other similar fees, cost or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss or to the protection and perfection of the subrogation rights of any insured covered by a policy issued hereunder.

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(2) "Unallocated Loss Expense" as used in this Agreement shall mean the claims Service Fees charged hereunder as per Article VIII hereof.

G. The term "Outstanding Loss Reserves" as used in this Agreement shall mean losses reported to the Company which have been reserved but unpaid at any specified date.

H. The term "Losses" is used in this Agreement shall mean payments to claimants under Policies reinsured hereunder.

I. The term "Loss Escrow Fund" as used in this Agreement shall mean the sum of money equal to the Company's estimate of two (2) months' paid Ultimate Net Loss which the Company will hold for the payment of Ultimate Net Loss.

J. The term "IBNR", (Incurred But Not Reported) as used in this Agreement shall mean a reserve for liability for future payment on Losses which have already occurred but have not yet been reported to the Company and shall also include expected future development on Outstanding Losses.

ARTICLE V

INSURING CLAUSE:

A. As respects Worker's Compensation coverage under the Company's Policy Numbers WC 495-7320, WC 495-7321 and WC 495-7322, the Reinsurer agrees to reinsure the Company and be liable for One Hundred Percent (100%) of the first Five Hundred Thousand Dollars ($500,000) of the Company's Ultimate Net Loss for benefits paid or payable per accident and/or occurrence on behalf of the insured, such benefits being required by the

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Workmen's Compensation Law, Worker's Compensation Law or any Occupational Disease Law of the United States Government, state or states designated in Item 3 of the Declarations of the Company's Policies listed herein.

B. As respects Occupational Disease coverage under the Company's Policy Numbers WC 495-7320, WC 495-7321 and WC 495-7322, the Reinsurer agrees to reinsure the Company and be liable for One Hundred Percent (100%) of the first Five Hundred Thousand Dollars ($500,000) of the Company's Ultimate Net Loss per benefit paid or payable on behalf of the insured, such benefits being required by the Workmen's Compensation Law, Worker's Compensation Law or any Occupational Disease Law of the United States Government, state or states designated in Item 3 of the Declarations of the Company's Policies listed herein.

C. As respects Employers' Liability Insurance under the Company's Policy Numbers WC 495-7320, WC 495-7321 and WC 495-7322, the Reinsurer agrees to reinsure the Company and be liable for One Hundred Percent (100%) of the first Five Hundred Thousand Dollars ($500,000) per occurrence of the Company's Ultimate Net Loss for such sums as the insured thereunder is legally obligated to pay as damages because of bodily injury by accident or disease.

D. As respects Comprehensive General Liability under the Company's Policy Numbers GLA 197-9080 and GLA 197-9082, the Reinsurer agrees to reinsure the Company and be liable for One Hundred Percent (100%) of the first Five Hundred Thousand

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Dollars ($500,000) per occurrence of the Company's Ultimate Net Loss.

E. As respects Automobile Liability (including Automobile Physical Damage if agreed) under the Company's Policy Numbers BA 154-9340, GLA 197-9081 and 145-3887, the Reinsurer agrees to reinsure the Company and be liable for One Hundred Percent (100%) of the first Five Hundred Thousand Dollars ($500,000) per occurrence of the Company's Ultimate Net Loss.

ARTICLE VI

PREMIUM AND COMMISSION:

The Net Ceded Premiums due the Reinsurer for the Reinsurance hereunder shall be calculated in accordance with the following schedule. Gross Premiums Written shown are estimates for the beginning of the Agreement period.

1.	Gross Premiums Written	100.00%	$6,430,012
	LESS		
2.	Excess Reinsurance		$ 800,000
	EQUALS		
3.	Subject Premium		$5,630,012
	LESS		
4.	Taxes, Board, Bureaus and Residual Market Charges; and	6%	$ 334,801
5.	Claims Service Fees Adjustable in Accordance With Article VIII; and		$ 501,870
6.	Profit and Administration; and		$ 360,406
7.	Sub-total (4,5,6,)		$1,197,077

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EQUALS

8.	Gross Ceded Premium (line 3 less line 7)	$4,432,935
9.	Broker's Commission	$ 50,000
10.	Federal Excise Tax	$ 42,959
11.	Engineering Fee	$ 86,999
12.	Net Ceded Premium	$4,252,977

ARTICLE VII

CLAIMS:

The Reinsurer agrees to abide by the loss settlements of the Company, it being understood, however, that when so requested, the Company will afford the Reinsurer an opportunity to be associated with the Company, at the expense of the Reinsurer, in the defense of any claim or suit or proceeding involving this reinsurance, and that the Reinsurer may cooperate in every respect in the defense or control of such claim, suit or proceeding.

The Reinsurer will fund a Loss Escrow Fund Rollover, which will be replenished by the Reinsurer at the same time as the account current shown in Article VIII.

The Company may deduct paid loss and loss expenses paid as provided for in the REPORTS AND REMITTANCES ARTICLE, and the Company shall record and advise the Reinsurer of these deductions as provided in the REPORTS AND REMITTANCES ARTICLE. The Company may, at its option, demand prompt payment of any loss where the Reinsurer's share exceeds Five Thousand U.S. Dollars where the Reinsurer's will promptly pay such amounts.

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ARTICLE VIII

CLAIMS SERVICE FEES:

The Company has engaged, through AIG Risk Management, Inc., Constitution State Service Company to handle Claims Administration for claims arising hereunder for a fee of Four Hundred Eighteen Thousand Two Hundred Twenty Five Dollars ($418,225) which includes the handling of 3,170 claims. Any additional claims shall be paid for as Follows:

a.	Worker's Compensation		$115
	for each claim in excess of	2,600	
b.	General Liability		$230
	for each claim in excess of	320	
c.	Automobile Liability		$150
	for each claim in excess of	185	
d.	Products Liability		$275
	for each claim in excess of	65	

The Reinsurer shall also pay $83,645 to the Company as a Claims Supervision Fee.

ARTICLE IX

REPORTS AND REMITTANCES:

A. Within thirty (30) days of the end of each month while this Agreement remains in effect, the Company shall render to the Reinsurer an account current showing the following:

1. Gross Premiums Written _____

LESS

2. Excess Reinsurance _____

EQUALS

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3.	Subject Premium	_____
	LESS	
4.	Taxes, Board, Bureaus and Residual Market Charges; and	_____
5.	Claims Service Fees; and	_____
6.	Profit and Administration; and	_____
7.	Direct Commission; and	_____
8.	Sub-total (4,5,6,7)	_____
	EQUALS	
9.	Gross Ceded Premium (line 3 less line 9)	_____
10.	Federal Excise Tax (line 3 X 1%)	_____
11.	Net Ceded Premium (line 9 less line 10)	_____
	LESS	
12.	Escrow Fund Reimbursement; and	_____
13.	Paid Losses	_____
	EQUALS	
14.	Balance Due To (From) Reinsurer	_____

B. The balance due shall be paid by the debtor party to the other within forty-five (45) days after the close of the month or as soon as reasonably practicable thereafter.

ARTICLE X

RESERVE DEPOSIT (NON-ADMITTED REINSURER)

With respect to the premium derived from any jurisdiction in which an insured risk is located and in which the Reinsurer is not admitted, the Company shall be entitled to withhold from the Reinsurer as security for the payment of the latter's

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obligations an amount herein called the "deposit" as defined in Circular Letter Number 19 and any amendment thereto issued by the New York State Insurance Department which is incorporated herein by reference. The deposit initially shall equal the Reinsurer's share of unearned premiums and outstanding loss reserve.

The deposit shall be adjusted quarterly to equal the unearned premium reserve, calculated on a monthly pro rata basis, and outstanding loss reserve, calculated on the basis of the requirements of the New York State Insurance Department and/or other applicable Insurance Regulatory Agencies, corresponding to the Reinsurer's proportionate share.

The Company may at any time after default by the Reinsurer of payments owing to the Company required by notice in writing to the Reinsurer the payment of the sum due. In the event the Reinsurer shall not pay such sum within seven days after receipt of said notice, the Company shall be entitled to appropriate so much of the deposit as may be required to eliminate the default. Until the deposit shall have been utilized in the manner aforesaid, interest thereon shall be credited to the Reinsurer quarterly at the rate of Four Percent (4%) per annum.

The Company may at its discretion, instead of taking any part of the deposit, required payment of any sum in default, and it shall be no defense to any such claim that the Company might have had recourse to the deposit.

Upon termination of this Agreement, if the Company elects to withdraw the portfolio from the Reinsurer, it shall credit the Reinsurer with the balance of the accumulated deposit at the

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date of termination of the Agreement. If the cessions in force are allowed to run to their normal expiry, the deposit shall be adjusted quarterly.

A Letter of Credit or other security may be substituted for the deposit, provided such Letter of Credit or other security satisfies the requirements of the law and the applicable Insurance Regulatory Agency. Should such substitution be made, notwithstanding any other provisions of this Agreement, the Letter of Credit or other security may be drawn upon by the Company at any time to fund the deposit or for any amounts due from the Reinsurer under this Agreement.

ARTICLE XI

INDEMNIFICATION AND ERRORS AND OMISSIONS:

Any recitals in this Agreement of the terms and provisions of the original policy or policies are merely descriptive and the Reinsurer are reinsuring, to the amount herein provided, the obligations of the Company under the original policy or policies. The Company shall be the sole judge as to what shall constitute a claim or loss covered under the Company's original policy or policies and as to the Company's liability thereunder and as to amount or amounts which it shall be proper for the Company to pay thereunder and the Reinsurer shall be bound by the judgement of the Companies as to the liability and obligation of the Company under their policy or policies.

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Any inadvertent delay, omission or error shall not be held to relieve either party hereto from any liability which would attach to it hereunder if such delay, omission, or error had not been made, provided such delay, omission or error is rectified as soon as possible.

ARTICLE XII

TAXES:

The Company will be liable for taxes (except Federal Excise Tax) on premiums reported to the Reinsurer hereunder.

Federal Excise Tax applies only to those reinsurer which are not exempt from Federal Excise Tax.

The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax one percent (1%) of the gross premium payable, hereon, or such other rate that may be in effect from time to time, to the extent such premium is subject to Federal Excise Tax.

ARTICLE XIII

INSPECTION:

The Company shall place at the disposal of the Reinsurer, and the Reinsurer shall have the right to inspect, at all reasonable times, through its authorized representatives, all books, records and papers of the Company in connection with the reinsurance hereunder, or any claims in connection herewith.

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ARTICLE XIV

FOLLOW THE FORTUNES CLAUSE:

The Reinsurer's liability shall attach simultaneously with that of the Company and all reinsurance for which the Reinsurer shall be liable by virtue of this Agreement shall be subject in all respects to the same risks, terms, rates, conditions, interpretations, assessments, waivers, and to the same modifications, alterations and cancellations, as the respective insurances (or reinsurances) of the Company to which such reinsurances relate. This Agreement shall further protect the Company in connection with any loss for which the Company may be legally liable to pay in excess of the limit having been incurred because of failure by it to settle within the policy limit or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against their Insured or in the preparation or prosecution of an appeal consequent upon such action.

The true intent of the Agreement being that the Reinsurer shall, in every case to which this Agreement applies and in the Proportions specified herein, follow the fortunes of the Company.

This Article shall not apply insofar as it can be shown during a duly held Arbitration in accordance with Article XVI of this Agreement that the Company has been tortious, willful, wanton, or reckless in handling a claim which is the subject matter of this Agreement.

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ARTICLE XV

INSOLVENCY:

In the event of the insolvency of the Company, reinsurance under this Agreement shall be payable by the Reinsurer (on the basis of the liability of the Company under contract or contracts reinsured without diminution because of the insolvency of the Company) to the Company or to its liquidator, receiver, or statutory successor, except as provided by Section 4118 of the New York Insurance Law or except:

(1) where the Agreement specifically provides another payee of such reinsurance in the event of the insolvency of the Company, and

(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.

It is agreed, however, that the liquidator or receiver or statutory successor of the insolvent Company shall give written notice to the Reinsurer of the pendency of a claim against the insolvent Company on the contract or contracts reinsured within a reasonable time after such claim is filed in the insolvency proceeding and that, during the pendency of such claim the Reinsurer may investigate such claim and interpose at their own expense in the proceeding where such claim is to be adjudicated, any defense or defenses which they may deem available to the Company or its liquidator or receiver or statutory successor.

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The expense thus incurred by the Reinsurer 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.

ARTICLE XVI

ARBITRATION CLAUSE:

All disputes or differences arising out of the interpretation of this Agreement shall be submitted to the decision of two (2) Arbitrators, one to be chosen by each party and in the event of the Arbitrators failing to agree, to the decision of an Umpire to be chosen by the Arbitrators. The Arbitrators and Umpire shall be executive officials of Fire and Casualty Insurance or Reinsurance Companies. If either of the parties fails to appoint an Arbitrator within one (1) month after being required by the other party in writing to do so, or if the Arbitrators fail to appoint an Umpire, within one (1) month of a request in writing by either of them to do so, such Arbitrator or Umpire, as the case may be, shall at the request of either party be appointed by a Justice of the Supreme Court of the State of New York.

The Arbitration proceedings shall take place in New York, New York. The applicant shall submit its case within one (1) month after the appointment of the Court of Arbitration, and the respondent shall submit his reply within one (1) month after receipt of a claim. The Arbitrators and Umpire are relieved from all Judicial formality and may abstain from following the

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strict rules of law. They shall settle any dispute under this Agreement according to an equitable rather than a strictly legal interpretation of its terms and their decision shall be final and not subject to appeal.

Each party shall bear the expenses of its Arbitrator and shall jointly and equally share with the other the expenses of the Umpire and of the Arbitration.

This Article shall survive the termination of this Agreement.

ARTICLE XVII

RESERVES:

The Reinsurer will maintain legal reserves with respect to Outstanding Losses and Loss Expenses and Unearned Premium Reserves.

ARTICLE XVIII

TERMINATION:

A. Neither the Company nor the Reinsurer terminate this Agreement while the Policies listed in Article I, Item B are in force; however, if the Policies listed in Article I, item B are in fact terminated then in that event and that event only this Agreement may be terminated simultaneously therewith.

B. However, the Company shall have the right to terminate this Agreement immediately by giving the Reinsurer notice:

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(1) If the performance of the whole or any part of this Agreement be prohibited or rendered impossible de jure or defacto in particular and without prejudice to the generality of the preceding words in consequence of any law or regulation which is or shall be in force in any state or territory or if any law or regulation shall prevent directly or indirectly the remittance of any or all or any part of the balance or payments due to or from the Reinsurer.

(2) If the reinsurer at any time shall:

(a) Become insolvent, or

(b) Suffer any impairment of capital, or

(c) File a Petition in bankruptcy, or

(d) Go into liquidation or rehabilitation, or

(e) Have a receiver appointed, or

(f) Be acquired or controlled by any other insurance company or organization.

(3) In the event of the severance or obstruction of free and unfettered communication and/or normal commercial and/or financial intercourse between the United States of America and the country in which the Reinsurer is incorporated or has its principal office as a result of war, currency regulations, or any circumstances arising out of political, financial or economic emergency.

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All notices of termination in accordance with any of the provisions of this paragraph may be by Telex or Telegram and shall be deemed to be served upon dispatch, or where communications between the parties are interrupted, upon attempt dispatch.

C. All notices of termination served in accordance with any of the provisions of this Article shall be addressed to the party concerned at its head office or at any other address previously designated by that party herein.

D. In the event of this Agreement being terminated the rights and obligations of both parties to this Agreement shall remain in full force until the effective date of termination.

E. As respects coverage hereunder, it is understood and agreed that upon termination of this Agreement, coverage will continue hereunder beyond such termination date until the natural expiration date, the cancellation date, or the date which the Company, as a matter of law, may terminate coverage under the Policies listed in Article I hereof.

F. Should this Agreement terminate while a loss occurrence is in progress, the Reinsurer shall be liable to the extent of their interest, subject to the other conditions of this contract, for all losses resulting from such loss occurrence whether such losses arise before or after such termination.

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ARTICLE XIX

SERVICE OF SUIT:

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 any court of competent jurisdiction within the United States and will comply with all requirements necessary to give such court jurisdiction and all matter arising hereunder shall be determined in accordance with the law and practice of such court.

It is further agreed that service of process in such suit may be made upon _____

and that in any suit instituted against any of them upon this contract, the Reinsurer will abide by the final decision of such court or of any appellate court in the event of an appeal.

The above mentioned 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 make provisions therefor, Reinsurer hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding

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instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Agreement of reinsurance, and hereby designate the above named as the person to whom the said office is authorized to mail such process or a true copy thereof.

ARTICLE XX

FOREIGN EXCHANGE:

All premium and loss payments hereunder shall be in United States Currency.

Premiums due hereunder in other than United States Currency shall be paid by the Company in United States Dollars at the rates of exchange at which the original accounts were settled. Failing this the rate of exchange applied shall be that used by the Company in their own books of account or in accordance with any subsequent adjustments thereto.

The amounts recoverable for losses in other than United States Currency shall be converted into United States Dollars at the same rates of exchange as were applied in the settlement of the original losses. Failing this the rate of exchange applied shall be that used by the Company in their own books either at the time of the settlement or in accordance with any subsequent adjustment thereto.

ARTICLE XXI

OFFSET CLAUSE:

The Company and the Reinsurer shall have the right to offset any balance (s) due from one to the other under this

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Agreement. The party asserting the right of offset may exercise such right at any time whether the balance (s) due are on account of premiums or losses or otherwise.

In the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with the provisions of Section 7427 of the Insurance Law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives in New York, New York this 25th day of January, 1988.

BIRMINGHAM FIRE INSURANCE COMPANY
OF PENNSYLVANIA/
NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA./
AMERICAN HOME ASSURANCE COMPANY

BY: [signature]

TITLE: Vice President

ADDRESS: 70 Pine Street
New York, NY 10270

and in Hamilton, Bermuda, this 15th day of October, 1987.

SINCLAIR INSURANCE COMPANY,
LIMITED

BY: [signature]

TITLE: VICE PRES.

ADDRESS: P. O. Box 509
Hamilton 5, Bermuda

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ADDENDUM #1

TO

FACULTATIVE REINSURANCE AGREEMENT

between

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

AMERICAN HOME ASSURANCE COMPANY

BIRMINGHAM FIRE INSURANCE COMPANY OF PENNSYLVANIA

(hereinafter called the "Company")

and

SINCLAIR INSURANCE COMPANY, LTD.

(hereinafter called the "Reinsurer")

The Facultative Reinsurance Agreement made October 1, 1986 between the Company and Reinsurer is hereby amended in the following respects:

Effective October 1, 1986, Article I (B) is amended to include policy number RMEE 943-9790.

Article I (E) (Policy Limits) is amended to include the following:

Policy Number RMEE 943-9790

Umbrella Liability: Fifty Percent (50%) quota share of Eight Million Dollars excess Two Million Dollars ($8,00,000 XS $2,000,000).

Article (V) is amended to include the following sentence:

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As respects Umbrella Liability under the Company's Policy Number RMBE 943-9790, the Reinsurer agrees to Reinsure the Company and be liable for fifty percent (50%) Quota share of Eight Million Dollars ($8,000,000) per occurrence of the Company's Ultimate Net Loss.

Article VI is amended to include the following:

	B. Umbrella Program		
1.	Gross Premiums Written	100%	$750,000
	EQUALS		
2.	Subject Premium		$750,000
	LESS		
3.	Taxes, Boards, Bureaus and Residual Market Charges; and	6%	$45,000
4.	Profit and Administration and		$25,000 (Minimum & Deposit)
5.	Sub-Total (3 & 4)		$70,000
6.	Gross Ceded Premium (line 2 less line 6)		$680,000
7.	Federal Excise Tax	1%	$6,800
8.	Net Ceded Premium (line 6 less line 7)		$673,200

All other Terms and Conditions remain unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum #1 to be executed by their duly authorized representative in New York, New York, this 17th day of April, 1987.

Addendum #1 86-87

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NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA
AMERICAN HOME ASSURANCE COMPANY
BIRMINGHAM FIRE INSURANCE
COMPANY OF PENNSYLVANIA

BY: _____

TITLE: VICE PRESIDENT

ADDRESS: 70 PINE STREET
NEW YORK, NY 10270

and in Hamilton, Bermuda, this 13 th day of April, 1989.

SINCLAIR INSURANCE COMPANY, LTD.

BY: J. C. Richmond

TITLE: Director

ADDRESS: 504 INTERNATIONAL CENTRE
BERMUDIANA ROAD
HAMILTON HM 11
BERMUDA

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0049-GLD-000056769

ADDENDUM #2

TO

FACULTATIVE REINSURANCE AGREEMENT

between

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA./

AMERICAN HOME ASSURANCE COMPANY

BIRMINGHAM FIRE INSURANCE COMPANY OF PENNSYLVANIA

(hereinafter called the "Company")

and

SINCLAIR INSURANCE COMPANY, LTD.

(hereinafter called "the Reinsurer")

The Facultative Reinsurance Agreement made October 1, 1986 between the Company and Reinsurer is hereby amended in the following respects:

Effective January 1, 1987, Article I (B) is amended to include SCM Corporation.

Article VI (Premium and Commission) is amended to include the following:

1.	Gross Premium Written	$2,783,110.
	Less	
2.	Excess Reinsurance	$ 280,449.
	EQUALS	
3.	Subject Premium	$2,502,661.
4.	Taxes, Board, Bureaus and Residual Market Charges; and	$ 151,660.
5.	Claims Service Fee	$ 97,538.
6.	Profit & Administration	$ 139,156.
7.	Brokers Commission	$ 36,642.
8.	Sub-total (4,5,6,7)	$ 424,996.
9.	Gross Ceded Premium (line 3 less line 8)	$2,077,665.
10.	Federal Excise Tax	$ 20,777.
11.	Net Ceded Premium (line 9 less line 10)	$2,056,888.

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ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum #2 to be executed by their duly authorized representative in New York, New York, this 17th day of April, 1989.

NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA
AMERICAN HOME ASSURANCE COMPANY
BIRMINGHAM FIRE INSURANCE
COMPANY OF PENNSYLVANIA

BY: _____

TITLE: Vice President

ADDRESS: 70 PINE STREET
NEW YORK, NY 10270

and in Hamilton, Bermuda, this 13th day of April, 1989.

SINCLAIR INSURANCE COMPANY, LTD.

BY: J.C. Richmond

TITLE: Director.

ADDRESS: 504 International Centre
Bermudiana Road
Hamilton HM 11
Bermuda

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