

APPENDIX A
PROGRAM TERMS

The following is an outline of the program ("Travelers Benefit Program") that Travelers has agreed to establish for the purpose of supplementing the financial assistance provided to certain Travelers insureds by the Connecticut Foundations Solutions Indemnity Company (CFSIC).

1. The provision of such supplemental assistance is based on assumptions regarding the CFSIC program. The CFSIC program and Guidelines being subject to change, Travelers reserves the right, subject to approval by the State, to make reasonable modifications to the Travelers Benefit Program in response to and consistent with any such changes. The assumptions upon which the Travelers Benefit Program is based include:
 - a. The per-home benefit offered by CFSIC will be based on objective unit costs set forth in the CFSIC Guidelines. Hereinafter the work for which CFSIC benefits are potentially payable is referred to as the "CFSIC Work."
 - b. CFSIC benefits will be paid to the contractor performing the CFSIC Work on behalf of the home owner(s).
 - c. With the possible exception of the initial payment, CFSIC payment will be only for completed work.
 - d. Once CFSIC has issued payment for the full per-home benefit from CFSIC, CFSIC will, upon request, provide the owner(s) of the home with documentation that includes:
 - o a stamped copy of the contract upon which payment of the CFSIC benefit was based;
 - o certification that the full CFSIC per-home benefit has been paid;
 - o the amount CFSIC paid; and
 - o documentation identifying the work for which the CFSIC payment(s) were made.
 - e. The per-home CFSIC benefit available to homeowners who are eligible to enroll in, enroll in or actually participate in the Travelers Benefit Program will be calculated in the same manner as the per-home benefit available to all other homeowners. The CFSIC benefit will not be reduced based on eligibility to enroll in, enrollment in or actual participation in the Travelers Benefit Program. In the event that: (a) CFSIC modifies its Program or Guidelines to reduce the benefit available from CFSIC based on the Travelers Benefit Program; and (b) the Parties cannot agree on reasonable modifications to the Program Terms that are designed to address such modification to the CFSIC Program or Guidelines the Parties' agreement memorialized in the Memorandum of Agreement shall terminate.
2. Travelers' agreement to establish the Travelers Benefit Program is subject to the following:
 - a. Travelers will set aside \$5,000,000 for the Travelers Benefit Program.
 - b. The total of the benefits provided under the Travelers Benefit Program is limited to, and will not exceed, \$5,000,000.
 - c. Travelers will administer the Travelers Benefit Program at its own expense.

- d. The maximum per-home potential Travelers Benefit for current insureds (defined below) of Travelers will be \$25,000.
- e. The maximum per-home potential Travelers Benefit for past insureds (defined below) of Travelers will be \$10,000.
- f. For purposes of this Agreement:
 - o "current insured" means present owner(s) of an affected home insured under a Travelers policy that: (a) was issued to the owner(s); (b) was in effect on the date the Travelers Benefit Program was announced; and (c) has not since ceased to be in effect;
 - o "past insured" means present owner(s) of an affected home that: (a) was insured under a Travelers policy that was issued to the owner(s); and (b) either was not in effect on the date the Travelers Benefit Program was announced or has since ceased to be in effect.
- g. The Travelers Benefit will be paid to the contractor performing the work on behalf of the owner(s) of the home.
- h. The Travelers Benefit will be paid only for completed work.
- i. The Travelers Benefit must be applied only to (and in the following order to): first, CFSIC Work for which CFSIC did not issue full payment (if any); second, repair of any Dwelling damage arising from the CFSIC Concrete Work or the concrete problem for which CFSIC did not issue full payment (if any); and third, repair of any Other Structure damage arising from the CFSIC Concrete Work or the concrete problem for which CFSIC did not issue full payment (if any).
- j. The amount of the Travelers Benefit payment will be determined in the first instance by Travelers in accordance with these Program Terms. If the enrollee(s) dispute the determination of their Travelers Benefit payment, they will be required to notify Travelers in writing within 30 days of receiving a letter from Travelers informing them of their Travelers Benefit payment amount, and provide any written documentation to support their position. Within 14 days of receipt of the letter from the enrollee(s), Travelers will respond and advise if it has made any change to its determination of the Travelers Benefit payment amount. If the enrollee(s) continue to disagree with Travelers' determination, they have two options: (1) they may withdraw from the Travelers Benefit Program; or (2) within 30 days of the date of the letter sent by Travelers responding to the dispute, the enrollee(s) may request that the CID resolve the dispute. The CID will then review submissions in writing by the enrollee(s) and Travelers, and make a final, binding decision within 30 days regarding the amount of the Travelers Benefit payment. If the dispute is submitted to the CID, there shall be no further review permitted and the enrollee must either accept the CID's final determination and sign the release attached as Exhibit B, or elect not to receive any funds from the Travelers Benefit Program.
- k. The Travelers Benefit Program will expire on the earlier of: (a) the time at which the total benefits provided under the Travelers Benefit Program reaches \$5,000,000; and (b) the date on which the existence of CFSIC is terminated by law. No further benefit payments will be made thereafter.
- l. To the extent that, at the time the Travelers Benefit Program expires, the

total benefits that have been provided under the Travelers Benefit Program has not reached \$5,000,000, Travelers will deposit the amount, if any, of the \$5,000,000 that remains as directed by the Commissioner of the Department of Insurance, after consultation with the Attorney General and the Commissioner of the Department of Consumer Protection, for any purpose related to the crumbling foundation problem.

- m. Travelers insureds who participate in the Travelers Benefit Program shall not incur any insurance rate increase as a result thereof.

3. Enrolling in the Travelers Benefit Program

- a. In order for the owner(s) of an affected home to be eligible to enroll and potentially participate in the Travelers Benefit Program, the home must be, or have formerly been, insured under a policy Travelers issued to the owner(s) of the home that was in effect at a time prior to the date on which the Traveler's Benefit Program is announced.
- b. In order for the owner(s) of a home to be eligible to enroll and potentially participate in the Travelers Benefit Program, the owner(s) of the home cannot previously have obtained a judgment against Travelers or entered into a settlement agreement with Travelers regarding claims against Travelers related to the presence of pyrrhotite in their concrete foundation.
- c. The enrollment period will open on 1/31/19 (or, if later, date on which the CFSIC program is operational). The following will be required in order to enroll:
 - o name(s) of home owner(s);
 - o address of the insured Dwelling;
 - o policy number of the Travelers policy that: (a) was issued to the home owner(s); (b) insures or previously insured the Dwelling; and (c) was in effect at a time prior to date of the announcement of the Travelers Benefit Program;
 - o documentation demonstrating enrollment in CFSIC (details to be determined).

4. In order to qualify for a Travelers Benefit, enrollee(s) must satisfy the following requirements in addition to the requirements set forth in paragraph 3 above and only these requirements:

- a. Enrollee(s) must have qualified for and have had the full benefit available from CFSIC paid;
- b. Enrollee(s) must provide Travelers with the required CFSIC documentation and work completion documentation;
- c. Enrollee(s) must execute the release attached as Exhibit B of all claims against Travelers related to the presence of pyrrhotite in their concrete foundation and/or the issuance of policy forms including any Additional Coverage for Collapse;
- d. To the extent that enrollee(s) have attempted to assign or otherwise transfer any claim(s) against Travelers related to the presence of pyrrhotite in their concrete foundation, the third party must similarly release any such claims (Travelers does not consent to any such assignment or concede that any of its insureds have the right to assign or transfer their claims; any purported assignee or transferee cannot receive benefits under the Travelers Benefit Program unless

- Travelers consents thereto in its sole discretion);
- e. The total amount of per-home financial assistance provided to enrollee(s) from CFSIC, Travelers and any other source(s) (including but not limited to payments made by any other insurer in connection with an insurance claim) will not exceed 100% of costs incurred to: (a) remove and replace the concrete foundation; (b) repair any damage to the Dwelling and/or Other Structures resulting from the removal/replacement of the concrete foundation; and (c) repair any damage to the Dwelling and/or Other Structures otherwise caused by the presence of pyrrhotite in the concrete foundation.
- f. In the event that enrollee(s) qualify for assistance from source(s) other than CFSIC and Travelers, the Travelers Benefit payment comes last except when:
- the other assistance is to cover costs that, while incurred due to the presence of pyrrhotite in the enrollee(s)' concrete foundation, are not included in paragraph 4(e) above; or
 - the enrollee(s) are current insured(s), the other source of assistance is a prior insurer of the enrollee(s); and the other assistance is available to the enrollee(s) pursuant to a benefit program established by that insurer subject to terms equivalent to those that apply to the Travelers Benefit program.

In such cases, the Travelers Benefit payment will come before the payment by the other source of assistance.

UPDATE TO PROGRAM TERMS

As authorized in, and in accordance with, Paragraph 1, of the Program Terms, the Program Terms been modified to permit: (a) a benefit payment, not to exceed 25% of the homeowner(s) Travelers Benefit, to be issued to a contractor in advance of completion of the work if the contract for the work requires an advance payment before the work will be undertaken; and (b) a benefit payment for completed work to be issued to the homeowner(s), as opposed to the contractor, upon submission of documentation demonstrating that the homeowner(s) have paid the contractor for the work.