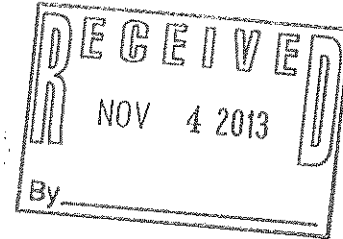




October 31, 2013

Mr. Jason Tardiff  
Chairman, Board of Selectmen  
Town of Allentown  
16 School Street  
Allentown, NH 03275



Dear Mr. Tardiff:

It is the goal of Property-Liability Trust, Inc. (PLT) to deliver the lowest rates possible with comprehensive Member support and services tailored to your coverage and training needs. The Board takes pride in its ability to do this year after year, and your feedback and continued membership tell us we are meeting this goal. We are firmly committed to continuing the highest quality coverage for years to come.

Important rating information regarding the coverages offered by PLT follows.

Property Liability Rates:

Members that are currently obtaining property liability coverage with PLT will see a variety of changes in how that program is rated for the July 1, 2014 – June 30, 2015 (FY2015) policy year. First, there will be a five percent (5%) reduction to all base rates for FY2015. Additionally, PLT is introducing experience rating for the upcoming policy year and it will be a standard part of the program moving forward. PLT has selected an experience rating model similar to the model used within the workers' compensation program. This model applies experience modifiers to each Member that reflect the loss experience of each group over the past three (3) to five (5) year period, depending on the number of years of experience with the program. These modification factors are then rebalanced to reflect the necessary contributions of the entire pool. All Members will receive the same base rates before the application of an experience modifier.

PLT is also offering a not-to-exceed rate cap of five percent (5%) for July 1, 2015 – June 30, 2016 (FY2016). The not-to-exceed rate cap of five percent (5%) is on base rates and has no impact on the modification factor applied to each Member. The modification factor applied to each group is subject to change on an annual basis.

Workers' Compensation Rates:

For Members participating in the workers' compensation program with a January 1 renewal, we are pleased to announce that PLT is extending your current rates for workers' compensation through June 30, 2014. This means there will be no increase in rates for the period of January 1, 2014 – June 30, 2014. Therefore, the invoice issued in December will be for this six-month period. We are doing this to bring all workers' compensation coverage periods onto the same fiscal renewal calendar starting July 1, 2014.

We are providing both January and July renewal Members with renewal rates for the period of July 1, 2014 – June 30, 2015 (FY2015). For your consideration, we are also providing a base rate adjustment not to exceed five percent (5%) for July 1, 2015 – June 30, 2016 (FY2016). These rates reflect several changes to the workers' compensation rating model including an overall pool contribution increase of ten

PROPERTY-LIABILITY TRUST, INC. ("PLT, Inc.")  
Renewal Confirmation  
For Town of Allentown  
FY2015 and FY2016

1. Coverages Election: The Member elects the following coverages for the period of July 1, 2014 - June 30, 2015 (FY2015) and July 1, 2015 - June 30, 2016 (FY2016), understanding that coverage for FY2016 can be cancelled with forty-five (45) days' notice prior to July 1, 2015.

Property Liability Coverage     Workers' Compensation Coverage  
 Unemployment Compensation Coverage

*Note: Unemployment Compensation Coverage is only available if you renew Workers' Compensation Coverage*

2. Coverage Rates and Modification Factors for FY2015: The applicable rates and modification factors for FY2015 are attached.
3. Not-to-Exceed Rate Cap for Property Liability and Workers' Compensation Coverages for FY2016: PLT, Inc. agrees that the percentage increase in base rates for FY2016 will not exceed five percent (5%) of the rates established by PLT, Inc. for property liability and workers' compensation coverage for FY2015.

This not-to-exceed base rate cap is not a guarantee of a freeze or cap on the total amount of contributions to be made to PLT, Inc. by a renewing Member. The not-to-exceed rate cap of five percent (5%) is on base rates and has no impact on the modification factor applied to each Member. The modification factor applied to each group is subject to change on an annual basis.

4. Protection Changes: The PLT, Inc. Member Agreement (including PLT, Inc.'s Educators' Member Agreement) (the "Member Agreement") and Workers' Compensation Member Agreement describe and detail the protection provided to its Members. The bylaws of PLT, Inc. allow and provide for modifications to the Member Agreement and protection. The modifications are, generally, applied to all of the Members of PLT, Inc. enrolled in the applicable coverages. PLT, Inc. maintains the right to change and/or modify the protection offered to its Members in accordance with the provisions and procedures of the bylaws. For purposes of clarification only, the bylaws provide that if PLT, Inc. wishes to enhance protection, it can do so upon a vote of the PLT, Inc. Board of Directors, all of whom are elected or appointed public officials. If PLT, Inc. desires to modify protection in some area that could result in a reduction of protection, the bylaws provide that any vote of the PLT, Inc. Board of Directors would be preceded by notice to and hearing for the Members.

percent (10%). This increase is in conjunction with base rates being adjusted to reflect the removal of all individual credits, including TRiM and package credits.

PLT continues to apply experience modifiers to each Member that reflect the loss experience of each group over the past three (3) to five (5) year period, depending on the number of years of experience with the program. These modification factors are then rebalanced to reflect the necessary contributions of the entire pool. Finally, there has been a comprehensive review of the class codes resulting in the reclassification of some employees to a new class code as well as to the relative cost between class codes.

Unemployment Compensation Rates:

Unemployment compensation base rates are being reduced by five percent (5%). There are no changes to the \$14,000 net taxable wage base for purposes of calculating annual contributions. This reduction in rate will be effective from July 1, 2014 – June 30, 2015. As with the January workers' compensation Members, Members with a January renewal will see no rate increase for January 1, 2014 – June 30, 2014 but will be transitioned to a July plan year on July 1, 2014 where the five percent (5%) reduction in rates will occur.

January Renewal Billing Option:

In order to assist the workers' compensation and unemployment compensation January renewal groups transitioning to a July 1 policy period, we are providing the option to request the FY2015 invoicing be set up on a semi-annual basis, with one payment due in July and the second payment due the following January. This request needs to be indicated on the enclosed Renewal Confirmation form or received in writing prior to May 1, 2014.

Rate Exhibits:

The enclosed exhibit(s) reflect the impact of these changes on your particular group. The exhibit(s) show the FY2015 renewal rate(s) and experience modification factor with your CY2013 or FY2014 exposures or estimated payroll (for workers' compensation) as billed on your last renewal invoice in order for you to see the overall impact of all of the rating changes. Any changes to payroll or exposure data may change the actual invoice amount.

Renewal Confirmation Required:

Enclosed are renewal confirmation documents for you to review, sign and return at your earliest convenience, but no later than 30 days prior to your renewal.

**Workers' Compensation and Unemployment Compensation Coverages:** If you are currently a January workers' compensation or unemployment compensation Member, there are two sets of documents, one for the period of January 1, 2014 – June 30, 2014 and another for the period of July 1, 2014 – June 30, 2015, which includes locking in the not-to-exceed cap of 5% for the period of July 1, 2015 – June 30, 2016. For July renewal workers' compensation and unemployment compensation Members, one document is enclosed for that period that includes locking in the not-to-exceed cap of 5% for the period of July 1, 2015 – June 30, 2016.

**Property Liability Coverage:** For all property liability Members, a document is enclosed to sign and return in order to continue coverage with PLT for the period of July 1, 2014 – June 30, 2015 and locking in the not-to-exceed cap of 5% for the period of July 1, 2015 – June 30, 2016.

Supreme Court Status:

PLT's appeal of the Bureau of Securities Regulation Final Order continues to be pending. With regard to the obligation of PLT to repay \$17.1 million to HealthTrust, Inc., on October 23, 2013, the New Hampshire Supreme Court granted the motion by PLT to stay this payment obligation. Oral arguments on the appeal are scheduled for November 14, 2013, and the ruling is expected sometime in early 2014. Despite the pending nature of the appeal of the Final Order, the rates included in this letter and the not-to-exceed rate cap of 5% will be honored through the end of the coverage periods.

If the Court does not rule in PLT's favor and upholds the Final Order, all claims will continue to be serviced until they are discharged with the commitment and quality of service you have come to expect.

Coverage Guidelines:

Should you decide not to renew any coverage line with PLT, written notice is required at least forty-five (45) days prior to the renewal date. It is important to note that by electing coverage for the FY2015 period you are not locked into coverage for the FY2016 policy period. All Members will have the ability to receive the benefit of the 5% rate cap for FY2016 without providing a two-year commitment. We will continue to work hard to earn your continued participation and provide you with exceptional training and member service.

Conclusion:

We realize that you have other choices in the marketplace. We value competition just as you do in pushing us to offer the very best in price and service. We hope you remain committed to PLT for your coverage needs and allow PLT to provide you with the comprehensive services and products you have come to expect from us. If you have any questions relative to these exhibits, experience rating or what programs and services you can implement in the next few months, please do not hesitate to call me, Darlene Simmons x3327, Scott Weden x3388 or your Risk Management Advisor, Kevin Flanagan x1311.

Sincerely,



Wendy Lee Parker  
Executive Director

Enclosure(s)



Municipal Rate Exhibit FY15

*Town of Allenstown*

<b>Exposure</b>	<b>Values</b>	<b>Rate</b>	<b>Total</b>
General Liability - Payroll	\$1,268,775	\$0.99	\$12,561
POL	10% of General Liability	10% of GL	\$1,256
Full-Time Police	10	\$1,194.48	\$11,945
Part-Time Police	1	\$954.67	\$955
Jail Cells	2	\$44.10	\$88
Firefighters	28	\$9.19	\$257
Rescue Squads	1	\$44.10	\$44
Vehicles	29	\$418.98	\$12,150
Fire Truck Replacement	5	\$934.00	\$4,670
Mobile Equipment	\$250,737	\$0.68	\$171
Property	\$22,737,062	\$0.60	\$13,642
Manual Contribution			\$57,739
Experience Modification Factor			1.05
<b>Total Contribution</b>			<b>\$60,626</b>

**Please Note:**

Exhibits are based on FY14 renewal exposures. Changes to exposures will affect contributions invoiced.