



FOLEY & LARDNER LLP

ATTORNEYS AT LAW

777 EAST WISCONSIN AVENUE
MILWAUKEE, WI 53202-5306
414.271.2400 TEL
414.297.4900 FAX
foley.com

December 16, 2008

WRITER'S DIRECT LINE
414.297.5541
kbolden@foley.com EMAIL

CLIENT/MATTER NUMBER
068003-0108

VIA OVERNIGHT DELIVERY

FILED

DEC 17 2008

Wendy Galloway
Hearings Unit
Washington State Office of the Insurance Commissioner
5000 Capitol Blvd.
Tumwater, WA 98501

Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

Re: Proposed Acquisition of Control of National Merit Insurance
Company by Trinity Universal Insurance Company, G08-0182

Dear Ms. Galloway:

Per Judge Petersen's request, please find enclosed for filing in the above-referenced matter an unredacted copy of Schedule 3.13(e) of Annex D to Exhibit B of Trinity Universal Insurance Company's Form A Statement regarding the proposed acquisition of control of National Merit Insurance Company.

Please feel free to contact me if you have any questions.

Very truly yours,

Kenyatta Bolden

Enclosure

cc: Samuel L. Fitzpatrick
Thomas R. Hrdlick

BOSTON
BRUSSELS
CENTURY CITY
CHICAGO
DETROIT

JACKSONVILLE
LOS ANGELES
MADISON
MIAMI
MILWAUKEE

NEW YORK
ORLANDO
SACRAMENTO
SAN DIEGO
SAN DIEGO/DEL MAR

SAN FRANCISCO
SHANGHAI
SILICON VALLEY
TALLAHASSEE
TAMPA

TOKYO
WASHINGTON, D.C.

DEC 17 2008

Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing OfficerSCHEDULE 3.13(e)EMPLOYMENT AGREEMENTS

3.13 (e)

Severance benefits payable under the Employment Agreements calculated as if the individual were entitled to receive severance benefits as a result of termination of employment on December 31, 2008.

John Ammendola – Hire Date: 10/15/2007 – Current Base Salary \$352,099

1. Balance of sign on bonus due at termination \$100,000.
2. Severance within 1st two years of employment base salary for remainder of 2 year period (until 10/14/2009),
3. Plus unused vacation time, plus any bonus to which you are entitled at the time of termination (up to 50% of base salary). Bonus paid for 2007 (calculated as if not prorated) \$87,500.
4. Non-competition – optional two year non-competition period from 10/15/09 through end of optional non-competition period (reduced by other earnings and amounts severance paid) @ 100% base salary.

Danny Collins – Hire Date: 4/22/2002 – Current Base Salary \$215,814

1. Severance – 2 months' base salary plus one month of salary for each year of employment with the Company, pro-rated for any partial final year of employment.
2. Plus unused vacation time, plus any bonus to which you are entitled at the time of termination (up to 50% of base salary). Bonus paid for 2007 \$27,239.
3. Optional 2 year non-competition period – base salary reduced by other earnings and reduced by the amount of severance paid.

Susan Claflin – Hire Date: 10/01/2007 – Current Base Salary \$277,062

1. Severance – within 1st two years of employment base salary for remainder of 2 year period (until 9/30/2009).
2. Plus unused vacation time, plus any bonus to which you are entitled at the time of termination (up to 50% of base salary). Bonus (calculated as if not prorated) \$41,250.
3. Non-competition – optional two year period from 10/01/09 through end of optional non-competition period (reduced by other earnings and amounts severance paid) @ 100% base salary.

SCHEDULE 3.13(e) continued
EMPLOYMENT AGREEMENTS

Steven Hancock – Hire Date: 02/25/2008 – Current Base Salary \$319,999

1. Severance – within 1st two years of employment base salary for remainder of 2 year period (until 2/24/2010).
2. Plus unused vacation time, plus guaranteed 2008 bonus of not less than 25% of annual salary. Bonus (calculated as if guaranteed is paid in 2009) \$80,000.
3. Non-competition – optional two year non-competition period from 2/24/2010 through end of optional non-competition period (reduced by other earnings and amounts severance paid) @ 100% base salary.

Mory Katz – Hire Date: 4/06/1998 – Current Base Salary \$550,361

1. Severance – 2 months plus 1 month for each year of employment, pro-rated for any partial final year of employment
2. Plus unused vacation time, plus any bonus to which you are entitled at the time of termination (up to 50% of base salary). Bonus paid for 2007 \$96,180.
3. Mandatory non-competition period - 2 years (interplay with severance unresolved).

George Kowalsky – Hire Date: 09/25/2000 – Current Base Salary \$258,149

1. Severance – 2 months' base salary plus one month of salary for each year of employment with the Company, pro-rated for any partial final year of employment.
2. Plus unused vacation time, plus any bonus to which you are entitled at the time of termination (up to 50% of base salary). Bonus paid for 2007 \$37,595.
3. Optional 2 year non-competition period – base salary reduced by other earnings and reduced by the amount of severance paid.

Eileen Lehman – Agreement Date: 04/01/2004 – Current Base Salary \$141,552

1. Severance – 2 months base salary plus one month of salary for each year of employment with the company after 4/01/04 pro-rated for any partial final year of employment.
2. Plus unused vacation time, plus any bonus to which you are entitled at the time of termination (up to 50% of base salary). Bonus paid for 2007 \$12,250.
3. Optional 2 year non-competition period – base salary reduced by earnings from other employment and amount of severance paid.

Yvonne Mansfield – Agreement Date 04/01/2004 – Current Base Salary \$147,725

1. Severance – 2 months base salary plus one month of salary for each year of employment with the company after 4/01/04 pro-rated for any partial final year of employment.
2. Plus unused vacation time, plus any bonus to which you are entitled at the time of termination (up to 50% of base salary). Bonus paid for 2007 \$19,511.
3. Optional 2 year non-competition period – base salary reduced by earnings from other employment and amount of severance paid.

SCHEDULE 3.13(e) continued
EMPLOYMENT AGREEMENTS

Jayshree Maurantonio – Agreement Date 04/01/2004 – Current Base Salary \$170,843

1. Severance – 2 months base salary plus one month of salary for each year of employment with the company after 4/01/04 pro-rated for any partial final year of employment.
2. Plus unused vacation time, plus any bonus to which you are entitled at the time of termination (up to 50% of base salary). Bonus paid for 2007 \$13,465.
3. Optional 2 year non-competition period – base salary reduced by earnings from other employment and amount of severance paid.

Ray Palermo – Agreement Date 04/01/2004 – Current Base Salary \$147,464

1. Severance – 2 months base salary plus one month of salary for each year of employment with the company after 4/01/04 pro-rated for any partial final year of employment.
2. Plus unused vacation time, plus any bonus to which you are entitled at the time of termination (up to 50% of base salary). Bonus paid for 2007 \$13,912.
3. Optional 2 year non-competition period – base salary reduced by earnings from other employment and amount of severance paid.

Sean Payne - Agreement Date 04/01/2004 – Current Base Salary \$158,224

1. Severance – 2 months base salary plus one month of salary for each year of employment with the company after 4/01/04 pro-rated for any partial final year of employment.
2. Plus unused vacation time, plus any bonus to which you are entitled at the time of termination (up to 50% of base salary). Bonus paid for 2007 \$10,753.
3. Optional 2 year non-competition period – base salary reduced by earnings from other employment and amount of severance paid.

Frank Quido – Hire Date: 6/28/1999 – Current Base Salary \$266,821

1. Severance – 2 months plus 1 month for each year of employment, pro-rated for any partial final year of employment
2. Plus unused vacation time, plus any bonus to which you are entitled at the time of termination (up to 50% of base salary). Bonus paid for 2007 \$35,858
3. Mandatory non-competition period - 2 years (interplay with severance unresolved).

David Schonbrun – Agreement Date 04/01/2004 – Current Base Salary \$171,428

1. Severance – 2 months base salary plus one month of salary for each year of employment with the company after 4/01/04 pro-rated for any partial final year of employment.
2. Plus unused vacation time, plus any bonus to which you are entitled at the time of termination (up to 50% of base salary). Bonus paid for 2007 \$19,780
3. Optional 2 year non-competition period – base salary reduced by earnings from other employment and amount of severance paid.

SCHEDULE 3.13(e) continued
EMPLOYMENT AGREEMENTS

Clifford Wess – Hire Date: 4/22/2002 – Current Base Salary \$247,151

1. Severance – 2 months' base salary plus one month of salary for each year of employment with the Company, pro-rated for any partial final year of employment.
2. Plus unused vacation time, plus any bonus to which you are entitled at the time of termination (up to 50% of base salary). Bonus paid for 2007 \$31,194
3. Optional 2 year non-competition period – base salary reduced by other earnings and reduced by the amount of severance paid.