IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION

THE PEOPLE OF THE STATE OF ILLINOIS, *ex rel.* LISA MADIGAN, Attorney General of the State of Illinois,	)	
Plaintiff,	)	06CH27684
v.	)	
	)	Case No.
ACORDIA, INC.,	)	
Defendant.	)	

COMPLAINT FOR DECLARATORY JUDGMENT, INJUNCTION AND OTHER RELIEF FOR VIOLATION OF THE ILLINOIS CONSUMER FRAUD AND DECEPTIVE BUSINESS PRACTICES ACT

Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by Lisa Madigan, Attorney General of the State of Illinois ("the People"), brings this action complaining of Defendant, Acordia, Inc. ("Acordia"), and states as follows:

NATURE OF THE CASE

1. Acordia provides insurance planning services to businesses and individuals in Illinois and the United States. Acordia also negotiates with various insurance companies to achieve the best mix of coverage, service, financial security and price for its clients. Moreover, Acordia promises to be a trusted, expert advisor to these clients. Acordia's website proclaims that "Acordia's core values center around doing what is ethical and what is right for the customer," that "[i]f it is right for the customer it is right for Acordia," and that it makes "insurance placements in the best interest of our customers." *See* Exhibit 1. The facts show otherwise.

2. Since at least the late 1990s, Acordia collaborated with insurers in several schemes that harmed Illinois consumers. Specifically, certain insurers have paid Acordia at least $174 million in compensation. *See, e.g.* Exhibit 2. The compensation Acordia received included what are

known within the industry as "contingent commissions." As part of these schemes, Acordia steered business to favored insurers to obtain greater contingent commissions, thus shielding those insurers from full competition, and harming consumers who were unaware of the schemes. Information regarding these contingent commission agreements and the payments made pursuant to them, while material to clients' decision making, were not disclosed to Acordia's clients. While in May of 2005 Acordia did post on its website a policy of disclosing commission information to its clients, this post does not provide any specific information necessary for a client to understand the impact of the contingent commission agreements that Acordia operates under. *See* Exhibit 1; Exhibit 3; Exhibit 4.

3. Acordia violated the Illinois Consumer Fraud and Deceptive Business Practices Act ("Consumer Fraud Act"): (1) by steering Illinois customers to one insurer over another in response to various incentives Acordia received, rather than according to the clients' best interests, and (2) by failing to disclose to its Illinois customers the material fact of these contingent commission practices, despite Acordia's actual knowledge that this omission was misleading and deceptive.

4. The People seek equitable relief, restitution, actual damages, and penalties against the Defendant for each violation of the Consumer Fraud Act.

JURISDICTION AND VENUE

5. This action is brought for and on behalf of THE PEOPLE OF THE STATE OF ILLINOIS, by Lisa Madigan, Attorney General of the State of Illinois ("the People"), pursuant to the provisions of the Consumer Fraud Act and her common law authority as Attorney General to represent the People of the State of Illinois.

6. Venue for this action properly lies in Cook County, Illinois, pursuant to section 5/2-101 of the Illinois Code of Civil Procedure (735 ILCS 5/2-101), in that Defendant, Acordia, resides and is headquartered in Cook County.

PARTIES

7. The Attorney General is responsible for, *inter alia*, enforcing the Consumer Fraud Act.

8. Defendant Acordia, Inc. ("Acordia") has its principal place of business in Chicago, Illinois. Since March 2001, Acordia has been a wholly-owned subsidiary and the insurance brokerage arm of Wells Fargo Bank, N.A. ("Wells Fargo"). According to its website, www.acordia.com, Acordia is the fifth largest provider of insurance brokerage and consulting services in the world, and is the largest bank-owned insurance brokerage in the United States. Acordia conducts business in Illinois and throughout the United States.

COMMERCE

9. Subsection 1(f) of the Consumer Fraud Act defines "trade" and "commerce" as follows:

> The terms 'trade' and 'commerce' mean the advertising, offering for sale, sale, or distribution of any services and any property, tangible or intangible, real, personal, or mixed, and any other article, commodity, or thing of value wherever situated, and shall include any trade or commerce directly or indirectly affecting the people of this State.

10. The Defendant was at all times relevant hereto, engaged in trade and commerce in the State of Illinois. Acordia is registered with the Illinois Division of Insurance.

DEFENDANT'S VIOLATIONS OF THE ILLINOIS CONSUMER FRAUD AND DECEPTIVE BUSINESS PRACTICES ACT

A. The General Structure of the Insurance Industry

11. The vast majority of individuals and businesses ("Clients") seeking insurance coverage purchase insurance through insurance intermediaries known as brokers or independent agents (collectively "Producers").[1] Producers hold themselves out as unbiased experts in representing clients because they can obtain price quotes from insurance companies ("Insurers"), and present these quotes to clients. The insurers submit quotes to the producer and, if selected by the client, enter into a contract with the client to provide the insurance coverage. Producers also offer the client recommendations, including insight into considerations other than price, such as an insurer's reputation for service and prompt claims payment. Clients rely on this unbiased expert advice in selecting an insurer. Hence, producers are obligated to make unbiased insurance placements in the best interest of their clients.

12. As part of this producer-based structure, the client makes two types of payments: (1) the client pays its producer an advisory fee or a commission on premium for its services, and (2) the client pays the chosen insurer any premiums for the coverage itself. The client usually satisfies both obligations via one payment to the producer. The producer then deducts its fee and forwards the premium to the insurer. Some clients – particularly large commercial clients – separate the producer's fee from the premium and pay the producer's fee separately.

13. Some producers also arrange "contingent commission" payments (also known as override agreements, placement service agreements, market service agreements or producer bonuses) directly with insurers. Contingent commission agreements differ from the traditional

[1] For purposes of this Complaint, "producer" means any insurance producer as that term is defined in the Insurance Code, 215 ILCS 5/500-10, namely as "a person required to be licensed under the laws of this State to sell, solicit, or negotiate insurance."

commission earned based on each individual insurance policy sold. In contrast, the precise terms of contingent commission agreements vary, but commonly require that the insurer pay the producer based upon one or more of the following criteria: (1) the total value of the business the producer's clients place with the insurer; (2) the rate at which the producer's clients renew policies with the insurer; (3) the profitability of the business placed by the producer; and (4) the loss history of the policies placed by the producer.

14. These contingent commission agreements motivate producers to steer clients to favored insurers and not necessarily insurers that offered the best price or service quality to the client. Further, on information and belief, these insurers often raised the price of the premiums in order to recover the cost of contingent commissions, resulting in Illinois policy holders paying higher premiums, without gaining any additional value. Contingent commissions, therefore, result in Illinois customers paying higher prices for potentially inferior insurance products.

15. Acordia is a producer, and is paid a traditional commission based on each individual premium it sells. However, Acordia has not represented its Illinois clients in an unbiased manner; Acordia improperly made insurance placements in pursuit of contingent commission payments, instead of making "insurance placements in the best interest of customers." *See* Exhibit 1. For years, Acordia steered most, if not all, of their clients to a limited pool of insurers, who paid Accordia substantial contingent commission payments to acquire Acordia's business. *See* Exhibit 2. Further, Acordia did not disclose to its Illinois clients the existence, terms or effects on insurance placement of these contingent commission agreements. *See* Exhibit 1; Exhibit 3; Exhibit 4. While, starting in May, 2005, Acordia's website claimed to have a policy of disclosing contingent commissions to clients, the website provides no actual information regarding the terms of these contingent commission agreements or their effects on Acordia's

insurance placements. *See* Exhibit 1; Exhibit 3; Exhibit 4. By demanding and receiving contingent commission payments, Defendant violated the Consumer Fraud Act. In addition, by failing to inform Illinois clients of these unfair business practices, Defendant omitted facts material to Illinois customers consideration of their insurance purchase, violating the Consumer Fraud Act.

16. The following allegations in paragraphs 17-42 are pled merely as illustrations of the unlawful business practices of the Defendant and are not meant to be exhaustive. The unlawful activities of the Defendant are ongoing and the People reserve the right to submit additional information regarding injury to Illinois clients as a result of said unlawful practices.

B. <u>Acordia's Unfair and Undisclosed Compensation Schemes</u>

17. Since at least the late 1990's, Acordia has received hidden compensation in a variety of forms, generally based on the amount and profitability of the business Acordia steered to favored insurers. This compensation was a powerful incentive for Acordia to disregard the best insurance coverage at the best price for its clients. Acordia responded to these incentives and allowed its hidden compensation arrangements to become a key factor, if not the primary factor, in determining which insurers to recommend to its clients. *See* Exhibit 5. From 2000 to 2005, Acordia accepted approximately $174 million in undisclosed payments from complicit insurers. *See* Exhibit 2.

1. Acordia's Millennium Partners Program

18. In 1999, Acordia management systematized its contingent commission program to steer business more efficiently to the national insurers that paid Acordia the most in hidden compensation. This effort was called "The Millennium Partnership Program" ("MPP"). The

program was designed to consolidate Acordia's insurance business with a very small number of "Partner Markets." Travelers, Hartford, Chubb, Royal SunAlliance and Atlantic Mutual, all insurers with a national clientele base, joined Acordia's MPP. Acordia management negotiated with each insurer separately, but the goal was the same: to extract ever greater payments from these "Partner Markets" in exchange for steering clients to the Millennium Partners. *See* Exhibit 5; Exhibit 6.

19. Acordia offered each potential Millennium Partner several payment options to become part of the MPP, including (1) an option to pay Acordia based on the then current value of active insurance policies, (2) an option to loan Acordia money to be paid back if Acordia fell short of sales goals, and (3) an option to pay Acordia a percentage of the gross written premiums ("GWP") Acordia would broker going forward. Acordia ultimately convinced potential partners to agree to pay Acordia one percent of the GWP brokered by Acordia. This extra one percent was known as an "override incentive" and was in addition to any standard contingent commissions these insurers already paid Acordia.

20. Acordia management convinced some of the Millennium Partners to pre-pay contingent payments in what was, as one Travelers executive noted, an effort "[t]o incent the proper national and local commitment to the program." *See* Exhibit 5. Thus, Travelers advanced Acordia $158,611 in 1999, $100,500 in January 2000, $145,000 in December 2000 and $182,920 in 2002. *See* Exhibit 5; Exhibit 7; Exhibit 8. Hartford advanced Acordia $330,000 in 2000. *See* Exhibit 9.

21. Acordia upheld its end of the scheme by assuring that Acordia's MPP business increased at the expense of non-partner insurers. Charles Ruoff, Acordia's Senior Vice President and Chief Marketing Officer, explained the Millennium Partners' favored status in an August 11,

1999 memorandum to Acordia's National Property/Casualty Marketing Committee: *"the preference must at this time be given to our 'priority' group* [Travelers, Hartford, Chubb, Royal and Atlantic Mutual]. This means that we expect to see our overall business grow with these 'priority' companies especially through specific initiatives." *See* Exhibit 6 (emphasis added). Ruoff went on to write, "At this time we are concentrating on the plans and initiatives put forward by our 'priority' markets to ***the exclusivity [sic] of all other [insurance companies]***." *Id.* (emphasis added).

22. As Acordia representatives explained to insurers when pitching the MPP, "We do not take on this partnership without a willingness to support it with a commitment from our most senior executives." *See* Exhibit 10. The senior executives did support the scheme as promised. For example, in an August 9, 1999, letter to a senior vice president at Atlantic Mutual in response to Atlantic Mutual's first MPP check, Ruoff wrote that "[t]he additional incentives for growth of our business are appreciated and will be pursued as aggressively as possible. I would like to meet again to speak on how we actually will implement the initiatives and who within our companies need [*sic*] to be charged with taking them forward." *See* Exhibit 11.

23. In an internal Acordia memorandum dated October 8, 1999, John Moore, Acordia's Senior Vice President for Marketing, ordered that "[a]lthough the details of the [MPP] agreements should be kept confidential, information should be shared with managers and others in your offices to the extent that it will help to maximize the incentive payments." *See* Exhibit 12.

24. Beyond making pronouncements in support of the MPP, Acordia's senior executives systematically ensured that Acordia's employees grew the MPP business. Management did this by taking several concrete steps to hold the regional and local offices accountable for their

performance in furthering the scheme. These steps included creating target growth requirements for Acordia's various regions and quarterly reviews of each region's progress. *See* Exhibit 13. Regions that performed satisfactorily in the quarterly reviews were to be rewarded with an additional invitation to the annual sales conference. *See id.*

25. Acordia's employees dutifully executed these plans, and even enhanced the plans by monitoring regional progress monthly and in some cases weekly. Representatives of each region regularly reported their progress at national Executive Marketing Group meetings and in frequent conference calls detailing how the regions and local offices were implementing the MPP. *Id.*

26. The MPP was so important to Acordia's management that even Acordia's CEO played an active role in promoting the plan and was kept abreast of the company's progress in implementing the scheme. As outlined in the document setting forth the details of the MPP, Acordia's CEO, Robert Nevins, was to have "[d]irect personal contact" with the proposed Millennium Partners. *Id.* Additionally, Nevins was to receive monthly reports discussing Acordia's progress in implementing the MPP. *Id.*

27. The flip-side to Acordia favoring complicit Millennium Partners was that any insurer that rejected Acordia's invitation to become a Millennium Partner faced significant negative consequences. In a September 7, 1999 email, Ruoff directed Acordia staff to disfavor two insurers that refused to go along with Acordia's scheme. Ruoff wrote:

> CNA and Fireman's Fund have declined to support our financial plan without profitability stipulations. We are therefore not inclined to support any business growth with them at the determent [*sic*] to our priority Millennium Partners [. . .] Please be guided accordingly in the future business plans within your region.

See Exhibit 14.

28. Acordia's management made non-complicit insurers aware of the consequences of not participating in the MPP. After Kemper Insurance declined to participate, Ruoff wrote to individuals at Kemper noting the consequences:

> While noting that your company has elected not to participate at the time, I remained hopeful that you might still do so in the very near future. The emphasis on the Millennium partners as our priority markets for the remainder of this year and into 2000 was a key objective of this meeting. We would still like to find an appropriate position for your company but need to keep it within the context of those markets that have stepped forward to our initial invitation. Please let me know if we can find a solution before our marketing plans for the next 18 months exclude you from growth potential.

See Exhibit 15.

29. Acordia did not disclose the existence, mechanics or effect of the MPP to clients in Illinois or nationwide. Moving business to meet Acordia's production obligations to its Millennium Partners often was not in the clients' best interests. Acordia made different, and often more expensive recommendations to its clients than it would have made absent the MPP. *See* Exhibit 16. A producer in Acordia's Atlanta office wrote, "I never had Travelers until the Millenium [*sic*] deal was instituted and had to politically explain to CNA (at the time!) why I would be moving some accounts from them." *See* Exhibit 17. In discussing homeowners' policies for affluent clientele, the Acordia producer also noted important differences in the coverage offered by Travelers and other insurers. The Acordia producer then concluded, "I think Travelers just can't respond from a claims philosophy standpoint (i.e. – agreed value settlement on property). We clearly need the market and may eventually move all the Encompass [Insurance] to Travelers but there are coverage disadvantages in doing so." *Id.*

2. Acordia Steers Entire Blocks of Clients in Return for Undisclosed Payments In Addition to the MPP

30. Acordia also entered into special, one-off deals with Travelers and Hartford to steer whole blocks of business comprised of thousands of policy holders. On information and belief, the costs of this steering scheme were borne by the policy holders, including Illinois policy holders, steered to more expensive and potentially inferior products. On information and belief, insurers who collaborated with Acordia also passed the cost of the contingent commissions on to Illinois clients. These actions are unfair business practices. Further, this information regarding the quality and increased cost of Defendant's recommended insurance products was material to their Illinois clients' decisions to purchase and should have been disclosed.

a. <u>Acordia Steers Blocks of Business to Hartford</u>

31. Acordia entered into a series of one-time arrangements with Hartford beyond the MPP. For example, in 2003, Acordia and Hartford put together a wide range of initiatives termed the "Share Shift," with the goal of doubling the business Acordia steered to Hartford over the following three-year period. On December 18, 2003, senior management from Acordia and Hartford met in Chicago to discuss the "Share Shift" scheme. Among the existing "Share Shift" initiatives participants discussed at the meeting were cross-selling opportunities from Wells Fargo Bank and consolidations of Atlantic Mutual and Mountain West business to Hartford. *See* Exhibit 19. Also discussed were brand new steering initiatives, including a Middle Market Target Industry Bonus, and another "Consolidation of Markets" initiative. *See* Exhibit 18.

i. <u>The Wells Fargo "Funneling" Project</u>

32. One of the Share Shift initiatives involved Acordia's parent company Wells Fargo. As part of the scheme, Wells Fargo mined its customer database, highlighting its middle market business customers (generally those businesses with annual revenues of between $50 and $500

million) that fit within four industries Hartford planned to target: Business Services, Technology, Communications/Media, and Law Firms. Wells Fargo referred those customers to Acordia ostensibly for unbiased insurance brokerage services. Acordia, in turn, steered the customers to Hartford, regardless of whether Hartford was best for the customer. On information and belief, neither Acordia nor Hartford informed these customers that Acordia would receive considerable contingent commissions from Hartford if Acordia successfully steered customers to Hartford. *See* Exhibit 19.

33. Because of Wells Fargo's highly focused screening, Hartford management expected to provide quotes on 75% of the business Acordia presented to it as part of this scheme, a rate that was 2.5 times better than Hartford's usual submission to quote ratio. What is more, due to Acordia and Well Fargo's advice, Hartford management expected that Hartford would win 50% of these Wells Fargo customers. Through this scheme, Hartford's management expected to increase the middle market business it wrote through Acordia by $20 million. *See* Exhibit 19.

34. For its part, Acordia management indicated that they were quite pleased with this arrangement. As a senior Acordia executive explained in a June 13, 2003 email, the subject of which was "FW: Acordia – Wells Fargo Middle Market Cross-Sell," "[w]ith this middle market initiative along with other activity, we should have a good chance of achieving a significant additional bonus from Hartford for the next two years." *See* Exhibit 20.

ii. *<u>Atlantic Mutual's Former Customers</u>*

35. After OneBeacon, which was not a Millennium Partner, acquired Atlantic Mutual's commercial insurance business in late 2003, a Hartford executive complained to Thomas Hite, Acordia's Vice President for Property and Casualty, in a December 2003 email that this business was now with a "non-Partner Market for Acordia" and that "we're hoping to see Acordia

corporate take a proactive stance with local offices in steering that business to [Partner Markets] like Hartford," and that it could be discussed in a future meeting in Chicago. *See* Exhibit 16. The Hartford executive went on to ask Hite to contact Acordia offices with significant Atlantic Mutual business to "reinforce[e] the need to migrate to [Partner Markets], quantifying the benefit of doing so with the Atlantic book, and directing them to favor Hartford with first and last look." *Id.* The next month, Hite emailed personnel at an Acordia local office, emphasizing Hartford and their "stepped up . . . incentives that could increase both local and national payouts." *See* Exhibit 21.

b. <u>Acordia Steers Blocks of Business to Travelers</u>

36. Other partner carriers, including Travelers, also offered sweetened deals in an effort to acquire the Atlantic Mutual business. According to the minutes of the October 23-24, 2003, Acordia P & C Marketing Group Meeting in Chicago, "much of the [Atlantic Mutual] marine business is being rolled to Travelers." *See* Exhibit 22. This was so despite the fact that "Travelers [was] cherry picking, reunderwriting and increasing prices." *Id.*

37. Similarly, after Kemper Insurance Company's rating was lowered by insurance credit rating organizations in 2003, representatives from Travelers quickly approached Acordia management to request that Acordia transfer Kemper's entire book of business. Travelers offered and paid secret incentives to Acordia to secure the deal, paying Acordia up to a 10% "override" if Acordia placed over 75% of the Kemper business with Travelers. Travelers even sent in what it called "SWAT teams" to local Acordia offices to facilitate the transfer of Kemper business. Acordia told its brokers in a May 2003 memo to its managing directors, entitled "Consolidation of Kemper Accounts," that this was a "great opportunity" and that "[t]his deal is

in addition to the National Compensation agreement we have with Travelers and any local agreements you may have in place." *See* Exhibit 23 (emphasis in original).

4. Acordia's Preferred Market Agreements

38. In 1999, several insurers declined to join the MPP for various reasons. Nonetheless, Acordia continued its efforts to leverage its market position into greater contingent compensation through national agreements with these insurers.

39. For example, CNA "was unwilling to provide us [Acordia] with a straight override in late 1999," but CNA did enter into a similar three-year Preferred Market Agreement with Acordia in 2000. *See* Exhibit 9. Though not part of the MPP, CNA's arrangement with Acordia differed only minimally from the MPP. Those differences included less frequent monitoring, access to Acordia regional management (rather than Acordia's senior executive management), and incentives that were partially based upon loss ratios. *See* Exhibit 24. Under their Preferred Market Agreement, CNA paid Acordia a total of over $1 million for 2000 and 2001. *See* Exhibit 9. Acordia entered into similar agreements with St. Paul and Metropolitan Life. *See* Exhibit 25; Exhibit 26.

5. Acordia's Other Improper Arrangements

40. Acordia entered into numerous other deals with individual insurers that caused Acordia to steer its clients without proper regard for the clients' interests and without revealing to its clients this conflict with Acordia's claim of making "insurance placements in the best interest of [Acordia's] customers."

41. In 2003, for example, Chubb conspired with Acordia in what was described in the document outlining the parameters of a "Special Incentive Arrangement" as an effort to "maximize and capitalize on their cross-selling opportunities with Wells Fargo Bank." *See*

Exhibit 27 (emphasis in original). Chubb sought business it would not have gotten had it not entered into this agreement. To achieve this result, Chubb agreed to increase the contingent commissions it paid Acordia by 5 to 40%, depending on the extent to which each local Acordia office exceeded a growth target. "It [was] the intent to drive all special incentive pay-outs through the local Chubb office to their respective Acordia office(s) so as to generate maximum ownership of the development, implementation and pay-outs of these special incentive dollars by those creating the results." *Id.*

42. In addition to the specific admissions documented above, Acordia's continued steering harms its clients in at least two general ways. First, Acordia often advises its clients in complex insurance placements where all things are rarely equal, and where subjective decisions must be made among competitors with varying coverages, financial stability, and price. Clients rely on Acordia to make its recommendations strictly based on the client's best interest, without the corrupting influence of undisclosed incentive payments. Clients who were steered by Acordia because of undisclosed contingent commissions and other incentives have not received the unbiased advice for which the clients paid. Second, insurers pass the cost of contingent commissions directly on to the clients in the form of higher premiums. Acordia's receipt of contingent commissions effectively raises the price of insurance for its clients, and thus the market as a whole, and Acordia puts at least some of the increase in its own pocket.

APPLICABLE STATUTE

43. Section 2 of the Consumer Fraud Act (815 ILCS 505/2) provides:

> Unfair methods of competition and unfair or deceptive acts or practices, including but not limited to the use or employment of any deception, fraud, false pretense, false promise, misrepresentation or the concealment, suppression or omission of

> any material fact, or the use or employment of any practice described in section 2 of the 'Uniform Deceptive Trade Practices Act,' approved August 5, 1965, in the conduct of any trade or commerce are hereby declared unlawful whether any person has in fact been misled, deceived or damaged thereby.

VIOLATIONS

44. On information and belief, beginning in the late 1990s, and continuing through the present, Defendant committed unfair and deceptive acts declared unlawful under section 2 of the Consumer Fraud Act (815 ILCS 505/2) by:

   a. Soliciting and receiving contingent commissions from insurers resulting in the steering of insurance business to those insurers; and

   b. Failing to disclose to Illinois clients the terms and conditions of their agreements with insurers, despite their actual knowledge that these omissions were misleading and deceptive.

45. By committing the acts alleged above, Defendant has violated § 2 of the Consumer Fraud Act by engaging in repeated unfair and deceptive acts and practices, including, but not limited to, customer steering and misrepresentation, concealment, suppression and omission of material facts, while participating in and conducting trade or commerce with the knowledge and/or intent that clients in the State of Illinois and others would rely on such deceptive and illegal conduct, and with actual knowledge that their acts were misleading and deceptive.

REMEDIES

46. Section 7 of the Consumer Fraud Act (815 ILCS 505/7) provides:

> a. Whenever the Attorney General or a State's Attorney has reason to believe that any person is using, has used, or is about to use any method, act or practice declared by this Act to be unlawful, and that proceedings would be in the public

interest, he or she may bring an action in the name of the People of the State against such person to restrain by preliminary or permanent injunction the use of such method, act or practice. The Court, in its discretion, may exercise all powers necessary, including but not limited to: injunction; revocation, forfeiture or suspension of any license, charter, franchise, certificate or other evidence of authority of any person to do business in this State; appointment of a receiver; dissolution of domestic corporations or association suspension or termination of the right of foreign corporations or associations to do business in this State; and restitution.

b. In addition to the remedies provided herein, the Attorney General or State's Attorney may request and the Court may impose a civil penalty in a sum not to exceed $50,000 against any person found by the Court to have engaged in any method, act or practice declared unlawful under this Act. In the event the court finds the method, act or practice to have been entered into with the intent to defraud, the court has the authority to impose a civil penalty in a sum not to exceed $50,000 per violation.

47. Section 10 of the Consumer Fraud Act (815 ILCS 505/10) provides:

In any action brought under the provisions of this Act, the Attorney General is entitled to recover costs for the use of this State.

PRAYER FOR RELIEF

Wherefore, the Plaintiff prays this honorable Court enter an Order:

a. Finding that the Defendant has violated section 2 of the Consumer Fraud Act, including, but not limited to, by their commission of the unlawful acts and practices alleged herein;

b. Preliminarily and permanently enjoining the Defendant and its employees, officers, directors, agents, successors, assigns, affiliates, merged or acquired predecessors, parent or controlling entities, subsidiaries, and any and all persons acting in concert or participation with Defendant, from continuing the unlawful conduct, acts, and practices described above in the State of Illinois;

c. Directing the Defendant to make full restitution to consumers that are located in and/or do business in the State of Illinois for losses and damages arising from the unlawful conduct, acts, and practices described above;

d. Assessing a civil penalty in the amount of Fifty Thousand Dollars ($50,000) per violation of the Act found by the Court to have been committed by the Defendant with the intent to defraud; if the Court finds the Defendant has engaged in methods, acts or practices declared unlawful by the Consumer Fraud Act, without the intent to defraud, then assessing a statutory civil penalty of Fifty Thousand Dollars ($50,000), all as provided in section 7 of the Consumer Fraud Act (815 ILCS 505/7);

e. Requiring the Defendant to pay all costs for the prosecution and investigation of this action, as provided by section 10 of the Consumer Fraud Act (815 ILCS 505/10); and

f. Providing such other and further equitable relief as justice and equity may require.

Dated: December 19, 2006

Respectfully Submitted,

THE PEOPLE OF THE STATE OF
ILLINOIS, by LISA MADIGAN,
ATTORNEY GENERAL OF ILLINOIS

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Plaintiff's Exhibit Index

Exhibit	Bates Number
1	Customer First Brochure, found at http://www.acordia.com/images/Acordia_Commit_LtrSize_a.pdf.
2	Acordia Regional Financial Summary (no Bates number)
3	Acordia Income Disclosure Policy, found at http://www.acordia.com/About_Acordia/commission/htm.
4	ACDHC 3456
5	ACDHC 9808-10
6	ACDHC 8235-36
7	ACDHC 8282
8	ACO 1198-1200
9	ANY0500908
10	ACDHC 8197
11	ACDHC 8249
12	ACDHC 8262-64
13	ACDHC 8151-56
14	ACDHC 8237-38
15	ACDHC 7681
16	ACDHC 9480
17	ACO 1175
18	ACDHC 9494-95
19	ACDHC 9518
20	ACDHC 9216
21	ACDHC 8699
22	ACDHC 11000-16
23	ACDHC 10152-53
24	ACDHC 8461
25	ACDHC 10500
26	ACO 1034-44
27	ACDHC 10949-50

Exhibit 1

Doing What Is Right For The Customer

Acordia's Commitment:

Acordia's core values center around doing what is ethical and what is right for the customer. If it is right for the customer it is right for Acordia. We are leaders during periods of change. We maintain the highest standards with our customers and believe in taking the steps to follow these values:

1. Value and reward open, honest, and two-way communication.
2. Be accountable for and proud of your conduct and decisions.
3. Do what's right for the customer.
4. Talk and act with the customer in mind.
5. Exceed the expectations of customers.

Disclosure:

The perfect example of how we do what is right for our customers is our policy on full disclosure. Acordia has five principles that guide our actions and culture for responsible disclosure:

1. Leading the industry in full disclosure by maintaining the highest industry standard set forth in the National Association of Insurance Commissioners (NAIC) Model Act.
2. Providing our customers with full disclosure on the revenue, including contingent commissions we earn at the beginning of our relationship and at the time of policy renewal.
3. Making insurance placements in the best interest of our customers.
4. Requiring that every team member is trained annually on their responsibility for full disclosure to customers.
5. Adhering to the principles that will be enforced by enhanced internal controls including compliance reviews and internal audits.

Acordia

Customer first!

Exceeding the customers' expectations

Exhibit 2

Acordia, Inc.
Regional Financial Summary
For the Twelve Month Periods 2000 - 2005
$ thousands

	2005		2004		2003		2002		2001		2000	
Region	Commissions and Fees	Contingent Commissions	Commissions and Fees	Contingent Commissions	Commissions and Fees	Contingent Commissions	Commissions and Fees	Contingent Commissions	Commissions and Fees	Contingent Commissions	Commissions and Fees	Contingent Commissions
East	140,766	7,458	134,410	9,077	130,803	8,737	121,628	8,339	103,803	7,849	92,510	6,717
Mid-Atlantic Brokerage	67,814	5,158	65,065	4,456	61,138	4,483	58,714	3,838	52,136	3,032	46,599	2,131
Mid-Atlantic Admin	61,921	202	62,920	291	60,076	207	55,128	272	55,800	331	50,058	121
Midwest	126,093	14,804	124,806	12,286	118,587	8,355	115,734	6,227	109,563	7,024	87,112	5,028
Central	34,516	2,759	35,111	3,855	30,343	2,871	27,996	2,375	25,411	1,664	9,748	494
West	127,217	8,309	117,699	6,315	104,521	3,930	95,703	4,075	86,440	3,120	75,733	3,260
American E&S	35,672	885	37,247	839	37,108	770	31,375	607	25,167	515	20,682	459
Acordia RE	3,274	-	2,896	-	766	-	55	-	-	-	-	-
Corporate	40	1	112	393	98	936	11	0	3,354	5	1	-
Acordia	597,313	39,578	580,265	37,513	543,440	30,291	508,343	25,734	461,674	23,539	382,443	18,210

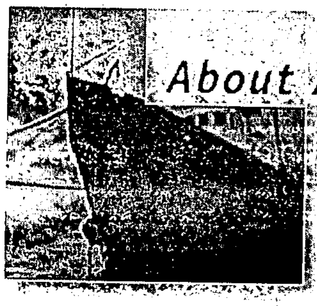
3276017_1.XLS

Exhibit 3

About

Home Conta

About Acordia | Acordia Products | Industry Specialties | Acordia News & Industry Information



Acordia & Wells Fargo
Acordia Income Disclosure Policy
Acordia Locations
Acordia Privacy & Profit Sharing Policy
Client's Fax Consent Form
History

Acordia Income Disclosure Policy

"It is Acordia's goal to provide for transparency with our cust sources of commission and contingent income from insurer disclosure on the source, the type and calculation of our co contingent income for each customer prior to their purchase insurance through our company. Our disclosure will include income to our brokerage and will include income generated placement is with any affiliate of Acordia. Our disclosure po all of our retail brokerage operations and any transactions i operations in which Acordia earns income directly from a re is not otherwise disclosed to that customer.

Prior to the purchase or renewal of insurance, Acordia will c customer the estimated amount of standard commissions a an estimate of contingent commissions that Acordia will rec insurer for the placement of a customer's insurance. We wil method on which contingent commissions, if any, will be ca any contingent commissions we receive will be calculated i basis of loss history during the underwriting year, we will pr customer who purchases or renews a policy generating cor commissions with a revised estimate of contingent commis: after the close of the underwriting year.

Phone numbers for Acordia offices can be found here.

Acordia's Commitment

Back Copyright Terms of Use Privacy

Exhibit 4

Acordia

America's Insurance Specialists

Acordia
1721 Magnavox Way
P.O. Box 885 (46801-0885)
Fort Wayne, IN 46804
Voice: 260.432.3400
Fax: 260.432.2075
www.acordia.com

June 28, 2005

Mike Treacy
Metropolitan
P.O. Box 192
Fishers, IN 46038

Re: Addendum to Agency Agreement

Dear Mike,

Acordia has instituted a Disclosure Policy effective May 1, 2005. I have enclosed our brochure which outlines exactly what we are communicating to our customers.

Given this situation, I am requesting that our Agency Agreement be amended to reflect our disclosure policy. A sample addendum has been enclosed for your review and action.

Thank you very much for your consideration of this request.

Should you have any questions, don't hesitate to give me a call.

Sincerely,

Bill

William G. Niezer

WGN/lvb
Enclosure

cc: John Murphy

Exhibit 5

TravelersPropertyCasualty
A member of citigroup

One Tower Square
Hartford, CT 06183

Patrick Kinney
Vice President
Sales and Marketing
Select Accounts
Phone Number 860-954-8585
Fax Number 860-277-3842

October 8, 1999

Charles L. Ruoff, CPCU
Senior Vice President &
Chief Marketing Officer
Acordia, Inc.
111 Monument Circle, Suite 3200
Indianapolis, IN 46204

Dear Charlie:

Thank you for meeting with Bill Traver and me on September 21, 1999 to discuss the changes to our Millennium Partnership program. As agreed, our original proposals and contracts are void and have been replaced with the attached proposal.

Below is my understanding of what we agreed to:

Deal Parameters

1. Acordia's production with Travelers Select through August 1999 is down over 10%. Based on our original proposal and your current production trend, Acordia would not earn a Millennium Override payment in 1999. As a result, we agreed to void all prior agreements and proposals and construct a new deal beginning with the 2000 calendar year. Both parties agreed our 2000 relationship should be built on growing our business to approximately $20,00,000.

2. To incent the proper national and local commitment to the program, we agreed to advance Acordia all of the 2000 Production Year Millennium Override and 50% of the 2000 Production Year Growth Incentive.

   The 2000 Production Year Millennium Override advance of one percent (1%) is calculated off of Acordia's December, 1998 Written Premium of $11,361,050. If Acordia. Inc. fails to maintain a Written Premium Ratio, defined as Performance Year

Written Premium/Base Year Written Premium, of 100%, Acordia must repay the advance.

The 2000 Production Year Growth Incentive advance is based on $3,000,000 of net growth on Acordia's December, 1998 Written Premium of $11,361,050. We calculated the growth incentive off a more conservative number. If at the end of the 2000 Performance Year, Acordia fails to achieve net growth of $3,000,000, Travelers Select will prorate the advance and Acordia, Inc. must repay the difference. (Please note our national goal is to grow by $9,000,000 in 2000, bring our relationship to $20,000,000.)

Acordia has the opportunity to earn higher growth incentives payouts based on the following table.

If Incremental Growth is		*Use Override Rate of*
Less than	$0	0%
$1 to	$3,000,000	3%
$3,000,001 to	$7,000,000	5%
Over	$7,000,001	7%

The Millennium Override advance equals $113,611 and 50% of the Growth Incentive advance equals $45,000. The total advance will be $158,611. Note - we will not adjust the advance for net present value.

3. We agreed all acquisitions prior to August of the Performance Year will reset Acordia, Inc's written premium base. Acquisitions having more than $5,000,0000 in Written Premium with Travelers Select are subject to review prior to including in our program.

4. The Service Center will be offered to Acordia Agency locations at no fee for the remainder of 1999 and 2000 and all new MasterPac(property/liability) placed in the Service Center will earn a first year commission of 20%. At renewal, the account will earn normal commission.

5. We agreed to design a contract, which would give Acordia, Inc. the authority to act on the behalf of the Acordia agency locations.

Program Implementation

1. By the middle of October, each Acordia agency location will provide Acordia, Inc. a business plan outlining their strategy to achieve growth with the Millennium Partners.

2. Acordia, Inc. and Travelers Select executed Travelers Select Service Center contracts for all contracted Acordia locations. Acordia, Inc.'s goal is for all Acordia agency locations to move 90% of their Travelers Select accounts less than $10,000 in premium to the Travelers Select Service Center. Any Acordia agency location who fails to meet this requirement must provide Acordia, Inc. with documented reasons why the threshold was not meet. We have included an implementation schedule for your agency locations.

3. The early stages of our implementation are crucial to the overall success of our program. For the next three months, we agreed to weekly teleconference calls to be held every Monday at 8:00 am EST. The next call is scheduled for October 11, 1999.

4. We will arrange meetings with all of the Acordia State Presidents and agency locations. Where we do not have a relationship, we will work with you to arrange meetings.

Thank you again from meeting with us. If you have any questions, please do not hesitate to call Bill at 860-954-8585 or myself at 860-954-5698.

Sincerely,

Patrick

Patrick Kinney

ACDHC00009810

Exhibit 6

COPY

MEMORANDUM

DATE: August 11, 1999

TO: National P/C Marketing Committee

FROM: Charles Ruoff

RE: Millennium Agency System Partnership

Since March 1999, we have been in conversation with a number of our national insurance company markets for financial assistance with our new AMS Sagitta system project. With the understanding that this system would lead to lower transaction costs once the system was installed, we were requesting a 1% financial override for 3 years on our existing business to help finance the installation. The markets we initially approached all readily agreed to what we called the Millennium Partnership.

Subsequent conversations indicated that these markets were looking to tie this request to some growth advantage or even profitability improvement. While we were willing to engage initiatives to increase business, the Millennium override could not be tied to a target GWP growth or loss ratio result. As of this date the following markets are considered Millennium Partners (priority for business development) . . . see individual memo on each:

- Hartford
- Travelers
- Royal SunAlliance
- Chubb
- Atlantic Mutual

These markets have offered supplemental incentives to the Millennium override focused on specific program initiatives we have released to you or are continuing to develop.

The following markets, although providing initial agreement, have either tied the override to unacceptable contingencies or undefined objectives:

- CNA
- Firemans Fund

While we are still in dialogue with these markets, the preference must at this time be given to our "priority" group. This means that we expect to see our overall business grow with these "priority" companies especially through specific initiatives. I will let you know as soon as further information is available.

The third group of markets was selected only after certain initial markets were not responsive to our request. I am having discussions to determine their interest in being named a Priority Millennium Partner . . . the markets are as follows:

- St. Paul
- Kemper
- Zurich
- Crum & Forster

At this time we are concentrating on the plans and initiatives put forward by our "priority" markets to the exclusivity of all other markets. As this changes, I will keep you informed on progress. Please communicate to all colleagues.

CLR/bls

cc: Frank Witthun
Robert Nevins
Regional CEO's
Robert Kent
David Dorff
James Harper

bcc: Dave Hovey
Rich Quagliaroli
Pat Kinney
Rich Liber
Mike McLaughlin
Sv Green
Bob Himmer
Bob James
Joe Maher
Tom Rowe
Jerry Haug
Dave Mathis
Fred Wilkersen
Tom Hite
Dinos Iordanou
Jerry Czekalski

Exhibit 7

Millennium Partnership Report

Millennium Payments
1999

Total By Company	
Atlantic Mutual*	$ 88,899.31
Chubb**	696,715.00
Royal SunAlliance*	188,970.95
Hartford (note #1)	330,000.00
Travelers (note #2)	158,610.00
	$1,463,195.26
Travelers (note #3)	100,500.00
	$1,563,695.26

*Second/Third Quarter of 1999
**First/Second/Third Quarter of 1999
Note #1 Commercial/Personal Lines Advance for 2000
Note #2 Commercial Advance for 2000
Note #3 Personal Lines Advance for 2000-Received in January 2000

Exhibit 8

Travelers

One Tower Square
Hartford, CT 06183

Douglas W. Goodwin
Director, Sales and Marketing
Select Accounts, Home Office
(860) 277-6130
(860) 277-3842 (fax)

April 25, 2002

APR 26 2002

Mr. Chares L. Ruoff, CPCU
Senior Vice President, Chief Marketing Officer
Acordia
150 N. Michigan Ave, Suite 4100
Chicago, IL 60601

checks sent 4/26/02 to Mpls.

Re: Acordia payment

Dear Charlie:

It was a pleasure meeting with you and your staff in Sarasota. I felt the meeting was very beneficial and was a good opportunity to share with your team where Travelers and Select Accounts is headed in 2002.

I have enclosed two checks for Acordia. I must apologize, as I had the first check with me in Sarasota to give to you. This $12,834 check represents the balance of the 2001 1% millennium override, minus the additional half percent service center fee.

Commission Override

2001 Written Premium	$18,292,000
Payment Factor	1.0%
Total Payment	$ 182,920
2001 Advance	$ 145,000
Additional Amount Due	$ 37,920
Policy-in-force Override	0
Service Center Fee .5% adjustment (utilization of 71.5%, is 1.5% fee range)	$ -25,086
Net amount due Acordia	$ 12,834

The second check is the 2002 1% millennium partnership advance. The $182,920 represents the Written Premium as of 12/31/01.

Again it was great seeing you in Florida, and I look forward to making this a great year for the Travelers and Acordia partnership.

Very truly yours,

Douglas W. Goodwin

Douglas W. Goodwin

Cc: Chris Suttmeier

ACO0001198
CONFIDENTIAL

TRAVELERS PROPERTY CASUALTY
PRODUCER COMP.UNIT 9GS JUNE CASE
1 TOWER SQUARE
HARTFORD, CT 06183-1130 CAP
A-020-VOU-000095106- -0157

Travelers Property Casualty
A member of citigroup

DISBURSEMENT PROCESSING

FORMAT: 031
DATE: 04/24/02
PAYEE: VOU-000095106
CHECK NUMBER: **88329186**
CHECK AMOUNT: $****182,920.00

FOR PAYMENT INFORMATION
PHONE: 1-860-277-5300

ACORDIA INC
150 N MICHIGAN AVE
SUITE 4100
CHICAGO IL 60601-7553

REF. NO.	DATE	DDA #	GROSS AMOUNT	DISCOUNT	NET AMOUNT
			SELECT INCTV-2002 ADV/ACORDIA		
	042402	L27696	182,920.00		182,920.00

DETACH HERE

0160
DETACH HERE

Travelers Property Casualty
A member of citigroup

A-020-VOU-000095106- -0157
FOR PAYMENT INFORMATION
PHONE: 1-860-277-5300

51-57
1108
Fleet Bank
Hartford, CT 06115

CHECK NUMBER 88329186
FORMAT 031

DATE 04/24/02

PAY ONE HUNDRED EIGHTY TWO THOUSAND NINE HUNDRED TWENTY AND NO/100 DOLLARS ****
****

$****182,920.00*******

THE TRAVELERS INDEMNITY COMPANY

PAY TO THE ORDER OF
ACORDIA INC
150 N MICHIGAN AVE
SUITE 4100
CHICAGO IL 60601-7553

THIS CHECK HAS A RED BACKGROUND

AUTHORIZED SIGNATURE

VOID

⑈88329186⑈ ⑆011900571⑆ 120891 8⑈

ACO0001199
CONFIDENTIAL

TRAVELERS PROPERTY CASUALTY
PRODUCER COMP.UNIT 9GS JUNE CASE-
1 TOWER SQUARE
HARTFORD, CT 06183-1130 CAP
A-020-VOU-L26997 -ACORDIA -0246

Travelers Property Casualty
A member of citigroup

DISBURSEMENT PROCESSING

FORMAT: 031
DATE: 03/01/02
PAYEE: VOU-L26997
CHECK NUMBER: 88322409
CHECK AMOUNT: $*****12,834.00

FOR PAYMENT INFORMATION
PHONE: 1-860-277-5300

ACORDIA INC
150 N MICHIGAN AVE
SUITE 4100
CHICAGO IL 60601-7553

REF. NO.	DATE	DDA #	GROSS AMOUNT	DISCOUNT	NET AMOUNT
			SELECT INCENTIVE-2001 PERFORMANC		
	030102	L26997	12,834.00		12,834.00

0249

DETACH HERE DETACH HERE

Travelers Property Casualty
A member of citigroup

51-57
Fleet Bank
Hartford, CT 06115

CHECK NUMBER 88322409
FORMAT 031

A-020-VOU-L26997 -ACORDIA -0246
FOR PAYMENT INFORMATION
PHONE 1-860-277-5300

DATE 03/01/02

PAY TWELVE THOUSAND EIGHT HUNDRED THIRTY *
FOUR AND NO/100 DOLLARS ***************
****

$*****12,834.00*******

PAY TO THE ORDER OF
ACORDIA INC
150 N MICHIGAN AVE
SUITE 4100
CHICAGO IL 60601-7553

THE TRAVELERS INDEMNITY COMPANY

AUTHORIZED SIGNATURE

THIS CHECK HAS A RED BACKGROUND

⑈88322409⑈ ⑆011900571⑆ 120891 8⑈

ACO0001200
CONFIDENTIAL

Exhibit 9

Hartford **Millennium Agreement, January 1, 2000 – December 31, 2002**
(applies to Select Commercial and Personal Lines business)

As with Travelers, we have a multi-year agreement in Select (Small Commercial) and Personal Lines. However, Hartford gave us a three-year growth incentive (no override) advancing us $250,000 for Select and $80,000 for Personal Lines in 2000 against anticipated growth assumptions provided by Acordia offices at that time.

CNA **Preferred Market Agreement, January 1, 2000 – December 31, 2001**

Although CNA was unwilling to provide us with a straight override in late 1999, they did offer us a dual component agreement on a three-year basis in 2000. The dual components entailed 1) a growth plus loss ratio target combination and 2) a renewal rate growth persistency incentive. While we obtained nothing on the first component, the firming of the commercial lines pricing gave us an incentive payment of over $1 million for 2000 and 2001 combined. In October 2001 CNA advised that they wanted to continue the agreement but needed to renegotiate the incentive criteria. CNA has assigned at least three different national coordinators to the Acordia account and currently we are in negotiation with John Hennessey, CEO of the Central Region, on the 2002 terms. On June 25 a tentative agreement was presented, to be retroactive to January 1, 2002, and it is under negotiation.

St. Paul **January 1, 2002 – December 31, 2002**

We have just signed a national agreement with St. Paul on our Small Commercial business that included a .5% advance override on 2002 (using 2001 actual) plus an additional override of .5% on certain conditions plus a growth bonus based on written premium increase and policy count increase. The additional override and growth bonus would be payable in 2003.

Metropolitan Life **January 1, 2001 – December 31, 2002**

We renewed the 2001 agreement that paid us a growth incentive in 2002 for business in 2001. While we look forward to client business growth, we also are exploring the ability to obtain credit for Wells Fargo LTD and STD business currently placed *directly* with Met Life. This business could ultimately generate $250,000 in override commissions plus any direct commission as broker.

Other market initiatives under discussion:

- Kemper
- Zurich (Enterprise Program)
- Travelers Middle Market
- Hartford Middle Market

Exhibit 10

Conclusion

We do not take on this partnership without a willingness to support it with a commitment from our most senior executives. The following executives from Acordia have assumed the indicated responsibilities:

- Robert Nevins – As Chief Operating Officer, all business development issues will be undertaken with the regional CEO's to insure compliance with business strategies that may be agreed.
- David Dorff – As Chief Financial Officer, all financial arrangements relative to this partnership undertaking will be under his direction.
- Bob Kent – As Business Technology Officer, he has responsibility for implementing the business interface

ACDHC00008197

Exhibit 11

Acordia, Inc.
111 Monument Circle
Suite 3200
Indianapolis, IN 46204
(317) 488-2514
Fax: (317) 488-2508
E-Mail: charles_ruoff@acordia.com

Charles L. Ruoff, CPCU
Senior Vice President

Acordia

August 9, 1999

Mr. Bob Himmer
Senior Vice President
Atlantic Mutual Insurance Co.
Three Giralda Farms
Madison, New Jersey 07940-1004

Re: Millennium Partnership

Dear Bob:

Thanks for your joint letter of July 30th and the check in support of our Millennium project. Please extend my thanks to Richard and Randy as well.

The additional incentives for growth of our business are appreciated and will be pursued as aggressively as possible. I would like to meet again to speak on how we actually will implement the initiatives and who within our companies need to be charged with taking them forward. I will be in New York City the morning of August 24th and August 27th. if those dates work for you, and will provide some discussion points prior to our meeting.

Finally, our National Marketing Committee has been a focal point for our field office contact and they will be meeting on Long Island (Garden City Hotel) September 28-29. You and your colleagues are welcome to join us for dinner on September 28th and review our initiatives for discussion the morning of September 29th.

Please let me know which of the August planning dates are acceptable and if you can attend our marketing meeting.

Thanks again for your response.

Sincerely,

Charles Ruoff

Charles L. Ruoff

CLR/bls
Attachment

cc: Frank Witthun
Robert Nevins
David Dorff
Robert Kent
James Harper
Kevin Conboy
Dan Goldapp
Andy Paterno
James Wells
National P/C Marketing Committee

ACDHC00008249

Exhibit 12

Acordia
7701 York Avenue South, Suite 200
Minneapolis, MN 55435-5238
Tel (612) 830-3059
Fax (612) 830-3048

John Moore, CIC
Senior Vice President
Marketing

Acordia

CONFIDENTIAL

Date: 10-8-99

To: Bill Niezer
Bill Brunett
Greg Gates

From: John Moore

Re: **Millennium Partnerships**

An outline summarizing the Millennium Partnership Agreements was recently circulated to you. The following will expand on that information and provide some additional clarification. Although the details of the agreements should be kept confidential, information should be shared with managers and others in your offices to the extent that it will help to maximize the incentive payments.

All of the Millennium Partnership Incentives are based on our existing book of business plus new business written. Loss ratio is not a factor. Retention is a factor only to the extent that it increases or decreases the override payment. In other words, incentive payments will be available regardless of loss ratios or retention percentages. With the exceptions noted below, the Millennium agreements should have no effect on your negotiation of local or regional incentives or profit sharing.

Offices not contracted with a Millennium Partner are encouraged to consider entering into a contract or expanding the current contract as necessary to take full advantage of the incentive plan.

Production and payment results for each Millennium Partner will be circulated to you on a quarterly basis. Payments will be allocated to each office in December in the form of a credit to EBITDA based on pro-rata share. Offices should not budget for this except for the direct commission rate increases.

Chubb

Applies to entire book of Gross Written Premium (GWP) including all lines of Commercial and Personal.

Acordia has agreed to emphasize new business production for Personal Lines and Executive Protection / D&O.

Our Region will be negotiating an incentive for growth that will be in addition to the Millennium agreement.

Atlantic Mutual
Applies to entire book of Gross Written Premium (GWP) including all lines of Commercial and Personal.

An incentive for Acordia's growth on a national basis is built into the agreement. The factors start at 1% and range up to 6%. An outline of the tiers has been requested from corporate. This growth incentive takes precedence over special local or regional plans, but does not affect local profit sharing agreements.

Hartford
Limited to Commercial Select Customer and Personal Lines.

Acordia will emphasize placement of business into the Hartford Service Centers for both Commercial Select Customer and Personal Lines. The Service Center fees are waived on all new business. The renewal fees are 1% on Commercial and 2% on Personal.

7% additional commission will paid on new Commercial Select package business. For Personal Lines, 3% additional (i.e. 18%) applies to new and renewal Homeowners, Inland, Standard Auto, and Umbrella. Legacy Tier Auto / Umbrella and EQ remain at 10%. Details on a Hartford Personal Lines Profit Sharing Agreement will follow. It is a national agreement that is payable to each office.

An additional incentive for Acordia's growth on a national basis is built into the Hartford agreement. The factors start at 3% and range up to 5% for Commercial and 1% to 6% for Personal Lines. An outline of the tiers has been requested from corporate.

Travelers
Limited to Travelers Commercial Select and Personal Lines.

Acordia will emphasize placement of business into the Travelers Service Centers for both Commercial Select Customer and Personal Lines. The Service Center fees are waived on all commercial, and reduced to 1% on all Personal.

5% additional commission will paid on new Commercial package business; 5% additional on new Personal multi-line accounts.

An additional incentive for Acordia's growth on a national basis is built into the Travelers agreement. The factors start at 3% and range up to 7% for both Commercial and Personal Lines. An outline of the tiers has been requested from corporate.

Royal SunAlliance
Applies to entire book of Gross Written Premium (GWP) including all lines of Commercial and Personal.

Acordia has agreed to emphasize new business production for Personal Lines, Executive Protection / D&O and Integrated Benefits.

Our Region is negotiating an incentive for growth that will be in addition to the Millennium agreement.

Confidentiality
Maintaining the confidentiality of the Millennium Partnership agreements is essential. Disclosure outside of Acordia has the potential of voiding them.

c: Dan Goldapp
Bob Slovin
Charile Ruoff

ACDHC00008264

Exhibit 13

Millennium Agency System
Partnership Plan

Purpose and Objective

The objective of this plan calls for Acordia to engage in a partnership with a few key national markets to achieve:

a) Enhanced revenue and/or financial assistance to offset and minimize the costs associated with the AMS Sagitta project;

b) Strength of relationships with Preferred Market Providers;

c) Provide a platform for developing model internet interface and new business processing techniques.

Partnership Selections

Our selection of markets will be based upon Preferred Market status of existing insurers indicating significant existing business and their critical status in our long-term business growth plans. While some 10 markets have been selected for Preferred status, only the following are likely to be serious candidates for this plan:

Key Preferred Markets

CNA	Royal SunAlliance
Chubb	Travelers
Hartford	Atlantic Mutual
Fireman's Fund	

Realistically, we might expect to reach final agreements with only 5 of these 7 markets. This should be a manageable number for achieving the objectives of the plan especially if substantial premium growth becomes one of their requirements.

Insurers who are not on this primary list, but who might be considered alternates if we fail to attract a sufficient number from the primary group as noted below:

Uncertain Market Alternatives

St. Paul – uncertainty over future direction given new President in place and poor integration of the USF & G business they acquired.

Zurich - Have divided company into too many SBU's which operate virtually independently and report up to either Zurich American in Schamburg or Zurich Commercial in Baltimore (formerly Maryland Casualty operations)

Kemper-	Traditionally a very small participant in our agency business so relationships are not extensive in the regions.
Wausau -	focused mostly in Risk Management business and while Commercial (middle market) business is growing, it is at a very slow pace.
Reliance-	Active in all but two of our regions and expect they will continue to grow, so positive about using them as an alternate.
CIGNA -	We have more benefit business than P/C and recent announced sale To ACE ltd. in Bermuda puts uncertainty over nature of our future relationship.

In addition to the above markets, we considered approaching AIG; however, this market is very transaction (rather than relationship) oriented, interest is specialty lines almost exclusively and have closed down their middle market initiative (i.e. Regional Company strategy). Other markets such as Safeco, Westfield, etc. are important regional markets, but lack broad representation in our business portfolio or sufficient GWP to be meaningful. They could be useful if we ask regions to adopt a regional supplement to this national plan.

Financial Objectives

We might achieve the financial objectives in a number of ways, and we should leave the method to the discretion of each insurer. The form of the financial enhancement might be any one of the following:

a) Grant – this would be a specific sum that would be based on current writings and only require implementing model business processing on some preferred basis (i.e. before other markets)

b) Override Incentive – an incentive commission over and above office or regional contingent bonuses or incentive deals...an incentive equal to 1% of GWP would be a target possibly tied to some growth in business or other requirements.

c) Loan arrangement – similar to the override above except repayable if a specific business target is not achieved.

d) Loan guarantee – to guarantee a loan repayment to third parties so our cost of funds would be lowered.

e) Purchase/Lease arrangement – to purchase equipment for our use which lowers or eliminates our expenditures.

ACDHC00008152

In general, we would prefer the Override Incentive over a 2-3 year period (see Exhibit A), but this will depend upon what growth or other conditions are tied to this or any other agreement. In addition to business growth targets, markets may provide other stipulations on business retention ratio; new business success ratio (i.e. quoted-to-written) or sell designated lines of business, industry groups or programs. We need to be receptive, but realistic on how these may be achieved.

We should be prepared to share our cost projections for full implementation of the AMS system as part of our presentation to insurers...perhaps we can use the same material as provided to the Board.

Business Objectives

We need to stress the advantage of participating markets in working with us to develop and implement the AMS technology in business processing. This could have material benefits to them having the inside track for future business development and processing cost reductions with all of the Acordia offices. We should not minimize the value of this objective to our markets as it has long-term significance greater than the near term GWP growth.

We will need to provide resources to work with their technology/business units to actively develop this aspect.

Implementation:

To achieve our desired objective, we should follow the plan below:

- Direct personal contact by Bob Nevins to the insurer CEO to briefly describe the objectives and to establish meeting date with Acordia Senior Executives;

- Senior Acordia executives comprised of Nevins, Dorff, Kent and Ruoff should attend the subsequent meeting presentation;

- Presentation should be prepared describing the magnitude of the AMS project with financial and business dynamics;

- Potential business linkages with growth and mutual economic efficiencies should be presented; and

- Form of financial assistance should be presented in form of Override Incentive but allowing for other alternative methods to be considered.

ACDHC00008153

Market Contacts

The following individuals should be our initial contacts:

CNA	Phil Engel (since departure of CEO, Phil needs to guide us to the right person)		
Chubb	Dean O'Hare, Chairman –	Telephone	908-903-3565
		Fax	908-903-2003
Hartford	Ramani Ayer, Chairman, President & CEO		
		Telephone	860-547-5788
		Fax	860-547-6097
Fireman's Fund	Tom Rowe President, Commercial Lines		
		Telephone	415-899-3342
		Fax	415-899-2121
Royal Sun Alliance	Terry Broderick, President		
		Telephone	704-522-2000
		Fax	704-522-2748
Travelers	Chuck Clarke, Vice Chairman		
		Telephone	860-277-7763
		Fax	860-277-8156
Atlantic Mutual	Klans Dorfi, Chairman		
		Telephone	212-943-1800
		Fax	212-408-6123

Driving Process for Successful Results

Acordia:

- Assign target growth requirement to regions;
- Targets become part of office/regional management objectives;
- Discuss progress in Monthly CEO reports; and
- Quarterly monitoring of regions progress for national incentive (i.e., send additional person to Sales Conference in 2000)

Markets:

- Full acceptance of Preferred Market requirements;
- Positive underwriting approach to aid growth;
- Continuance of existing direct and incentive commission agreements; and
- Action on account development, business retention and product training programs

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Acordia/ Markets Together

- Assign senior executives and other resources as necessary to achieve objectives
- Meet as necessary to resolve issues or difficulties with resource allocations or local commitments

CLR/df

Exhibit A

MILLENNIUM AGENCY SYSTEM PARTNHERSHIP

Our Key Market Expectations On Override
Based On Gross Written Premiums (Thousands)

Key Market	'97 GWP (000)	Est'98 GWP* (000)	Est '99 GWP (000)	Estimated Override '99
CNA	$ 95,205	$ 95,000	$ 96,000	$ 960,000
Chubb	98,008	97,500	98,000	980,000
Hartford	41,260	42,000	44,000	440,000
Fireman's Fund	51,405	57,500	60,000	660,000
Royal SunAlliance	25,981	27,500	30,000	300,000
Travelers	78,733	78,000	79,000	790,000
Atlantic Mutual	14,828	16,000	18,000	180,000
TOTAL ESTIMATE				$4,250,000
Alternate				
Reliance	20,336	22,000	25,000	250,000
St. Paul **	47,448	44,000	44,000	440,000

*based upon reports from insurers at 6/98
** excluding USF&G business of $27 million

ACDHC00008156

Exhibit 14

Acordia, Inc.
111 Monument Circle
Suite 3200
Indianapolis, IN 46204
(317) 488-2514
Fax: (317) 488-2508
E-Mail: charles_ruoff@acordia.com

Charles L. Ruoff, CPCU
Senior Vice President

Acordia

COPY

MEMORANDUM

DATE: September 7, 1999

TO: Kevin Conboy
Dan Goldapp
Andy Paterno
Jim Wells

FROM: Charles Ruoff CLR

RE: **Millennium Partnerships**

As mentioned in my memo of August 11th the Millennium initiative has developed supplemental incentive offerings from a number of our markets while others have disappointed us by requiring ties to profitability targets.

At this time the priority for business development must be given to the following markets:

- Atlantic Mutual
- Chubb
- Hartford
- Royal SunAlliance
- Travelers P&C

In addition, it should be noted that CNA and Fireman's Fund have declined to support our financial plan without profitability stipulations. We are therefore not inclined to support any business growth with them at the determent to our Priority Millennium Partners noted above. Please be guided accordingly in the future business plans within your region. I will shortly be sending you a summary of the plan(s) negotiated with our priority markets along with a projection of anticipated supplemental revenue that could be generated at various growth in GWP figures. Most of these markets have requested that the terms of these arrangements be kept confidential for competitive reasons (ie. other markets and brokers). Please caution your colleagues accordingly but they need to know that significant revenue and strategic partnerships are at stake.

I think it would be prudent to have the members of the National Marketing Committee act as a focal point for these plans as they have been close to the development stages that have taken place. In fact, several of these markets have participated at our committee meeting which included discussion of how to implement the plans. We need to keep some simple guidelines in mind:

(1) we need manage and work at this business consolidation process as it will not happen automatically;
(2) the service center approach (Travelers and Hartford) on small commercial and personal lines must be given careful consideration and planning especially in light of future expectations on margin improvements;
(3) there could be local conditions which may preclude implementing one or more of these market initiatives....we don't want to force those issues but you need to sign off on them. Please keep me informed and be sure we have valid reasons and not just excuses.
(4) all of the revenue generated to the corporate office out of these initiatives will be credited back to each office on the basis of the contribution to the final result at your end. In some cases new or supplemental revenue is payable directly to the office in the direct commission enhancements;
(5) offices that need market appointments can arranged through the Marketing Committee who can also serve to resolve any local issues with the regional executives of these markets...any unresolved problem can be referred to me;
(6) none of these incentives are loss ration sensitive.

I fully expect that we can further improve these terms being offered in future years but only if we use the leverage of our existing business and new business opportunities to deliver some growth. In the near term with our basic Millennium Override and some early progress on these growth incentives, we could end 1999 with a total of $2 million in market payments. We need help throughout the regions to make this happen. Your support is appreciated and will send you details shortly.

cc:		
	Frank Witthun	Jim Harper
	Robert Nevins	Robert Kent
	David Dorff	Jack O'Connor

P.S. We are still in discussions with Crum & Foster, Kemper, Zurich and St. Paul but no commitments have yet been made.

Exhibit 15

September 30, 1999

Dave Mathis, Chairman
Kemper Insurance Group
One Kemper Drive
Long Grove, IL 60049

Re: Millennium Partnership

Dear Dave:

Last week Acordia had its Annual General Management Meeting in Denver, which included senior management and regional/office management of the company. I had the opportunity to present a detailed description of the markets, which have responded to our partnership plan. While noting that your company has elected not to participate at this time, I remained hopeful that you might still do so in the very near future. The emphasis on the Millennium partners as our priority markets for the remainder of this year and into 2000 was a key objective of this meeting. We would still like to find an appropriate position for your company but need to keep it within the context of those markets that have stepped forward to our initial invitation. Please let me know if we can find a solution before our marketing plans for the next 18 months exclude you from growth potential.

Sincerely,

Charles L. Ruoff

CLR/bsv

cc: Fred Wilkerson
Kemper Insurance Group

Exhibit 16

Anderson, Bruce W (Comm Lines, HO/EM)

From: Anderson, Bruce W (Comm Lines, HO/EM)
Sent: Wednesday, December 10, 2003 11:25 AM
To: Tom Hite (E-mail)
Cc: Monaco, Donato (Comm Lines, HO/SBD); Lange, Mark (Comm Lines, HO/CS&AM)
Subject: Atlantic Mutual

Tom, following on our recent discussion.....the sale of Atlantic's commercial business to OneBeacon presents an opportunity for us to step up the local discussions Hartford regionals already have underway with Acordia offices. We previously had identified Atlantic with you as a 'vulnerable company' for purposes of the consolidation piece of our joint 'share shift' plan. Now with that business going to a non-Partner Market for Acordia, we're hoping to see Acordia corporate take a proactive stance with local offices in steering that business to PMs like Hartford. What we'd envision is something similar to what we've done successfully with a few other broker partners, where Kevin or Scott sends a communication to top AM offices* reinforcing the need to migrate to PMs, quantifying the benefit of doing so with the Atlantic book, and directing them to favor Hartford with first and last look.

Taking a page from other communications we've seen, it would make these 4 points:

- reinforce the Partner Market strategy and use the AM/OneBeacon announcement as an example
- Hartford has stepped up to work with us on this opportunity and has put together the attached business case to demonstrate 'what's in it for us' with key Acordia offices. For example, they project we will could earn an additional $1m in local and national bonuses (including our new Partnership Bonus) by moving even 1/2 of our AM book
- Hartford tells us their underwriting appetite alignment with Atlantic Mutual is very favorable, in some cases up to 80%+
- They have committed field underwriting and marketing resources to profile and transition these books, and to give Acordia/AM submissions priority in return for first/last look

I think this would be a solid example of demonstrating our joint commitment to the 'share shift' plan and give us a production boost going into 2004. We can have Ramani or Dave Zweiner call Kevin if you think that would be helpful. Let me know what you think. We can also discuss at our meeting next Thursday in Chicago. Thanks for all your support.

Bruce

* NYC, Morristown, Minneapolis, Encino, OH, Northern Cal, Atlanta

Exhibit 17

Charlie Ruoff

From: josephine_maturo [josephine_maturo@acordia.com]
Sent: Tuesday, February 05, 2002 2:45 PM
To: charles ruoff (E-mail)
Subject: FW: Travelers- Personal lines

Charlie, here is response from our Atlanta office. I believe Sam Ellington responded directly to you for the West Palm Beach office. Will advise shortly on Clearwater and Alabama.

Jo Maturo

-----Original Message-----
From: Susan Hartsfield [mailto:susan_hartsfield@acordia.com]
Sent: Tuesday, February 05, 2002 3:29 PM
To: josephine maturo (E-mail)
Cc: tony salvatore (E-mail)
Subject: Travelers- Personal lines

Hi Jo...Hope you are doing great....Tony asked me to email you a response to Charlie Ruoff's inquiry about our placing more business with Travelers in the future.....Since Travelers is not a high valued market (product and claims), and we target only the affluent (or emerging!) to compliment our markets and business strategies, it is unlikely we will show a dramatic increase in volume out of our Atlanta operation. I am the only producer and also have manager/team leader responsibilities, and it is pretty much up to our 4 account managers to support Travelers with spinoff business and MetLife rollover. Travelers has helped us with taking some small Encompass accounts through their service center (54000 in premium went to them last year).... I never had Travelers until the Millenium deal was instituted and had to politically explain to CNA (at the time!) why I would be moving some accounts from them....I predict another 50k in premium to Travelers this year. They have a Select Homeowners policy which I do not have access to and it is designed for affluent clientele. However, with Chubb, Atlantic and FF, I do not need any more affluent markets! Plus, I think Travelers just cant respond from a claims philosophy standpoint (ie- agreed value settlement on property). We clearly need the market and may eventually move all the Encompass to Travelers but there are coverage disadvantages in doing so.. The one way we could give them more business is if they had a call in service center where we could have spin off or small accounts call them to issue policies with us as broker, at a reduced commission . Doing the applications, costimators and credit underwriting is very tedious, and the underwriting guidelines and stiplulations are way too detailed to make it cost effective to place a new account with Travelers. I will say their marketing rep, Andy Polansky, is one of the greatest and they are lucky to have him on board! Hope this helps....Susan

Exhibit 18

Acordia.

The Hartford

ISAACSON

Partnership Meeting

December 18, 2003
Chicago, IL

ACDHC00009494

Agenda

Acordia

THE HARTFORD

FINANCIAL UPDATE

- 2003 YTD Acordia / HIG Results
- Partnership Bonus Forecast
- VIP Status

2004 INITIATIVES

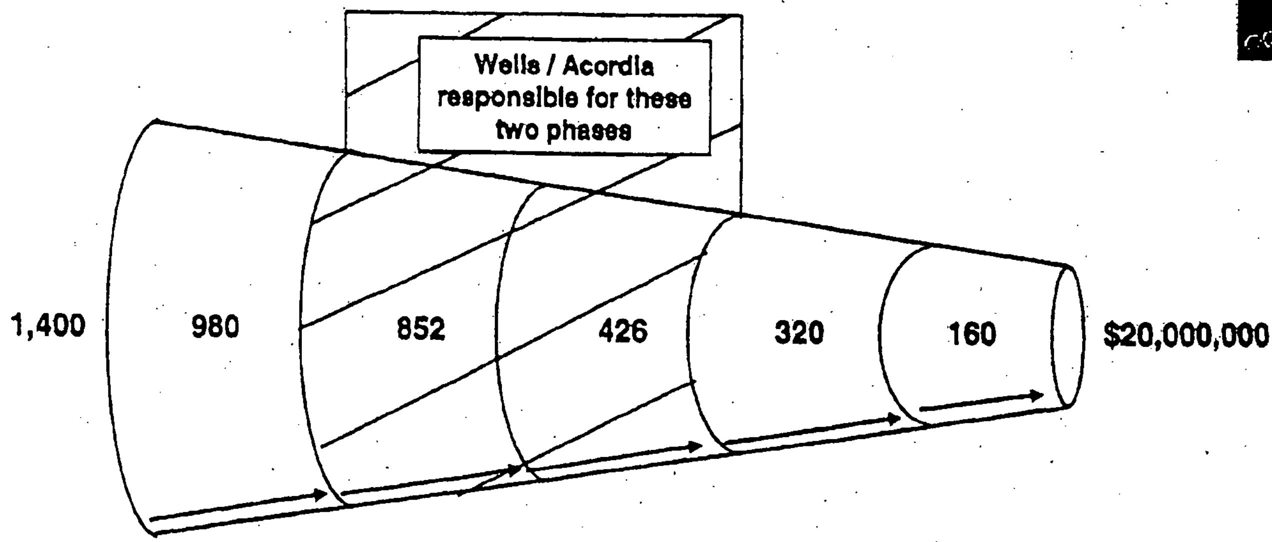
- Select XPand
- Middle Market Target Industry Bonus
- Acordia Opportunity Offices
- "Consolidation of Markets" Initiative

"SHARE SHIFT" PLAN STATUS

- New Business
  - Wells X-Sell (Middle Market and Small CL)
- Consolidations
  - Atlantic Mutual
  - Mountain West Small Commercial
- Practice Groups
  - RFG/HFP Deal
- Support
  - BMG, HSI Opportunities

Exhibit 19

WELLS / ACORDIA CROSS SELL SALES FUNNEL



Initial Expectations	1,400 Wells Clients in 4 Target Industries	30% of prospects screened out for sub-optimal MM scoring, size & state	80% of target list will receive Wells RM referral for Acordia Producer to engage, by x-date	50% of these referrals will get to the quote submittal stage, 100% of which should be submitted to The Hartford	Due to target industry focus and pre-scoring, expected Quote Rate is 75% - 2.5x better than current rate	Hartford objective is to write 50% of business quoted	160 accounts @ average of $125k each = $20M in incremental MM premium
Actual Results to-date	1,400 Wells Clients in 4 Target Industries	30% of prospects screened out for sub-optimal MM scoring, size & state	• 47 Leads have been entered into the tracking system • 15 of these leads have been "Accepted" by RM's - progress is unknown		Due to target industry focus and pre-scoring, expected Quote Rate is 75%	Hartford objective is to write 50% of business quoted	TBD # of accts @ average of $125k each = TBD in incremental MM premium

Exhibit 20

Scott Isaacson

From: Scott Isaacson [scott_isaacson@acordia.com]
Sent: Friday, June 13, 2003 4:46 PM
To: 'kevin_conboy@acordia.com'
Subject: FW: Acordia - Wells Fargo Middle Market Cross-Sell

With this middle market initiative along with other activity, we should have a good chance of achieving a significant additional bonus from Hartford for the next two years. I'll discuss at next weeks meeting.
-----Original Message-----
From: Louis Daniels [mailto:louis_daniels@acordia.com]
Sent: Friday, June 13, 2003 8:19 AM
To: 'Anderson, Bruce W (Comm Lines, HO/EM)'
Cc: 'Tom Hite (E-mail)'; 'Scott Isaacson (E-mail)'; 'Monaco, Donato (Comm Lines, HO/SBD)'; Elia Zamudio (E-mail); Ken Peterson (E-mail); Kaml Rajan (E-mail); Dave Headden (E-mail); Mark Hoffmann (E-mail); Tom Ademite (E-mail); Vince Mantione (E-mail); Garry Groves (E-mail)
Subject: RE: Acordia - Wells Fargo Middle Market Cross-Sell

Bruce this demonstrates real commitment on the Hartford's part and I think you will see us reciprocate in return. It certainly helps when both partners share an equal desire to roll up their sleeves and make something happen. I look forward to discussing the plan in more detail at our RBDO meeting in Chicago next week. We are staying at the Hyatt right outside of O'Hare, Elia my assistant can give you more detailed info. Thanks.

Regards,

Lou

-----Original Message-----
From: Anderson, Bruce W (Comm Lines, HO/EM) [mailto:Bruce.Anderson@thehartford.com]
Sent: Thursday, June 12, 2003 4:27 PM
To: Lou Daniels (E-mail)
Cc: Tom Hite (E-mail); Scott Isaacson (E-mail); Monaco, Donato (Comm Lines, HO/SBD)
Subject: Acordia - Wells Fargo Middle Market Cross-Sell

Lou - thought you'd want to see how we're positioning the opportunity with our field leaders. Gary Thompson is head of Middle Market at Hartford. A lot of enthusiasm is being generated as we talk to the RVPs. Looking forward to seeing you and the BDOs on the 25th.

-----Original Message-----
From: Bacewicz, Carrie (Comm Lines, HO/CS&AM) **On Behalf Of** Lange, Mark (Comm Lines, HO/CS&AM)
Sent: Thursday, June 12, 2003 4:20 PM
To: Walton, Ken (Comm Lines, OPER); Harnetiaux, Kevin (Comm Lines, No. Cal/RO); Mathewson, Gary E (Comm Lines, So. Cal/RO); Stevens, W Scott (Comm Lines, Denver/RO); Sprunger, Rex (Comm Lines, Denver/RO); Ketterson, Jim (Comm Lines, Chicago/RO); Nelligan, Tim (Comm Lines, Dallas/RO)
Cc: Dobrzenski, Mark (Comm Lines, Western Division); Becker, Dave (Comm Lines, CHAR/CENTER); @COMM WEST MM Mgrs; @COMM BTSM; Girvin, Christopher L (Comm Lines, Detroit/RO); Lepouttre, Tom (Comm Lines, Detroit/RO); Kurtz, Karen (Comm Lines, Chicago/RO); Nichols, Robert (ETSD, IT); Seaman, Chris (Comm Lines, Denver/RO); Kellett, Jeremiah (Comm Lines, Sac/RO); Cole, Latisha (Comm Lines, So. Cal./RO); Woll, David A (Comm Lines, Denver/RO); Fairbrother, Lisa G (Comm Lines, Denver/RO); Lommis, Sarah (Comm Lines, San Antonio/SCIC); Law, Rick J (Comm Lines, HO/CBI); Arnaud, Mike H (Comm Lines, Detroit/RO); Galvin, Tim (Comm Lines, Chicago/RO); Ward, Jim (Comm Lines, Detroit/RO); Anderson, Bruce W (Comm Lines, HO/EM); Monaco, Donato

Exhibit 21

Thomas Hite

From: Thomas Hite
Sent: Wednesday, January 28, 2004 10:02 AM
To: 'Tom Schaeffer (E-mail)'
Cc: Scott Isaacson
Subject: Atlantic Mutual Business

Tom, as you likely know, One Beacon will not be writing business in Ohio for Ohio based agents and brokers. As you are contemplating what you will be doing with this business, please consider the Hartford. They have stepped up with incentives that could increase both our local and national payouts. Moreover, they have studied the book in general and feel that they have an appetite for the business. Last, they will provide resources to profile the book and will give any AM business we submit a priority in exchange for first/last look.

I understand these kinds of decisions need to be local, Tom. I wanted to be sure that you were aware of the Hartford's interest in the AM busienss and what they are willing to do to secure it. Please let me know if you have any questions.

Tom

ACDHC00008699

Exhibit 22

Acordia

P&C Marketing Group Meeting
October 23, & 24, 2003
Chicago, IL

Attendees: Don Bertoncin, Janis Dunivin, Tom Giffen, Tom Hite, Donna Maddox, Jo Maturo, Tina Rickert, Judy Rose, Becky Sonsalla, Donna Wilson, Stu Young, Chip Young

P&C Updates – Tom Hite

Greenbrier

Three messages were given to the companies we met with at Greenbrier:

1. Acordia is investing in people like Tom Hite, Dennis Donahue, Mark Green, and Nabeel Tanveer to create corporate resources so we can make successful brokerages even more successful.
2. Cross sell with the Bank is working. We have brought in $100 million in premiums so far as a result. The cross-sell group will meet its goal and expects to grow significantly next year.
3. We would like carriers to recognize Acordia as having a national sales force. The carriers understand this and realize that they need to cooperate more. Hartford and Travelers already look at Acordia on a national basis, but still don't treat our offices the same.

We also met with Westfield Group at Greenbrier. They are only slightly smaller than a company like ACE. Westfield is hiring people from outside the company for the first time in its history. They want to set up meetings with offices in Indiana and Michigan to grow the business. Donna Wilson mentioned that the Midwest region has a large, stable book with Cincinnati. Chip Young mentioned that Westfield has opened a surety office in Pittsburgh and that is now their biggest surety office, although we don't have any P&C business with Westfield yet. Tom Giffen mentioned that our West Virginia agreement is a master agency code with sub-agency codes. We will have five agencies in Virginia, and if Westfield gets adequate business from those five, they will not add any agencies to the agreement.

Tom Hite will get Westfield in touch with Jo Maturo in Clearwater and with Tina Rickert's area.

The Acordia person who heads up the school business is unable to get an appointment with Indiana Insurance. Indiana tells us that any account over $75,000 now has to go to Wausau because we have a Wausau agreement, but Wausau is declining the business. **Tom will talk with Scott Isaacson.**

Small Business Initiative

Tom Hite is working with Wells Fargo Insurance (WFI) to understand its small business customers. We have agreed to run a pilot in Minneapolis because it's a sizeable office for us and for Wells Fargo. Tom goes to Minneapolis next week to begin the process.

We have agreed with Wells Fargo that companies under $2 million in sales should go to WFI and all others above that go to Acordia. This is an arbitrary division because customers will ultimately make the decision, and some industry groups that will be treated differently. Wells Fargo will pull business mainly through the community banks using direct marketing techniques. Acordia will pull customers by working with relationship managers and business bankers to develop opportunities.

We do small business differently everywhere we go – we need to establish a best practice and communicate that throughout our organization. How do we get the business, what do we do with it when we get it, how do we service it? If we're going to cross sell to Bank customers, we have to do it more efficiently. Tom is trying to get more than one view of how this business is being handled.

Wells Fargo will only use InsureZone for the small business initiative, mainly for the sake of convenience. We are still waiting for information from the Bank as to how the commissions will be paid to Acordia offices. Once we get that information, we will be able to talk with carriers about the initiative. Our preference would be to go directly to carriers for the best quote. Very often, business goes to the one that gets in the first quote.

Tom's view is that if customers are willing to use the WF platform, it will be less expensive because Wells has more resources than we do. The customer will be better off on that platform. We can refer customers to Hartford that don't want to use the Wells platform and that are too small for us.

We will be getting SIC codes and will sit down with enough underwriters that we'll be able to find the right one to handle this type of business.

Real Estate Program
Tom Hite has become the point person for Acordia for the Wells Fargo Real Estate Group. He will start working with the bank and Acordia offices to get the real estate initiative off the ground. We thought that AIG had a proprietary program, but it fell through. Tom has had conversations with Liberty, CNA, Travelers, St. Paul, AIG, and Wausau and has a summary of classes that they want and don't want. The information was sent to the BDOs with the understanding that when there's a relationship involved, they will pass it on to Acordia. Bankers in the Real Estate Group have more control over their customers and get better introductions, so we should have a better chance of getting the business. **Tom Hite will send REG information to the P&C group.**

There are also bankers that specialize in agriculture and gaming as well as other parts of the bank that are natural customers for us. Tom has asked for information from the Bank by SIC code so that we can get a view of the Bank customers. We can then talk with our underwriting partners and ask for information on their appetites. We are also working to educate the bankers about our criteria. We want to identify customers and underwriters and work to put together something that looks to the customer that it's available only from Acordia. Agriculture is the largest key segment for the Bank. We are looking for markets for business other than crop and hail. **Tom asked the group to email him the names of the agriculture specialists in our offices.** Tom's job is to try to find out where in the organization we have that business and which carriers have an appetite. **If you have brokers that are specialists in this area, send contact information to Tom.**

The suggestion was made that we put together a branded program for habitational using layered coverage. Tom Giffen said that the Charleston office was able to take two accounts away from Marsh because we were able to put together a layered program with Chubb as the main carrier. Most of these accounts are already accustomed to segmenting the business, so this isn't unusual for them. Stu Young has also had one account like this that was done mostly through American E&S. Jo Maturo reported that her area has had to layer most of its habitational business.

Travelers Personal Lines
Tom Hite asked the group whether we are rolling Royal personal lines business to Travelers.

Donna Maddox said that there is no Royal business in the Mid-Atlantic region, although it's a huge advantage to move business to the Travelers Service Center because it's the only service center that truly works well.

Jo Maturo said that the East region has some business, but we have a security issue with Royal that requires that a letter go out to customers. The letter sent to the customer suggests that they move the business right away but we don't have anywhere to move it yet We do plan to move about 600 policies, and Travelers will take about 465 of those. We are waiting until renewal dates for the rest of the policies.

Tom Hite reminded the group that if we make a certain amount of Royal business move to Travelers for next year it will be a better deal for Acordia. If we don't move the Royal business, we'll have trouble making the threshold for our override.

Atlantic Mutual

The group discussed the current situation with Atlantic Mutual and its rating. Tom Hite passed out a financial argument for giving our Atlantic Mutual book of business to Travelers. We would receive a 3% override independent of anything else. Rolling the business would also get us to a higher commission level with Travelers. All together, if we move $24.8 million in business, we could be eligible for $1 million in incentives.

Chip Young mentioned that New Jersey and New York have a lot of business. Pittsburgh has a handful of accounts.

Jo Maturo reported that Florida has no real business with Atlantic Mutual. We have significant personal lines and commercial lines in Atlanta and are moving most of the commercial lines to St. Paul and Travelers. Personal lines are being moved to St. Paul, Fireman's Fund and Travelers.

Many of the carriers want to know what we're going to do with this business and are offering deals. Much of the marine business is being rolled to Travelers. Tom Schaefer's office has a significant book with Atlantic Mutual. Hartford in Ohio has a strong relationship with Cleveland only, which is where most of Atlantic's business is.

We need to make sure that we have plans in place to move this business if the company's rating worsens, either to one national carrier or handle it on regional basis. We don't want to create a self-fulfilling prophesy with Atlantic, but need to be prudent with our clients' interests. Carriers are trying to cherry pick the business, which defeats the purpose of moving it. Travelers is cherry picking, re-underwriting and increasing prices. Chubb is considering taking the entire Southwest region Atlantic Mutual business, but we have just opened discussions.

Tom Hite will get back to the group with a better understanding of our direction.

Regional Updates

Stu Young – Mountain West

Salt Lake City has been unable to get a broker appointment with Cincinnati Insurance. Donna Wilson said that she usually goes on Cincinnati's President's Club trip and will try to make contact with the right person.

We also need help getting appointments with Auto Owners. Tina Rickert offered to help to get an introduction as they are one of five small business partners in her region. Salt Lake City has been talking with them, but has not been able to get appointment.

Salt Lake City has a small business unit in the office, dealing with Hartford, Travelers and St. Paul. Half of our business goes to 3-5 carriers, and about 20% is in service centers. The office also has a personal lines and a benefits unit.

We recently lost an opportunity on captives to Captive Resources because we did not have access to a contractor captive. Stu has spoken with Mark Green on this. We would like to have access to all of the Captive Resources captives. Seven of the 39 accounts are with Acordia, but we still can't get an appointment for Salt Lake City.

Chip Young - Midwest

We have had success with Captive Resources in Pittsburgh and other offices. We have also had discussions with Mark Green, who's working on an Acordia exclusive captive. There is about a 98% retention rate when we put business in a captive because the client feels like they have ownership. For Zurich's captive, you don't need a BOR letter because you're only fronting the paper.

The Pittsburgh office has called Travelers about the new national flood deal and they have not been responsive. This is a chronic problem with Travelers for flood business. We called the people that took over for Omaha Flood and got information from them in 5-10 minutes. **Tom will talk with Travelers about responsiveness issues.** Omaha is interested in the business. The company that bought Omaha is the largest title company in the US, which allows them to make sales calls on clients with homeowner's policies. They will also make those calls on behalf of a broker and the broker will get the commission. Tom Hite cautioned that we don't want to work extensively with these people until they get their paper back in shape.

We have an issue with AIG Credit because the AIG underwriters required something that AIG Credit wouldn't acknowledge. Seattle and the Mid-Atlantic region have also had problems with them. The Bank doesn't understand the business and wants to cancel insurance when the client is late with payments.

Gulf insurance is being sold by Travelers, which is an issue in Pittsburg. Gulf also owns Century Surety, a large surety company and a big market for us. We don't yet know who the buyer for Gulf insurance will be or what will happen with Century Surety. Much of the business we have with Gulf is hard to place.

AIG is unfortunately one of our top markets in Pennsylvania. They are a good partner but we don't get overrides. AIG has indicated that they will talk with us on a regional basis, but not on national basis. At a recent meeting of AIG's Eastern Regional Advisory Board it was emphasized that the company will not offer overrides.

AIG Small Business Conference Call

Tom Hite mentioned that for every dollar in business that we do with AIG, we're leaving $.70 on the table in commissions.

AIG defines small business as $10 million in revenue or less, which isn't the same way we think of it.

Those on the call felt it was very helpful on the global energy business because we found out that AIG's minimums are much lower than we're used to dealing with in West Virginia. Jo Maturo worked with AIG recently with success on two accounts.

Meg Cipar will send the materials from the AIG conference call to the P&C Group.

Tom Hite would like to use the conference call platform more often to get updates from our carrier partners and have presentations from other carriers about their products.

Cross Sell

So far we have concentrated on cross selling our products to the Bank, but at some point Wells Fargo will want access to our clients. Sharing relationships is not a natural activity in this business, but it will be an expectation with Wells Fargo. We need to work more on managing the expectations of the Bank.

The cross-sell process works fairly well when the Bank refers customers to us, but doesn't work well when we refer a customer to the Bank. There's a lot of frustration on our part in getting to the right Bank person. Once we get to the right people, there are hard feelings about not getting credit for what we referred to the Bank. The problem is that the credit must be paid to an AU number instead of to the producer – all incentives are soft dollars, not hard dollars. In order to pay a producer it has to be expensed. We have the same problem with the compensation of bankers because there are legal implications for paying incentives to bankers for referrals. Ultimately we're not getting our producers to refer customers because of the compensation issue. **Tom Hite will talk with Lou Daniels to learn more about how the compensation comes to Acordia. The group should email Tom with any specific cross-sell issues that you have.**

Tom will help if we're not getting the support we need. Remember that there are nine people in San Francisco that are dedicated to the cross sell effort and who can help us.

St. Paul

Dennis Crosby – President, Middle Market & Large Accounts
Marc Schmittlein – President, Small Commercial
Tom Neseralla – Distribution Director, Small Commercial Underwriting

Dennis Crosby – Middle Market
St. Paul's commercial strategy is to:
- Reposition St. Paul as a one-stop source for small and middle market accounts
- Build a profile for future success – be a key trading party
- Develop a breadth of products & capabilities
- Demonstrate a can-do attitude

St. Paul's strengths include its expertise in financial and professional services, technology, public sector, and surety. The company has a national reputation in construction. For surety St. Paul works with Discover RE. These are all vertically integrated and customer-specific solutions. There is limited distribution for products.

Small commercial is a horizontal organization, touching a wide group of customers.

The company is oriented around nine regions with P&L for middle market business. The regions are responsible for generating a "one St. Paul" attitude.

St. Paul is ranked #1 in the public sector; #1 or #2 in surety, technology and construction; #3 in oil and gas; and #5 in financial institutions. The small commercial and middle market sectors have served as incubators for this type of specialty business.

Offices need an appointment to access St. Paul for oil and gas. If a broker is appointed to St. Paul, that gives them access to all areas of the business. However, distribution is limited in certain product lines.

Acordia's September YTD results (excluding health care) are $88.6 million, representing a 13.1% growth. Acordia is growing slower than St. Paul is growing.

St. Paul's goal is to be the key trading partner for middle and small market because of its breadth of products, underwriting competence, customer focus, management accessibility, claims expertise, ability to meet customer needs, and execution. The company has been working on a model for about four years and is the strongest in execution. St. Paul's competitive advantage is that it has no silos, and offers one-stop shopping. Products grow with customers throughout life cycle. The advantage in the marketplace is that groups talk with each other.

Commercial middle market is the largest business unit at St. Paul and is expected to finish at $1.8 billion for this year. This group is comprised of middle market, large casualty, inland marine and national programs.
- St. Paul defines middle market as companies with 50 to 1,000 employees, with premiums in excess of $100,000.
- In the large casualty market, St. Paul's expertise is in large deductibles including traditional paid deductibles and incurred deductibles, self-insured retentions for excess WC, GL, and Auto. The typical loss pick is between $300,000 and $5 million. Target markets include manufacturing, service, retail and wholesale. St. Paul provides claim service but Discover RE's claim service is outsourced.

- Inland marine offers dedicated expertise, with 26 offices around the country. Communications and construction are two major coverage areas. Other miscellaneous coverages include fine arts, jewelers, furriers, monoline property, exhibitions, transit, niches and programs, and floaters.
- The company has dedicated expertise in writing national programs, which are programs over $5 million, with three to five years credible history, a significant market share, geographic spread, line of business mix, and focus on risk control and claim specialization. St. Paul will be shutting down the Rural Electric Association (REA) but has many other open programs available. The company generally looks at 30 programs/month, but is serious about two.

Total middle market business is $32.6 million (24.1% growth), which is less than the Kemper growth, and is strong in the Mid-Atlantic, Central States and upper Midwest.

St. Paul would like to do more with our Cleveland, Southern California, Virginia, New Jersey, Atlanta, Houston, Boston, Phoenix, Salt Lake City, Colorado Springs, and Philadelphia offices. The group asked that they add Tennessee and North Carolina.

St. Paul has no plans to pull out of the contract surety business, however it will do less financial guarantees. All other specialties are going well.

Marc Schmittlein – Small Commercial
Marc is a former Aetna employee who came to St. Paul after Jay Fishman joined St. Paul. The business has been reinvented over the last 18 months, with a 75% turnover of the management team. St. Paul has rapidly grown business but has also shed business to get more focus.

The Small Commercial market is close to $50 billion, $22 billion of which is home-based businesses. This platform is divided by people, distribution, products, service center, technology. We need to bring the product into offices, and make it quick, easy and low-cost. St. Paul has built up its field sales staff to nine regions, with state-specific account executives. It is working to educate distributors as to the company's capabilities. Distribution is handled through key trading partners. There are many areas where St. Paul doesn't have presence with Acordia and they will work to cultivate the relationship.

St. Paul has service centers in Atlanta and Colorado Springs. Both centers have high customer retention and satisfaction, currently charging 1% or 2%. The staff at the service centers is very experienced and progressive, and has been very responsive to Acordia concerns.

St Paul built its own system to allow quoting on a non-composite basis. No one has ability to look at higher exposure, higher capacity accounts and quote them in the office. This has eliminated 6-8 steps in the quoting process. The SPCXpress platform allows seamless submissions of Mainstreet and Advantage business. This agency management system integration allows quoting and policy download, automated extraction and book roll analysis tools. In two months St. Paul tripled the number of people using the platform. The unique feature of the platform is that it incorporates D&B and MVR and gets information on customers for Acordia, putting the best customer in the right price track to begin with.

SPCQuote submissions have gone from 7,000 to 25,000 from January to July 2003. The close ratio is about 15% on Advantage.

The small commercial total is $10.3 million (10% growth) as of September 2003.

Next steps for this area are to build a formalized 2004 business plan that ensures mutual growth and looks at premium and mix of business goals, compensation and resource allocation. St. Paul wants the agent or broker to do more of the work and help with the issuance of the policy, thus eliminating some of the expense. The company is pulling out of a lot of program business, as are other carriers. Les Woods is the national salesperson for this group.

St. Paul feels that national agreements have not worked in the past, but would be willing to look at regional compensation agreements and facilitate discussions at the regional level. Tom Hite said that Acordia feels that underwriting partners need to get past local relationships to move on to regional thinking. We need to take advantage of our relationship on both sides. Acordia's Mid-Atlantic region is successful because plans are developed based on entire region, not just for the state or local office. St Paul seems to be more open to establishing synergy to work on regional basis. St. Paul likes Acordia because we are decentralized and operate locally. The Issue for Acordia is that we don't get credit for being Acordia. St. Paul has premium guidelines to get Top Brass status, then that will spread within the region. We have Top Brass offices, and maybe need to look at other offices that would potentially qualify. If we can get more Acordia operations in that category would help get more resources nationally. If we are going to plan more on regional basis, it would help to grow the business if we didn't have to adhere to strict volume guidelines by state.

St. Paul's regional executives can do what they need to do to grow the business, but there has to be potential. If St. Paul is going to give Acordia something, it needs to have some expectations and willing to sit down and explore opportunities. Acordia needs to have conversations on a regional basis with St. Paul. St. Paul is interested in depth and is trying to find offices where we have good production people but are under-penetrated. **The group should let Marc Schmittlein and Dennis Crosby know where these offices are.**

St. Paul has been talking with Dan Monson at Wells Fargo Insurance regarding direct customer business.

Alternative Risk Transfer – Mark Green

Mark has been working for the past six to eight weeks to set up a group captive facility. The most critical aspect is that we need to have 10 accounts to put into the captive by January 1, 2004.

This will be a rent-a-captive facility available nationwide for Acordia-produced business only. Reinsurance is currently being solidified and Alea is one of the candidates. Munich-American Risk Partners has also expressed an interest.

- Covers three lines: AL, GL, and WC. WC will be statutory; GL and Auto will go to $1 million. Will have insurance loss funding. There will be aggregate stop loss, probably 80%. We can do individual lines of business, but need a business reason.
- Need to make sure insured has good feeling for what their losses might be.
- Pure loss ratio needs to be in 50-60% or better. If client's loss ratio is under 60%, can save your client 15%.
- Minimum premium is $250,000, and the maximum is $2 million. If the account is larger than that, we can look at a stand-alone group or single-parent captive.
- Domiciled in the Cayman Islands (less busy than Bermuda)
- Will be easier to get in and out of, but clients will get 90% of the benefits of a member-owned captive
- $350k each loss, but the client doesn't have to be large enough to take that size loss.
- Will have a third-party claim administrator, but that has not been defined yet.
- Commissions will be net. We can gross commissions up to premium and flow it through the captive. This is all Acordia business so we need handle commissions in a standardized way. We will not lose commissions on this captive and we will have more control.
- This is protected cell captive, but there will be a sharing mechanism in the program and the share is not a large number. (Sharing gets you tax benefits and economies of scale in purchasing reinsurance.)
- This is not an owned facility so we will not need a capital infusion.
- Critical mass will be $25 or $30 million in premium flowing through the captive. If we exceed that, we can spin off another captive.

Excluded classes probably already have their own facilities. We should have a RRG set up soon for nursing home facilities. This will be in operation after November 1, 2003, accepting business as of November 15 for GL and professional. This facility will have reinsurance capacity from an A rated carrier. Mark will send information out as soon as we have it.

Mark thinks that group captive will be of much more value to Acordia in the long term than the nursing home RRG, however we need to make sure that we're supporting both, or we won't get either.

We can move business from one captive into this captive, but it might be difficult because we have to leave quite a bit of capital on the table until the next adjustment.

Mark feels that if a client has a 50% loss ratio now and can maintain that ratio, the client will save a lot by going into this captive. Ultimately, though, the decision will be the client's. We have enough accounts that are running at 45% loss ratio with good management that could fit well into this captive.

If a client enters the captive January 1, 2004, and has no losses, the first adjustment is generally 36 months from the inception date. We can describe this to the client like we do a retro. After that time, we will try to do a loss portfolio transfer and clean the books up 100%.

Mark will follow up next week with more marketing material and information on structure. He asked the group to start thinking of accounts that would fit.

The group said that many offices have problems finding markets for nursing homes, so if we have facility for that, we could bring in a lot of business.

Region Updates (continued)

Tom Giffen & Donna Maddox – Mid-Atlantic

Outside of energy, the largest source of revenue for the region is construction. For construction we primarily use Zurich, St. Paul, CNA, AIG and Westfield. In some areas, we have been able to get companies to reduce minimums based on our volume, mainly for smaller contracting businesses. We would like to possibly come out with a branded product for construction in the region. A construction checklist has been developed, and Westfield now wants to use. We are looking to develop a branded program with Westfield. One of the big construction writers in the area is Amerisure, which has been killing us on some of lower middle market business. Louisville talked with Amerisure and they said didn't want to do business with Acordia and went with BB&T. Unless we do something to counter this, we will lose business to competitors.

The Energy program produces the largest revenue within the Mid-Atlantic. We plan to expand to the west and work with other regions. We can do oil and gas, mining, petroleum and utilities. If we find another region with some expertise, we can combine to offer a branded program. There is concern in the region with the amount of business we do with Brown & Brown because they own the program. We run the risk of losing the business if they decide they want to take over the program.

The region has issues with several companies:

- Ace is putting together a new construction group. Chip Young contacted Ace and they said that they were looking for very large retentions. Jo Maturo will get information to the group about Ace and Arch for their construction programs. Tom Hite will contact Ace and get more information about their construction program. In California we can't access Ace directly, but go to them through American E&S.
- We are using Wausau for monoline comp., but have had trouble getting into their program.
- Travelers doesn't like at least one segment for any business we give them. We don't use their service center for small commercial because it's not very good.

We now consolidate all claims at the Mid-Atlantic claim center, which is working extremely well. This helps with carriers because we can consolidate claims numbers for region. This works because all of the offices are on the same policy management system.

The region is realigning its personal lines structure, starting with West Virginia and beginning January 1, 2004. Personal lines services will now be run out of one office instead of 11. We will have an internal service center and call center for new business calls. We are starting the program on a state-by-state basis to see if it works. All of personal lines claims business either goes to the service center or back to the carrier. All calls for personal lines business automatically are transferred to the claims center. Staff changes are being handed through retirements and pulling people from other areas, with some additional profitability as a result. We are hiring personal lines producers, and they will only write business with carriers who have service centers. Producers will also specialize in certain areas and will be expected to cross-sell with our current clients.

We are trying to develop a program to insure all homes being built in the Greenbrier area in West Virginia. Many of these homes are second or third homes but homeowners have not been able to get insurance because they are in West Virginia. This is a tie-in with the Wells Fargo private client services group.

We have also borrowed a proposal form from the New York office for hiring clients. **Donna Maddox will share it with rest of group.**

The region has some producers who do some small business, but there are no dedicated producers for this. We define small business as those accounts generating less than $2,500 in commission revenue. If the service center can't place or write the business, we will say no to the business. We will try to look at lines of coverage that we will accommodate when the client refers back to us for additional coverage, but will limit lines. Insurance Noodle may be an alternative when we don't want to take on the additional lines.

Tina Rickert mentioned that her area has a form letter that is send to clients to let them know that we're not going to handle certain lines of business.

The comment was made that we don't make very good acquisitions from a marketing perspective. We find ourselves buying a business then having to manage lots of small accounts. We should also look at the quality of the producers when we acquire an agency. Overlooking this aspect is causing some depreciation of acquisitions. Often we assume that an acquisition's personal lines are just like ours, but that's not always the case. We get called in on damage control end, but not on the front end.

East – Jo Maturo

The region had a contract with Amerisure but lost it. They are in one of our competitors, Brown & Brown (special deal), and we would like to find way to access them.

The region is very big with CNA. In Florida we have combined business with our top carriers, so volumes combined will have $25 to $26 million in premiums with CNA. We get a 10% commission on WC, but CNA will be reducing that to about 8%, causing a 20% to 30% reduction in revenue. We are still working with the branch manager on these issues. This is also a very profitable business for CNA, so we hope that will get us some influence. We might have to move the business, but are trying to avoid it. The Atlanta office is seeing more business with CNA.

Hartford, Travelers and Zurich are other top carriers for Florida. Clearwater is a ZEPP agent for Zurich in Florida, but Zurich doesn't want to write other offices.

Royal is just about finished, but it was a relatively seamless transition. All of the property coverages had Royal on the top layer. About a quarter of the Royal book will go to Travelers, but Travelers is cherry-picking the business. We may use some of the Royal business to make commitments to other carriers.

Hartford is working more with the Atlanta office.

The region is making more use of the corporate resources (Nabeel Tanveer and Mark Green). Mark made a recent conference call presentation to a customer. Tom Hite asked the group to be mindful that Mark is only one person and we need to give him enough notice to talk with clients, whenever possible. He is reluctant to say no, but we need to be realistic about what we ask him to do.

We are not moving any business right now to the Risk Finance Group because we have a good relationship with a wholesaler. We are starting to use the group on new business.

The region is still trying to finalize a captive for contractors and is in the final stages of putting that together.

Producers often ask when the go out on large customer calls whether we can handle a certain type of business. It has been difficult to maintain a database of responses to requests for this information. **Tom Hite will put together a template to be used when producers request information.**

We need to be kept informed on the progress of the policy management system. Small commercial and personal lines will be heavily impacted by this process. We don't want to hire people to handle the business then have them be made unnecessary because of a new system.

Mountain West – Don Bertoncin

The economy has been rocky for the last few years, but the region is still on budget. The Seattle office has a new MD setting goals.

We are trying to reduce the number of markets and E&S placements that we're working with. Profitable markets are St. Paul, Chubb and Hartford. Accessing markets for construction and habitational is virtually impossible. Hartford has done some extraordinary favors for us. CNA is interested in some things but we are not sure what they want. St. Paul hasn't visited in a long time although we have a lot of business with them.

We have developed a quoting center within the community accounts business.

Our Auto loss ratio is under 50% but we can't get anyone to look at this business. We have lots of marine business but they are fish boats, so are having trouble getting markets to write the business. Much of the office's business is E&S focused, which means no commission to us. It's hard to do business on a fee basis. There is no WC in Seattle because it is a state-run system. We are finding it very difficult to write new business.

The Benefits department in Seattle is very strong. We have hired some people with expertise in WC and D&O. The office also has a new cross-sell person. Would like to leverage some of our expertise with other offices.

We are not asking carries for special privileges, but are just asking for them to acknowledge the volume regionally. Many carriers will not let us aggregate office volume. Donna Maddox suggested that Don keep asking.

The majority of the business is where it's at for a reason. There is $42 million in wholesale business in the Seattle office.

Southwest – Janis Dunivin

The biggest issue in the region is the new governor. The WC cleanup bill is a huge issue because it requires small businesses to buy insurance for their employees. We don't know yet what is going to happen with legislation, which doesn't address the issue of trial attorneys.

The California State Fund gone to a non-rated status at the fund's own request. There are no other players in the market and multi-state companies don't want to touch the business. If you have a California risk, you must first go to three or four other companies and prove that you can't place the business elsewhere. We expect rates to go up at least 4%.

We are seeing some rate softening in property and GL.

Steve Rodney is the new director in the San Francisco office, and previously ran the Marsh office in San Jose. We have added three new producers – in San Francisco in the Bank (real estate), in San Jose, and in the agricultural belt in Palo Alto. Eric Harper is the current star in Irvine. We have a producer in the San Fernando Valley and another in San Francisco that are going gangbusters, with one in Phoenix that's also doing well.

Gary Goddard is now managing the wholesale WC division and will also be managing the program business.

We have an aviation expert, Mike Gardner, who has a program with Fireman's Fund. Another nationwide program is the golf program managed by Rick Siegel out of the Rancho Cordova office, also with Fireman's Fund. The car wash program is with Yorkland right now, and Lynn Harrington is contact.

Cross-sell is going really well. Hartford has stepped up to the plate, and we have written $2 million in business with them. Regionally we have a deal with Chubb in the Southwest and Mountain West to increase production.

The region has too much business in wholesale markets. As a result, we have designated the Grass Valley office to handle small business accounts.

The region needs medical malpractice and ag markets. We need a national agreement for Safeco (they want to appoint an individual in each office and then charge us for that).

We have an exclusive program with Everest National for under $200,000 in premium. For accounts above that, they have appointed a number of southern California brokers, and Acordia is not among them. Everest National appointed brokers that they previously worked with at Kemper. There will be more capacity for Acordia there eventually.

Houston – Judy Rose
The Houston office has a lot of business with AIG, some with Travelers and CNA. We have a lot with E&S markets. The habitational book is more complicated because it is coastal property. We would like to see another market like Amerisure for this business. We are in the process of adjusting the Royal business, now with Allegheny, and currently have $3 or $4 million with Royal.

Texas Mutual is a big market for Texas WC coverage. Texas is one of the few states where WC laws have been effective. The agency is the largest provider of WC coverage in the area.

AIG client services hired a lot of the Chubb staff, but would like feedback on how that's working. Their pricing is not very realistic. They are not sure how Chubb people are going to handle the AIG claims forms.

Small business is a success. We have realized that we can't be everything for everyone. The AmTax Program with American National out of Galveston has a sales force to handle small business. They have an exclusive relationship to contact us. Of the small business accounts, we have about half in service centers. We sold off some of this business a few years ago and decided to get out of small business. Most is with Hartford and Travelers, and we just started with St. Paul.

Midwest – Tina Rickert
The St. Paul relationship in Indiana is flat and in the last year and a half has gotten worse.

The small business program has proven to be more competitive than a year ago.

Atlantic Mutual has no contract in Indiana so this is not an issue. The two accounts in Michigan have been moved.

We don't have a personal lines contract with Hartford, but they are reducing commissions. They say that we will make it up on the back end with profit sharing. Tom Hite mentioned that Hartford has been the most responsive of all carriers in relationship management.

School business continues to be a problem in Indiana. We have a $7 to $8 million book that we need to find home for. Zurich and Hartford have programs for private schools.

The question was raised whether Acordia Corporate intends to issue an opinion letter on the guarantee fund situation. Clients want to know if it's their money or if it's going to become an asset of the fund. **Tom Hite will look into that.**

New business has been off significantly. We are seeing some good opportunities go because Palmer Kay has taken people out of the Marsh office – 31 out of the Detroit office went to Palmer Kay, and 8 out of the Grand Rapids office. The top five or six managers from Marsh went to Willis. This has given us a window. When Palmer Kay gets a producer with a non-compete agreement, they arrange for another producer to write the business for that producer.

The region has committed to grow with Wausau and it's been nearly impossible. They have moved their underwriting to two centers – Downers Grove, Illinois, and El Dorado, Georgia. Their underwriting is not up to speed – they want to write the package, but can't compare to other markets.

Tina asked whether it would be possible to consult with this group before deals are cut so that the group can provide input on the relationships first. We're being given deals that we can't sell. Chubb is still upset because we made promises that we couldn't deliver on.

Midwest – Donna Wilson
Chubb is the go-to market in the Columbus office and in the five offices in Ohio. Cincinnati is the largest producer for Chubb, with an excess of $15 million with Chubb, but is trying to cut that back. The average commission with Chubb is 11%. We have done very well this year with them..They stepped up to the plate on the umbrella for an account.

Last year we were locked in with Travelers, but had a bad loss on one of the habitational accounts. This year Travelers is not allowing habitational business.

CNA has also been a go-to market for this area. We took an account away from Marsh and CNA was the only market that would take it. However, we are worried about all of the negative reports in the news for CNA. They view Acordia in Ohio as a good partner.

We have been extremely successful with Cincinatti, doing $5 or $6 million of business.

The Cleveland office is doing extremely well. We wouldn't be able to be a VIP office with Hartford if it weren't for them.

It is frustrating to do business with AIG, but we are doing a lot of business with them.

So far St. Paul is performing very well although we had a better relationship with Kemper's Greatland. The Cincinnati office is a Top Brass broker now and we hope to have that in Columbus in 2004.

Columbus is a Zurich ZAPP office, but we aren't getting any attention from them.

We have the same problems with Wausau, in spite of attempts to do business with them.

We have one person in the Mid-Atlantic with Acordia Employers Services who is in Columbus because of the acquisition in Columbus. He has been helping with some cross-sell.

Does anyone pay attention to whether we are approved TPA with our carriers? Andy Richardson heads up Acordia Employers Service (TPA). We don't know how many TPAs there are or in what states they operate.

Westfield has come out with a contingency program that is very different from the one we've had before, using nine-month, not annualized, figures.

CNA Presentation – Jan Frank & Doug Eden

Jan Frank – Senior VP, US Field Operations
Doug Eden – SVP, Distribution, P&C Operations

Jan Frank has been with CNA for two years and runs field operations. Prior to that she was chief underwriting officer and head of marketing for St. Paul. Prior to that she was in field operations for Chubb, Fireman's Fund and USF&G. CNA today has a lot of diversity from long-term CNA people and others from other companies.

Doug Eden has been with CNA for a year. He is new to Chicago, previously with Fireman's Fund in San Francisco. He is head of distribution for P&C, which involves agency commissions and compensation. He is responsible for national broker compensation and contracts, cross sell and business communications. P&C includes standard lines, specialty lines and global operations. Global is one of the lesser-known features, but is now at over $1 billion of business.

In June 2003 CNA announced an $380 million loss due to some high losses and some reinsurance recoverables. CNA's Chairman was tired of finding "legacy" issues, and announced that he was bringing in an outside audit firm to review claims practices and reserves and find any remaining legacy issues. A.M. Best said that it has no issues around company leadership or book profile, but had problems with old issues. Moody and S&P put CNA on a negative watch because of these old issues. Fitch took CNA from A to A-. Studies were completed by the end of the third quarter. As a result of the studies, CNA will take a third quarter hit and the owners agreed that it's the right thing to do. CNA has an internal and external capital plan. The Chairman will be meeting with AM Best, S&P, Moody and Fitch, and will make an announcement on October 29. The message is that the company is strong, has money behind it and will move forward.

Reinsurance recoverables are an industry issue, not just CNA issue. Liberty just took a large charge for this. ACE took a charge and just announced that they want to bring in outsiders to make a reserve study. Royal will take a hit. Safeco took a hit on WC lately. Hartford took $2.6 billion reserve charge. Chubb took a $8 million hit. Travelers took $2.6 million, and AIG took $2.8 billion.

New business is up 31% over the prior year. Renewal business is up 7% over the prior year. We are slightly off in MOAC and small business. Altogether, the company is up 13% over the prior year.

The Access CNA Guide online is being updated and will be available to Acordia over next 30 days.

The largest area of growth opportunity for CNA is the small commercial portfolio. The focus in 2004 is on program business. We have a handful of these because of prior relationships and have put together a team to bring together the program business. If Acordia has a program, you might want to talk with CNA. Some program buyers are looking for price only, so CNA will offer a basic product for some programs, and will have various levels of additional coverage depending on the needs of the customer.

CNA has just competed or is finishing rate reviews of the top 30-50 classes that branches have identified as most in demand.

Middle market is a huge operation. CNA is building a strategy for high-end small business and low-end middle market, which will launch around January 1, 2004. In the middle market, CNA is a big player in manufacturing and wholesalers, and likes real estate, services, technology, up-market construction, retail (broad appetite) and property. The company looked at competitors' products and set up gold standards for CNA products. By the middle of November Acordia will receive information about products. Going forward you can choose products for clients based on extensions needed in industry classes. For manufacturing there will be special endorsements.

CNA's Sweet spot for risk management property is $750,000 to $5 million.

Supported and unsupported umbrella is a big event for CNA and we are now asking for that business. Additional capacity should be available in January and the company is working to get a treaty in place.

CNA has done little in the past with agency captives and is again open to looking at them.

Expense management is helping CNA to do all these things. The company took a $250 million expense reduction and eliminated a lot of redundancy in offices. This was also intended to get offices closer to the point of sale. Five regions were set up to support the branch office structure. The company took redundancy out of the home office and asked field offices to do the same.

CNA now has 50 field sales specialists with authority to do deals for Acordia, including D&O field underwriters and technology specialists.

Acordia is a valued business partner. Growth in past experience from independent agents has been phenomenal.

P&C distribution initiatives include cross-sell, diverse market segments, incentive agreements, PACER, global and specialty capabilities.

Umbrella is one of the key focus areas and has been big success, with almost double penetration. To date CNA has cross-sold an additional $200 million in new business including international, surety and construction, professional commercial (private D&O and E&O) and larger monoline accounts. Each branch level has a cross sell goal for 2003 to increase business by 15%, and to date about 20 of 34 branches are on track. In 2004 we will add other focus areas like boiler and machinery and ocean cargo.

Jo Maturo mentioned that the Acordia Florida offices have a good relationship with CNA, but that cross sell is very difficult at times. Florida reviews accounts with the underwriter in advance and is finding that monoline WC accounts are not being renewed even though they are profitable. Jan Frank said that CNA is major WC player in the industry and is trying to balance its portfolio. CNA is currently writing $1 billion in WC, and $30 million is monoline. In Florida CNA is asking offices to try to get other lines to round out the account. CNA will be offering less commission on monoline accounts in 2004. However, it should not be a question of renewing or not renewing. Acordia does not want to move good business just because we can't find another piece of business to place with CNA. Sometimes the client doesn't see the rationale for writing a policy just to keep the WC piece.

The Cincinnati and Columbus, Ohio offices have had some recent successes with CNA. However, we have not been successful on the technology side, in part due to coverage issues. Jan Frank said there may not be enough resources dedicated to that in the area and CNA may not have the coverages.

The CNA value proposition for the customer for cross sell is that CNA offers a wide product portfolio and will be able to customize policies and portfolios for the client. Clients are more likely to renew when they have multiple coverages with a carrier. There are also additional revenue opportunities for brokers with cross-sell. CNA has been trying to provide incentives to its employees to cross sell, even if through a referral to other areas in the company.

Other carriers are asking for the cross-sell business, but not all are refusing to renew business because we can't write other lines with CNA.

Diverse market segments are also providing growth opportunities. CNA has not done as good a job as some of its competitors in tapping the minority small business market and is looking for ways to grow CNA is establishing a basic policy for customers for whom price is the major consideration, and is asking local branches to help source new market segments. Initial findings are that product is less important than price or service to differentiate. Because Acordia is located mainly in suburban secondary markets, this diversification of market by CNA should fit well with Acordia, and could possibly work with Wells Fargo because diversity is important to the Bank.

CNA has a $200 million expansion initiative with a 48-state strategy for 2004, and a separate strategy for California and Florida because of losses in those states. CNA found that its incentive agreements are in some cases double the competition. Changes have been made for 2004 that reduce some HPA (High Performing Agency) and PA (Preferred Agency) factors to be more in line with the competition. While many competitors offer large payouts, they have "trap doors" that reduce the payout if book of business is reduced; CNA will not add those types of penalties. CNA has allowed agents and partners to add special emphasis clauses in small commercial (an agency with 75 policies with CNA and has increase in 10%, can add 3% incentive), cargo (additional earnings for additional business), and risk management property (now called large property). To qualify for HPA, an office must generate at least $2 million in enterprise premium, and have a three-year average loss ratio of 73%. You will get more information on this and will be informed whether your office qualifies for HPA or PA. CNA has offered some of the larger regional broker partners to provide a national or regional incentive where the HPA/PA incentive doesn't work. Acordia could also have better incentives by aggregating business by region. CNA has 33 offices that do business with Acordia – 11 of our offices are HPA, the rest are PA.

Ohio already has one HPA agreement, but this is only a branch for CNA. The Northeast Acordia deal is in addition to local incentives. CNA is willing to structure regional roll-ups based on Acordia needs, but we have to keep in mind that any office that has problems will bring down the total incentive. The group also discussed having a combination contract for Acordia so that we don't have to go through new licensing when we add office.

Donna Maddox commented that we generally have to approach the CNA branch to find out the markets the branch wants to be in; CNA people are not coming to Acordia to introduce themselves. Jan Frank will ask that the regional field sales staff make appointments with the local Acordia offices. CNA has turned over about 70% of field sales management, and now is a good time to reestablish relationships.

In 2004 CNA will add PACER groups for small business and technology committee. They will continue the construction and surety, risk management, and middle market committees. If you want to get involved in any of these, please contact CNA.

Global business for CNA represents about $1 billion. The company has operations in Hawaii and Canada and sees growth in the EU. A call center has been set up in the UK, and PACER has been launched in Europe. Marine cargo, professional liability and travel accident programs work well in Europe. This area will receive more emphasis in 2004. Specialty business is at about $3 billion and has growth significantly in 2002 and 2003; more growth is expected in 2004. Open programs include: financial institutions, insurance companies, investment advisors, life agents, HealthPro, hospitals, advanced medical technology, physicians groups over 20 physicians, lawyer groups over than 30 attorneys, private companies and public companies D&O, E&O and EPL coverage, and transaction facilitation. There are different contacts to access the HealthPro program, and offices need a contract for some of the specialty lines. Doug Eden will get contacts to the group.

Acordia will probably end the year at $93 or $94 million in total P&C with CNA, representing about a 20% increase in new business this year. Commission rates overall seems to be a little higher than elsewhere. These are overall good results and CNA would like to write more business with Acordia, especially in specialty lines. Most of the current business with Acordia is in standard lines.

Acordia would like to do residential construction. CNA has lost $1 billion in construction defects claims in 12 states, with 70% of claim dollars being legal expense. As a result, in the last few weeks CNA issued a notice that will put residential exclusions on contractors with residential exposure. Will not be renewing those policies. This is a very serious issue for CNA. If the risk is over $250 million, CNA can work with us to possibly change deductibles. CNA is the largest national carrier that continues to write sub-contractors. The new head of construction is Tony dePadua (coming from St. Paul). The burden is on Acordia to make sure that contractors understand that if they decide to do residential business they don't have coverage.

Acordia has grown a lot with CNA, mainly due to branch people who are willing to work with us. However, we have had various "emergency" conference calls to announce new restrictions and changes. In the last year there have been a lot of changes and Acordia is wondering when the other shoe is going to drop. CNA was growing very well in WC in Florida but exceeded it's capacity there.

The group felt that Acordia has a good relationship with CNA, but except for Florida, we really don't have much business. Every other location is trending backwards. At the Mid-Atlantic marketing meeting, the issue of the amount of declinations we've been receiving from CNA, mostly on new business, was raised. We need to better understand what CNA wants. Jan Frank has made the commitment that branch managers will contact the committee members to help get things back on track. Will make sure that CNA gives Acordia the necessary resources to be successful.

General Discussion

There have been several emails circulating about Legion. There seems to be a need for help in talking to customers about Legion. Customers want to know if, when, how, they are going to get their money back.

Donna Maddox received a voice mail message from the St. Paul regional contact. St. Paul has a list of currently contracted offices asking whether they need to be included in other contracts. This is a result of our meetings yesterday with St. Paul.

We value our entrepreneurial mind-set, but sometimes we don't get credit with the carriers for being Acordia. This should be an ongoing conversation with carriers. Communication with the field is important when negotiating national deals. It is beneficial when local or regional deals are negotiated that we get feedback on those deals. In some cases we have been able to identify variations in local deals with the same carrier. Very often the carriers themselves don't know what deals they are cutting. When the carrier knows more about deals than we do, they have the power. We need to know what deals we have going. Deals are still regional considerations, but Tom is here to be a resource for offices if we're not getting the deals we need. We now have contacts at the corporate level with carriers that we can use. National deals should be on top of local deals.

Tom Hite and Meg Cipar will try to aggregate information about local deals. Need to know what side agreements (overrides) are in place. Need to know what the standard "top brass" agreement is. Send information to Meg as it comes in. We will follow up with regions that have not responded.

One critical need is for safety nets for our contingency agreements. Fireman's Fund killed us because we went slightly over the loss ratio and got nothing even though we are profitable. The problem is that our volume is growing, and we place business with one carrier because of an incentive, but then miss the incentive award because we miss one target. Many carriers don't understand Acordia's budget process. As an example in the Mid-Atlantic, we were profitable with Travelers in small commercial, middle market, and construction. We made money and moved two large construction accounts. Growth in other two areas was beyond plan, but retention went below 50% in construction and as a result we didn't get any profit sharing. We assumed we would get money from the other two areas.

The group would like to do some contract analysis at a future meeting.

Tom Hite will set a date by the end of the month for the next meeting, to be held in February 2004.

Exhibit 23

Acordia

Corporate Office
150 N. Michigan Avenue, Suite 4100
Chicago, Illinois 60601
Tel: 312.423.2514
Fax: 312.423.2508

MEMORANDUM

DATE	May 28, 2003
TO	All Managing Directors, Regional Managing Directors
FROM	Scott Isaacson
SUBJECT	Consolidation of Kemper Accounts
COPY	Kevin Conboy, Deb Broderick

I wanted to share with you a great opportunity that has been extended to us by The Travelers Small Business unit.

Based on the recent changes at Kemper, Travelers Select Accounts is willing to help us consolidate the business we have with Kemper as quickly as possible.

Kemper's current position is that it will honor outstanding new business quotes and renewal policies with effective dates of May 31, 2003 or earlier. Policies issued within that time frame will be subject to the National Indemnity cut-through agreement. Kemper will not accept any new business, nor will it renew any business after May 31, 2003. In those exceptional cases where quotes on accounts with effective dates after May 31 were released, Kemper will honor those commitments.

Kemper's mid-term cancellation policy will be:

1. Kemper will prorate all cancel and rewrites that are transitioned to St. Paul.
2. Kemper will short rate all other mid-term cancellations except for:
   - Small Business Group policies that have no National Indemnity cut-through agreement attached to them.
   - Policies that were referred to St. Paul for mid-term rewrite, and for which St. Paul was unable or unwilling to provide the required coverage. A copy of the declination letter from St. Paul must be provided for those cancellations to be calculated on a prorate basis.

It's not clear how many Small Business Division customers have the cut-through agreement, so you will need to look for the endorsement (sample attached).

In order to help facilitate the transfer, the Travelers Select team has offered to take a "SWAT team" approach. Travelers will come to your office and help you review your entire Kemper book of business. They are willing to write policies on a short-term basis in an effort to get your customers onto AM Best A++ paper as quickly as possible (recall, Kemper now has a C++ rating.) To compensate you for the work involved in transferring this book, Travelers Select is offering the following override scale:

% of Premium Transferred to Select Accounts	Override Rate	Minimum Premium Required for Override
Less than 50%	0 %	—
51 to 60%	3 %	$100,000
61 to 65%	6 %	$100,000
66 to 75 %	8 %	$100,000
Over 75%	10 %	$100,000

To participate in this program you must contact your local Travelers Select office and arrange a time for them to review the book ***before*** any transfer can be made. You will agree which accounts to transfer, so there will be no question as to the overall available opportunity before you start the process. Once you have agreed upon the accounts to be transferred, you decide on the percentage of accounts to transfer to Travelers. For example, if you have $500,000 overall business with Kemper and Travelers Select identifies $450,000 as the opportunity, the available override will depend on the percentage of the $450,000 you transfer to Travelers Select.

You may also want to take this as an opportunity to review business you have with other carriers. If you have any business with other carriers you would like Travelers to consider, *now is the time to do it! Your local Travelers Select contact is eager to help you consolidate your small business.*

This deal is ***In addition*** to the National Compensation agreement we have with Travelers and any local agreements you may have in place. Workers' Compensation in California or New York may involve some caveats – please be sure to discuss this with your local Travelers Select contact.

I am excited about the opportunity Travelers Select Accounts has presented to us. **No other agencies are being offered these incentives at the premium levels we are being offered.** I recommend you start this process ***as soon as possible*** given the current circumstances surrounding Kemper. Travelers is also very interested in exploring additional opportunities for Commercial Accounts and other business outside of Select, so contact your appropriate Travelers representative.

Scott R. Isaacson
Senior Vice President
Chief Marketing Officer

SRI:mec

Exhibit 24

Acordia, Inc.
111 Monument Circle
Suite 3200
Indianapolis, IN 46204
(317) 488-2514
Fax: (317) 488-2508
E-Mail: charles_ruoff@acordia.com

Charles L. Ruoff, CPCU
Senior Vice President

Acordia

COPY

January 19, 2000

Joe Maher, SVP Commercial Insurance
Fireman's Fund
VIA FACSIMILE (415) 899-3376

Dear Joe:

Further to our conversations during 1999, we realize that some of our market partners could not meet the stipulations of our Millennium Partnership program. We also understood that there was a strong mutual desire to enhance our relationship and grow the business together under some preferential arrangement. As you can appreciate, it is important to us that we not infringe upon the commitment made by our Millennium Partners but we would like to find a middle ground to include Fireman's Fund in our future plans.

In keeping with the above, we have designed the Preferred Market Program to achieve a better working partnership with a selection of important markets. The outline of the program is attached for your review and consideration.

The primary differences with our Millennium Partnership is as follows:

(1) national override and growth incentives can be at least partially adjustable on loss ratio results-this will need to be negotiated;
(2) access to business planning will involve Acordia regional management executives rather then the senior executives of the corporation;
(3) electronic interface will depend upon carrier resources available to us;
(4) quarterly monitoring rather then monthly;
(5) implementation through Acordia National Marketing Committee members.

I look forward to our next meeting when we can discuss further and would welcome any questions or comments you may have at this time. Please give me a call, as we would like to add Fireman's Fund to our Gold list of markets.

Sincerely,

Charles Ruoff
Charles L. Ruoff

CLR/bsv
Attachment

Exhibit 25

Deb Broderick

From: Charlie Ruoff [charlie_ruoff@acordia.com]
Sent: Monday, August 12, 2002 10:11 AM
To: deb_broderick@acordia.com; bob_cuthbert@acordia.com
Subject: Millennium/Preferred Market Budget Overrides for 2003

The estimated budget would be as follows:

	Carrier/Period	Amount
January	None	
February	None	
March	CNA Commercial YR 2002	$540,000
	Travelers Comm'l NB YR 2002	25,000
April	Travelers Comm'l YR 2003	$215,000
	Hartford Comm'l YR 2002	40,000
	St. Paul Comm'l NB YR 2002	15,000
May	Hartford Comm'l YR 2003	$135,000
	Travelers Pers. Lines YR 2002	35,000
	Hartford Pers. Lines YR 2002	25,000
June	Metropolitan Life NB YR 2002	$150,000
	St. Paul Comm'l YR 2003	35,000
	Encompass Pers. Lines YR 2002	85,000
July-December	None	
	TOTAL	$1,300,000

These are based on agreements currently in place.

Charlie Ruoff

ACDHC00010500

Exhibit 26

The St Paul
Property and Liability Insurance

The St. Paul Companies
Marketing & Distribution
385 Washington Street
St. Paul, MN 55102
651.310.7911 Tel
www.stpaul.com

August 20, 2002

Charles L. Ruoff
Acordia, Inc.
150 N. Michigan Ave.
Suite 4100
Chicago, Il 60601

AUG 22 2002

Dear Charlie:

Per your request, enclosed are signed copies of the Acordia, Inc. Agency Agreement Addendum for Service Center Business and Small Commercial Incentive Agreement.

We are looking forward to a jointly successful 2002 and furthering our relationship with you and your associates.

Sincerely,

Mark C. Logan
Distribution Relationship Manager
Marketing & Distribution

Original to Bob Greco
Copy to File

St. Paul Fire and Marine Insurance Company
St. Paul Mercury Insurance Company
St. Paul Guardian Insurance Company
The St. Paul Insurance Company
The St. Paul Insurance Company of Illinois
St. Paul Property and Casualty Insurance Company
St. Paul Fire and Casualty Insurance Company
Athena Assurance Company
St. Paul Medical Liability Insurance Company
St. Paul Insurance Company of North Dakota
United States Fidelity and Guaranty Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Fidelity and Guaranty Insurance Company
USF&G Family Insurance Company
Northbrook Property and Casualty Insurance Company
Seaboard Surety Company
USF&G Insurance Company of Mississippi
American Continental Insurance Company

ACO0001034
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ACORDIA, INC.
SMALL COMMERCIAL INCENTIVE AGREEMENT

This Agreement is between Acordia, Inc. and certain of its offices shown on Exhibit A ("Acordia") and St. Paul Fire and Marine Insurance Company and certain of its affiliated insurance companies, which are listed in the various Agency Agreements for those offices shown on Exhibit A ("Company").

Effective Date

This Agreement shall be effective from January 1, 2002 to December 31, 2002.

Definitions

The following terms when capitalized shall have the meanings set forth below:

1. **"You"** or **"Your"** shall mean Acordia.
2. **"We," "Us"** or **"Our"** shall mean "Company".
3. **"Report"** is the Acordia, Inc. Production/Loss Experience Report or any replacement report furnished quarterly by Us to You.
4. **"Written Premium"** is Your Written Premium placed through Our Small Commercial Business Unit.
5. **"Policies In Force"** is the number of policies in force with the Company's Small Commercial Business Unit at the end of the Current Year less the number of policies in force with Our Small Commercial Business Unit at the end of the Prior Year.
6. **"Earned Premium"** is Your Earned Premium as displayed on Your Report with the same restrictions as shown for Written Premium.
7. **"Calendar Year"** means the time period from January 1 to December 31.
8. **"Current Year"** means the Calendar Year for which the incentive payment is being computed.
9. **"Prior Year"** means the Calendar Year immediately preceding the Current Year.
10. **"Incurred Losses"** shall mean, with respect to Small Commercial business between You and Us, the sum of losses and loss expense paid during the Current Year plus changes in the outstanding loss, loss expense and unallocated loss expense in existence at the end of the Prior Year from those in existence at the end of the Current Year. Incurred Losses shall also include incurred but not reported (IBNR) loss, loss expense and unallocated loss expense as determined by Us and shall include credit for salvage and subrogation recoveries.

11. **"Loss Ratio"** is the ratio of Incurred Losses to Your Earned Premium for the Current Year.

Incentive Payment Calculations

1. An annual override incentive shall be paid on Your Written Premium placed through Our Small Commercial Business Unit. The override incentive will be paid as follows:
   - 0.5% of the Prior Year Written Premium will be paid upon signing this Agreement. If Your Current Year Policies In Force is not 10% greater than Your Prior Year Policies In Force, this portion of the incentive shall be repaid to the Company by February 28, 2003.
   - If the Loss Ratio for Your business written through Our Small Commercial business unit is less than 60% and Your Current Year Policies In Force is 10% greater then Your Prior Year Policies In Force, an additional 0.5% of the Prior Year Written Premium will be paid as soon as is reasonably practicable after the end of the Calendar Year.

2. An additional override incentive will be paid on Your Written Premium based on the schedule outlined below. We will make the calculations and payments for this additional incentive as soon as is reasonably practicable after the end of the Calendar Year.

Incentive Description	Payment Calculation Paid as % of YOUR Current Year Written Premium
1. Policies In Force	
Increase of 10 – 19.9%	0.25%
Increase of 20 – 29.9%	0.375%
Increase of 30% or Greater	0.5%
2. Profitability	
Loss Ratio of 50 – 59.9%	0.25%
Loss Ratio of 40 – 49.9%	0.375%
Loss Ratio of 39.9% or Less	0.5%

Termination

1 We may terminate this Agreement by giving You at least 90 days written notice provided that the last calculation will be made for the entire Calendar Year in which the Agreement is terminated.

2. If any of the individual Agency Agreements between You and Us are, or could have been, terminated for cause, then the Written Premium, Policies in Force, Earned Premium, Incurred Losses and Loss Ratio for that individual office shall not be included in the Incentive Payment Calculation.

General Provisions

1. Our records and computations and all other information pertaining to this Agreement, including interpretation of any calculations required hereunder, shall be binding and conclusive.
2. Your business with the Economy, Northbrook, and USF&G insurance companies, even if prior to those companies becoming part of Us, shall be included in the determination of Policies-In-Force, Written Premium, Earned Premium, Incurred Losses and any resulting ratios.
3. The inclusion of business acquired by You by means of acquisition or merger with another of Our agents or brokers, even if included on Your Report, in determining Your Policies-In-Force, Written Premium, Earned Premium, Incurred Losses and any resulting ratios shall only be as mutually agreed in writing.
4. You may not assign, sell or otherwise transfer any rights under this Agreement without Our express written consent.
5. The interpretation of this Agreement shall be governed by the laws of the State of Minnesota.
6. This Agreement is in addition to other current profit sharing agreements, incentive agreements or arrangements, whether oral or written, between You and Us.
7. This Agreement gives You no other rights except as specifically provided herein and does not in any way affect Your or Our rights or duties under Your Agency Agreements with Us. No provision of this Agreement shall limit Our ability to underwrite, including declining, canceling or nonrenewing, any business submitted by You.
8. We have the right to deduct or set off any amounts You owe Us, or our affiliates, under other agreements, before paying You under this Agreement.
9. All written communications related to this Agreement shall be sent to the following individuals:

Acordia: Charles L. Ruoff CPCU
Senior Vice President, Chief Marketing Officer
Acordia, Inc.
150 N. Michigan Ave., Suite 4100
Chicago, IL 60601

Company: Marc Schmittlein
President, Small Commercial
St. Paul Fire & Marine Insurance Company
5801 Smith Ave.
Baltimore, MD 21209

IN WITNESS WHEREOF, You and We have caused this Agreement to be executed as of this 7 day of August, 2002.

ACCEPTED BY:

St. Paul Fire and Marine Insurance Company

Distribution Relationship Manager

Title

Acordia, Inc.

Senior Vice President

Title

S

Acordia and Wells Fargo Locations
Exhibit A

Agency #	Agency Name	City	State
010026	Duckworth Morris Acordia	Tuscaloosa	AL
020028	Acordia of Arizona	Phoenix	AZ
040453	Acordia of Calif Ins Svcs Inc	San Francisco	CA
045127	Acordia of Calif Ins Svcs Inc	Lodi	CA
050092	Acordia of Colorado Inc	Colorado Spgs	CO
090762	Acordia Southeast Inc	Clearwater	FL
121998	Acordia of Illinois Inc	Schaumburg	IL
130044	Acordia of Indiana LLC	Fort Wayne	IN
160246	Acordia of KY Inc	Louisville	KY
200144	Acordia Northeast Inc	Boston	MA
210781	Acordia of Michigan Inc	Southfield	MI
221023	Acordia of Minnesota Inc	Bloomington	MN
290263	Acordia Northeast	Morristown	NJ
318010	Acordia Northeast	New York	NY
320729	Acordia of North Carolina Inc	Burlington	NC
340030	Acordia/Rauh	Cincinnati	OH
340074	Acordia of Ohio Inc	Dayton	OH
340265	Acordia/McElroy-Minister	Columbus	OH
340690	Acordia of Ohio Inc	Cleveland	OH
341922	Acordia of Ohio Inc	Youngstown	OH
370008	Acordia Northeast	Pittsburgh	PA
370132	Acordia of Pennsylvania	Bala Cynwyd	PA
371046	Acordia Northeast Inc	Mechanicsburg	PA
420847	Acordia West Texas Agency Inc	Lubbock	TX
450674	Acordia Of Virginia Ins Agency	Roanoke	VA
460201	Acordia Northwest Inc	Seattle	WA
470129	Acordia of West Virginia	Charleston	WV
221256	Wells Fargo Insurance Inc	Minneapolis	MN
221780	Wells Fargo Insurance Inc	Marshall	MN
221781	Wells Fargo Insurance Inc	Thief River Falls	MN
260619	Wells Fargo Insurance Inc	Omaha	NE
330327	Wells Fargo Insurance Inc	Fargo	ND
400286	Wells Fargo Insurance Inc	Sioux Falls	SD
430394	Wells Fargo Insurance Inc	Salt Lake City	UT

Premium Collection

All business placed through the Service Center shall be on a direct bill basis. The Company is responsible for billing and collecting all premiums. Any commission due the Agent shall be payable monthly within 15 days after the end of the month in which the amount becomes due. The Agent's name shall be displayed on all policies, renewal certificates and bills.

Revisions to Agreement

The Company may make changes to the terms of this Addendum by giving the Agent at least 90 days written notice.

Termination

This Addendum shall terminate automatically upon termination of an Agent's Agency Agreement with the Company.

This Addendum may be terminated with respect to any or all Agents by either party upon 90 days written notice to the other party, provided that the a final calculation of the service fee will me made with respect to the terminated Agent(s) for the Calendar Year in which the Addendum is terminated.

Commissions

The Agent shall earn commission on business placed through the Service Center as defined below:

SERVICE CENTER COMMISSION SCHEDULE

I.	Automobile	15%
	Exceptions	
	Limousines	12%
	Long Haul	10%
II.	Boiler and Machinery	15%
III.	Casualty	15%
	Occurrence and Claims Made	
	Limited Pollution	
IV.	Crime, Bond and Glass	15%
V.	Excess and Umbrella	15%
VI.	Business Owners Policy	
	New Business Foundation Series **	20%
	Renewal Business Foundation Series	15%
	PACE	15%
VII.	Professional, Directors & Officers, Management Liability and Errors and Omissions	10%
VIII.	Property and Inland Marine	15%
IX.	Workers' Compensation	
	Including Stop Gap Liability	
	Non-Participating	6%
	Participating	Refer to Company
X.	International	15%

** New Business does not include existing St. Paul policyholder business obtained by agent or broker "letter of record," obtained through acquisition of or merger with another agent or broker of Company, obtained by Company's acquisition or merger with another company, or obtained by any cancellation and rewrite.

The rates outlined in the commission Schedule above are distinct and different from the Standard Agency Commission Schedule attached to the Agent's Agency Agreement. The rates outlined above can be changed pursuant to the terms of the Agent's Agency Agreement. Changes to rates of commission placed through the Service Center shall be independent of any other potential change to the St. Paul Agency Commission Schedule.

Service Fees

The Agent will be assessed a service fee on all policies renewed by the Service Center based on the scale below. The service fee will also be assessed for new business, as defined above, that is cross-sold by the Service Center employees. Service fees shall be deducted from commissions paid to the Agent at the rate outlined below.

The service fee Preferred Schedule shall be effective through June 30, 2003. To retain the Preferred Schedule beyond June 30, 2003, the Agent must have at least 65% of its Service Center eligible accounts placed through the Service Center, as measured on June 30 of each year thereafter. If the 65% threshold is not met on any June 30, the service fee Standard Schedule will apply until the 65% threshold is reached on any subsequent June 30. Any adjustment to the service fee Schedule shall be made by the Company as soon after June 30 as possible.

Lines of Business	Preferred Schedule			Standard Schedule		
	New	Renewal	Cross Sold Agent / SC	New	Renewal	Cross Sold Agent / SC
Package, Auto, Umbrella	0%	1%	0% / 1%	0%	2%	0% / 2%
Workers' Compensation	0%	1%	0% / 1%	0%	2%	0% / 2%

Other Conditions

1. The Agent may not assign, sell or otherwise transfer any rights under this Addendum without the Company's express written consent.
2. The interpretation of this Addendum shall be governed by the laws of the State of Minnesota.
3. This Agreement gives the Agent no other rights except as specifically provided herein and does not in any way affect the Agent's or the Company's rights or duties under the Agent's Agency Agreement with the Company. No provision of this Addendum shall limit the Company's ability to underwrite, including declining, canceling or non-renewing, any business submitted by the Agent.
4. Notice to Acordia, Inc. shall constitute notice to all of the Agents.
5. This Addendum is being executed by an authorized representative of Acordia, Inc., and such representative warrants that he/she has authority to sign this Addendum on behalf of all of the Agents shown on Exhibit A.

ACO0001042
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All other terms and conditions of the Agent's Agency Agreement shall remain the same.

IN WITNESS WHEREOF, the Company and the Agent have caused this Addendum to be executed and become effective as of this 7 day of August, 2002.

ACCEPTED BY:

By: ______________________ St. Paul Fire and Marine Ins. Co.

______________________ Agent

Title: Distribution Relationship Manager

Title: Senior Vice President

ACO0001043
CONFIDENTIAL

S

Acordia and Wells Fargo Locations
Exhibit A

Agency #	Agency Name	City	State
010026	Duckworth Morris Acordia	Tuscaloosa	AL
020028	Acordia of Arizona	Phoenix	AZ
040453	Acordia of Calif Ins Svcs Inc	San Francisco	CA
045127	Acordia of Calif Ins Svcs Inc	Lodi	CA
050092	Acordia of Colorado Inc	Colorado Spgs	CO
090762	Acordia Southeast Inc	Clearwater	FL
121998	Acordia of Illinois Inc	Schaumburg	IL
130044	Acordia of Indiana LLC	Fort Wayne	IN
160246	Acordia of KY Inc	Louisville	KY
200144	Acordia Northeast Inc	Boston	MA
210781	Acordia of Michigan Inc	Southfield	MI
221023	Acordia of Minnesota Inc	Bloomington	MN
290263	Acordia Northeast	Morristown	NJ
318010	Acordia Northeast	New York	NY
320729	Acordia of North Carolina Inc	Burlington	NC
340030	Acordia/Rauh	Cincinnati	OH
340074	Acordia of Ohio Inc	Dayton	OH
340265	Acordia/McElroy-Minister	Columbus	OH
340690	Acordia of Ohio Inc	Cleveland	OH
341922	Acordia of Ohio Inc	Youngstown	OH
370008	Acordia Northeast	Pittsburgh	PA
370132	Acordia of Pennsylvania	Bala Cynwyd	PA
371046	Acordia Northeast Inc	Mechanicsburg	PA
420847	Acordia West Texas Agency Inc	Lubbock	TX
450674	Acordia Of Virginia Ins Agency	Roanoke	VA
460201	Acordia Northwest Inc	Seattle	WA
470129	Acordia of West Virginia	Charleston	WV
221256	Wells Fargo Insurance Inc	Minneapolis	MN
221780	Wells Fargo Insurance Inc	Marshall	MN
221781	Wells Fargo Insurance Inc	Thief River Falls	MN
260619	Wells Fargo Insurance Inc	Omaha	NE
330327	Wells Fargo Insurance Inc	Fargo	ND
400286	Wells Fargo Insurance Inc	Sioux Falls	SD
430394	Wells Fargo Insurance Inc	Salt Lake City	UT

Exhibit 27

- Chubb will pay a **5% commission** override on the production of new **Forefront** business. ***(New Acordia business attained via Broker of Record on existing Chubb business or business currently written by Chubb through a wholesale broker will not be eligible for the override payment.)***

- Chubb will pay a **5% commission override** on the production of new **Cargo/Inland Marine** business. ***(New Acordia business attained via Broker of Record on existing Chubb business or business currently written by Chubb through a wholesale broker will not be eligible for the override payment.)***

- Chubb will pay a **5% commission override** on "the production of new business to Acordia and Chubb developed directly from the **Wells Fargo** banking relationships. ***(New Acordia business attained via Broker of Record on existing Chubb business will not be eligible for the override payment.)***

Tactical Plan(s):

- Each Chubb branch manager will meet with their respective Acordia office manager to develop a tactical plan designed to produce the incremental growth results that will result in a pay-out from this special incentive arrangement.

- Each Chubb branch manager will provide their respective Acordia office manager their top five most successful and/or sought after Sic codes with the objective of directing their local Acordia production team towards accounts that have a better chance of success with Chubb.

- Each Chubb branch manager and their EPP manager will develop a Forefront production plan designed to produce increased Forefront submission activity and maximize cross-selling opportunities within Chubb's existing Acordia book of business.

- In conjunction with Mike Slor, Dan Schull and Mark Freeman will devise a **"Wells Fargo Production Plan"** framework to serve as a guide for each Chubb branch office and their respective Acordia office to follow in their effort to maximize joint production opportunities from this key business source.