

Decrease PENALTY RIDER

50 9325
PERFORMANCE BOND

BOND NO. PB00579800022

To be attached and form a part of Bond No. PB00579800022 dated the 20th day of May, 2014, executed by Philadelphia Indemnity Insurance Company as surety, on behalf of Shapell Industries Inc. as current principal of record, and in favor of County of Contra Costa, as Obligee, and in the amount of One Million Seven Hundred Eleven Thousand Dollars and 00/100 (\$1,711,000.00).

In consideration of the agreed premium charged for this bond, it is understood and agreed that Philadelphia Indemnity Insurance Company hereby consents that effective from the 3rd day of November, 2014, said bond shall be amended as follows:

THE BOND PENALTY SHALL BE Decreased:

FROM: One Million Seven Hundred Eleven Thousand Dollars and 00/100 (\$1,711,000.00)

TO: Two Hundred Fifty Six Thousand Six Hundred Fifty Dollars and 00/100 (\$256,650.00)

The Decrease of said bond penalty shall be effective as of the 3rd day of November, 2014, and does hereby agree that the continuity of protection under said bond subject to changes in penalty shall not be impaired hereby, provided that the aggregate liability of the above mentioned bond shall not exceed the amount of liability assumed by it at the time the act and/or acts of default were committed and in no event shall such liability be cumulative.

Signed, sealed and dated this 4th day of November, 2014.

BY: _____

Shapell Industries Inc.
PRINCIPAL

Philadelphia Indemnity Insurance Company
SURETY

BY: _____

Daniel P. Dunigan, ATTORNEY-IN-FACT

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

State of PENNSYLVANIA

County of CHESTER

On NOVEMBER 4, 2014

Date

before me,

ARLENE OSTROFF

NOTARY PUBLIC

Name and Title of Notary

personally appeared DANIEL P. DUNIGAN

Name and or Names of Signer(s)

Who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

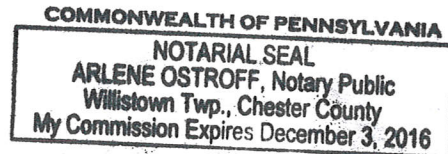
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature

Notary Public Signature

Place Notary Public Seal Above



OPTIONAL

Though the information below is not required by law, it may prove valuable to the persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document _____

Document Date _____ Number of Pages: _____

Signer's Name: _____

- ☐ Individual
- ☐ Corporate Officer – Title(s): _____
- ☐ Partner - ☐ Limited ☐ General
- ☐ Guardian or Conservator
- ☒ Attorney-in-Fact
- ☐ Trustee
- ☐ Other: _____

Signer is representing _____

PHILADELPHIA INDEMNITY INSURANCE COMPANY

RIGHT THUMBPRINT
OF SIGNER
Top of thumb

- ☐ Individual
- ☐ Corporate Officer – Title(s): _____
- ☐ Partner - ☐ Limited ☐ General
- ☐ Guardian or Conservator
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Other: _____

Signer is representing _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb

PHILADELPHIA INDEMNITY INSURANCE COMPANY

231 St. Asaph's Rd., Suite 100
Bala Cynwyd, PA 19004-0950

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS: that **PHILADELPHIA INDEMNITY INSURANCE COMPANY** (the Company), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, does hereby constitute and appoint **Joseph W. Kolok, James L. Hahn, Daniel P. Dunigan, Richard J. Decker, Brian C. Block & William F. Simkiss of the The Simkiss Agency, Inc., Paoli, PA**

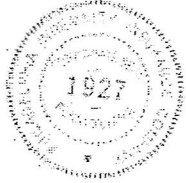
Its true and lawful Attorney(s) in fact with full authority to execute on its behalf bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, issued in the course of its business and to bind the Company thereby, in an amount not to exceed **\$7,500,000.00**.

This Power of Attorney is granted and is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of **PHILADELPHIA INDEMNITY INSURANCE COMPANY** at a meeting duly called the 1st day of July, 2011.

RESOLVED: That the Board of Directors hereby authorizes the President or any Vice President of the Company to: (1) Appoint Attorney(s) in Fact and authorize the Attorney(s) in Fact to execute on behalf of the Company bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof and to attach the seal of the Company thereto; and (2) to remove, at any time, any such Attorney-in-Fact and revoke the authority given. And, be it

FURTHER RESOLVED: That the signatures of such officers and the seal of the Company may be affixed to any such Power of Attorney or certificate relating thereto by facsimile, and any such Power of Attorney so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with the respect to any bond or undertaking to which it is attached.

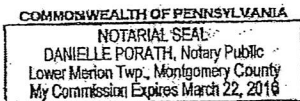
IN TESTIMONY WHEREOF, **PHILADELPHIA INDEMNITY INSURANCE COMPANY** HAS CAUSED THIS INSTRUMENT TO BE SIGNED AND ITS CORPORATE SEAL TO BE AFFIXED BY ITS AUTHORIZED OFFICE THIS 7TH DAY OF FEBRUARY 2013.



(Seal)

Robert D. O'Leary Jr., President & CEO
Philadelphia Indemnity Insurance Company

On this 7th day of February 2013, before me came the individual who executed the preceding instrument, to me personally known, and being by me duly sworn said that he is the therein described and authorized officer of the **PHILADELPHIA INDEMNITY INSURANCE COMPANY**; that the seal affixed to said instrument is the Corporate seal of said Company; that the said Corporate Seal and his signature were duly affixed.



Notary Public:

residing at:

Bala Cynwyd, PA

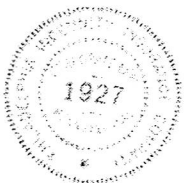
(Notary Seal)

My commission expires:

March 22, 2016

I, Craig P. Keller, Executive Vice President, Chief Financial Officer and Secretary of **PHILADELPHIA INDEMNITY INSURANCE COMPANY**, do hereby certify that the foregoing resolution of the Board of Directors and this Power of Attorney issued pursuant thereto are true and correct and are still in full force and effect. I do further certify that Robert D. O'Leary Jr., who executed the Power of Attorney as President, was on the date of execution of the attached Power of Attorney the duly elected President of **PHILADELPHIA INDEMNITY INSURANCE COMPANY**,

In Testimony Whereof I have subscribed my name and affixed the facsimile seal of each Company this 4TH day of NOVEMBER, 2014.



Craig P. Keller, Executive Vice President, Chief Financial Officer & Secretary
PHILADELPHIA INDEMNITY INSURANCE COMPANY

PHILADELPHIA INDEMNITY INSURANCE COMPANY
Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus

Admitted Assets

	<u>As of December 31,</u>	
	<u>2013</u>	<u>2012</u>
Bonds, at statement value (market value \$5,687,336,332 and \$5,554,079,175)	\$ 5,603,006,398	\$ 5,148,801,438
Common stocks, at fair value (cost \$3,594,300 and \$6,228,900)	3,594,300	6,228,900
Other invested assets	26,678,075	-
Cash, cash equivalents and short-term investments	2,440,431	81,992,739
Receivable for sold securities	-	126,883
Cash and invested assets	5,635,719,204	5,237,149,960
Premiums receivable, agents' balances and other receivables	626,336,508	527,610,866
Reinsurance receivable on paid losses	26,175,896	28,657,053
Accrued investment income	61,467,019	57,334,128
Receivable from affiliates	2,947,843	7,831,835
Net deferred tax asset	162,476,407	160,215,214
Federal income taxes receivable	10,908,926	28,147,210
Guaranty funds receivable	29,240	323,335
Total admitted assets	<u>\$ 6,526,061,043</u>	<u>\$ 6,047,269,601</u>

Liabilities and Capital and Surplus

Liabilities:

Unpaid loss and loss adjustment expenses	\$ 2,895,803,181	\$ 2,653,172,627
Unearned premiums	1,164,576,407	1,077,599,587
Reinsurance payable on paid loss and loss adjustment expenses	3,621,130	7,839,717
Ceded reinsurance premiums payable	63,155,239	59,827,255
Commissions payable, contingent commissions and other similar charges	204,448,194	178,129,692
Accrued expenses and other liabilities	31,505,102	29,154,215
Payable to affiliates	4,695,153	5,445,626
Provision for reinsurance	1,322,899	1,397,979
Payable for policyholders' dividends	220,233	-
Payable for purchased securities	-	17,524,284
Total liabilities	<u>\$ 4,369,347,538</u>	<u>\$ 4,030,090,982</u>

Capital:

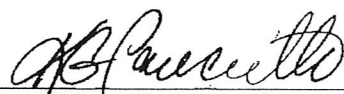
Common stock, par value of \$10 per share; 1,000,000 shares authorized, 359,995 shares issued and outstanding	<u>3,599,950</u>	<u>3,599,950</u>
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Surplus:

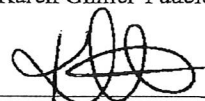
Gross paid-in and contributed surplus	386,970,317	386,970,317
Unassigned surplus	1,766,143,238	1,626,608,352
Total surplus	<u>2,153,113,555</u>	<u>2,013,578,669</u>
Total capital and surplus	<u>2,156,713,505</u>	<u>2,017,178,619</u>
Total liabilities and capital and surplus	<u>\$ 6,526,061,043</u>	<u>\$ 6,047,269,601</u>

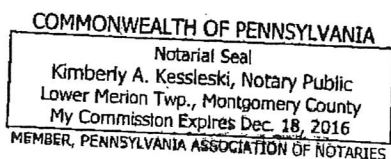
The undersigned, being duly sworn, says: That she is the Executive Vice President and Chief Financial Officer of Philadelphia Indemnity Insurance Company; that said Company is a corporation duly organized in the state of Pennsylvania, and licensed and engaged in the State of Pennsylvania and has duly complied with all the requirements of the laws of the said State applicable of the said Company and is duly qualified to act as Surety under such laws; that said Company has also complied with and is duly qualified to act as Surety under the Act of Congress. And that to the best of her knowledge and belief the above statement is a full, true and correct statement of

Attest:


 Karen Gilmer-Pauciello, EVP & CFO

Sworn to before me this 5th day of June 2014.


 Kimberly Kessleski, Notary



CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

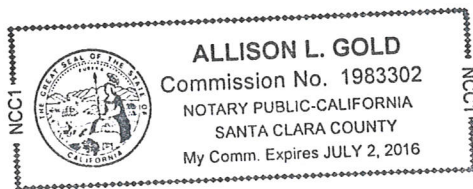
State of California

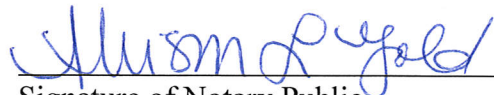
County of Alameda

On **November 11, 2014**, before me, **Allison L. Gold**, Notary Public personally appeared **Robert D. Moore** who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.




Signature of Notary Public

Title or Type of Document: **Decrease Penalty Rider**

Effective 1/1/08