



**REIMBURSEMENT AGREEMENT**

This is an agreement of reimbursement between Liberty Mutual and the Policyholder with regard to any taxes, assessments or other charges including interest, fines or penalty charges thereon attributable to any deductible amount under the Insurance Policies and renewals or rewrites thereof to which Liberty Mutual Agreement for Guarantee of Deductible and/or Loss Limit Reimbursement #7958 ( hereinafter "Agreement")applies.

WHEREAS, Liberty Mutual has charged Policyholder only a portion of the premium Liberty Mutual would normally charge for policies without a deductible provision; and WHEREAS, it is the intent of the parties to enter into an agreement which will hold Liberty Mutual harmless for any taxes and charges which would have been payable respecting the Insurance Policies had there been no deductible provisions applicable to the Policies;

NOW THEREFORE, Liberty Mutual and Policyholder hereby agree as follows:

1. The definitions, terms and conditions of paragraphs 1. Liberty Mutual and 2. Policyholder of the Agreement are incorporated by reference into and made part of this Reimbursement Agreement.

**2. Reimbursement.** Policyholder agrees to reimburse Liberty Mutual, upon notification, for the following to the extent attributable to deductible amounts under the Insurance Policies and which amounts were not previously captured or reflected in the applicable rating plan(s): (1) premium taxes or other taxes and any interest, fines or penalty charges thereon, which are based upon, or otherwise related to, premiums, losses or expenses and (2) assessments or other charges by what ever name imposed, including but not limited to those that relate to any second injury fund, to any guaranty fund, to any residual market, any reinsurance pool, or other plan or mechanism in any state, the principal purpose of which is to provide insurance that might otherwise be unavailable and any interest, fines or penalty charges thereon. Liberty Mutual shall give the Policyholder reasonable notice of any proceeding to assess liability for any such taxes, assessments or charges and shall make such legal efforts to avoid liability therefore which, under all the circumstances can be deemed to be reasonable and prudent; but Liberty Mutual need not make any such legal efforts which in its judgment, exercised in a reasonable manner, and considering all relevant circumstances including the following, appear to be unwarranted: the prospects for success; the amount of potential liability; the number of years affected; the value of the case as precedent; the time and expense involved; the potential effects on its other business; and other circumstances which to a reasonable and prudent observer are relevant.

Accepted for City of Austin

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DATED

Accepted for Liberty Mutual

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AUTHORIZED AGENT

March 1, 2010

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DATED