

## CLASS D COMMON STOCK SUBSCRIPTION INSTRUCTIONS

The Liability Risk Retention Act of 1986 and the Captive Insurance Act of Vermont requires that each insured of the Company be a stockholder. Therefore, each prospective insured of the Company will receive one share of the Company's common stock upon the Company's acceptance of the applicant as an insured.

Each applicant, who is approved as an insured of the Company, is required to:

- (1) COMPLETE AND SIGN THE ATTACHED CLASS D COMMON STOCK SUBSCRIPTION AND STOCKHOLDERS AGREEMENT,
- (2) MAKE FULL PAYMENT FOR THE INSURED'S PREMIUM BY CHECK, BANK DRAFT OR MONEY ORDER PAYABLE TO "AMERICAN SAFETY RISK RETENTION GROUP, INC."; and
- (3) DELIVER THE SUBSCRIPTION AND STOCKHOLDERS AGREEMENT, TOGETHER WITH THE INSURED'S PREMIUM, TO AMERICAN SAFETY RISK RETENTION GROUP, INC.

## CLASS D COMMON STOCK

### SUBSCRIPTION AND STOCKHOLDERS AGREEMENT

This Subscription and Stockholders Agreement (the "Agreement") is made by and among AMERICAN SAFETY RISK RETENTION GROUP, INC., a Vermont corporation (herein referred to as the "Company"), the undersigned purchaser therein referred to as the "Purchaser", and those other purchasers who have or subsequently become, in accordance with the provisions hereof, parties to this Agreement (herein referred to collectively as the "Other Purchasers").

#### WITNESSETH:

WHEREAS, the Company has been organized pursuant to the Liability Risk Retention Act of 1986 as a risk retention group under the laws of the State of Vermont as a stock captive insurance company underwriting commercial general and pollution liability insurance for asbestos abatement and environmental remediation contractors, professionals, building owners and other asbestos abatement and environmental remediation related businesses;

WHEREAS, the Liability Risk Retention Act of 1986 and the Captive Insurance Company Act of Vermont require that each insured be a stockholder of the Company and each stockholder be an insured of the Company; therefore, each prospective insured of the Company will be required to receive one share of the Company's common stock upon the Company's acceptance of the applicant as an insured;

WHEREAS, the Purchaser has made application to obtain insurance from the Company and upon acceptance as an insured is required to purchase one share of the Company's Class D common stock (the "Class D Shares");

NOW, THEREFORE, for and in consideration of mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged. the parties hereto agree and covenant as follows:

*1. Risk Retention Group.*

The Purchaser acknowledges and agrees that the Company, as a risk retention group under the Liability Risk Retention Act of 1986 and the Captive Insurance Company Act of Vermont, requires that each insured be a stockholder of the Company and each stockholder be an insured of the Company.

2. *Subscription for Class D Shares.*

The Purchaser hereby agrees to receive from the Company, and the Company hereby agrees to issue to the Purchaser, subject to the Company's acceptance of the Purchaser as an insured, one Class D Share pursuant to the terms and conditions set forth herein and in the Company's Articles of Association.

3. *Purchaser Representations.*

The Purchaser represents and warrants:

(a) that Purchaser has carefully reviewed the Company's insurance program materials and other information which Purchaser considers necessary or appropriate to evaluate the Company's insurance program and operations as well as the merits and risks of the Company's Class D Shares, and has had the opportunity to ask questions of and receive answers from representatives of the Company regarding the Company, the insurance program, and the Class D Shares;

(b) that Purchaser has made application to obtain insurance from the Company and that all statements, representations and warranties contained in the application for the insurance policy offered by the Company as well as the statements, representations and warranties of the Purchaser contained in this Agreement are accurate and true;

(c) that Purchaser has substantial business and insurance experience and is capable of evaluating the Company's insurance program and operations;

(d) that Purchaser has full power, capacity and authority to execute, deliver and perform this Agreement and that this Agreement has been duly authorized, executed and delivered by the Purchaser and evidences a valid and binding obligation of the Purchaser enforceable in accordance with its terms;

(e) that Purchaser is receiving the Class D Share for its own account and not with a view to sale or transfer thereof; and transfer of the Shares is restricted as provided herein;

(f) that Purchaser understands that the Class D Shares are exempted as securities for purposes of the registration provisions of the federal securities laws and are not considered securities for purposes of any state securities laws.

(g) that Purchaser understands and agrees that the Company is relying on the statements, representations and warranties made by the Purchaser and contained in the application for the insurance policy offered by the Company as well as the statements, representations and warranties of the Purchaser contained in this Agreement;

4. *Transfer Restrictions.*

The Purchaser hereby agrees that it will not sell, assign, transfer, gift, hypothecate, pledge, encumber or otherwise dispose of the Class D Share nor shall the Class D Share be transferable to any person, corporation, partnership or other entity in any manner, including, without limitation, assignment, gift, bequest, intestacy, seizure or sale by legal process. The foregoing transfer restrictions shall not apply to any transfer by operation of law to any successor-in-interest to the business of the Purchaser pursuant to merger, consolidation, reorganization or other changes in corporate structure, so long as (i) the Company approves the eligibility for insurance of such successor-in-interest, and (ii) such successor-in-interest continues to be insured by the Company. Any transfer or sale, or purported transfer or sale, of Class D Shares in violation of this Agreement or applicable federal or state law shall be null and void and ineffective as against the Company.

5. *Restrictive Legend.*

All certificates representing the Class D Shares of the Company now or hereafter subject to this Agreement shall have the following legend written, stamped, or printed on the face or reverse thereof reading substantially as follows:

THIS SHARE CERTIFICATE IS ISSUED ONLY TO AN INSURED OF THE COMPANY. THE SHARE EVIDENCED BY THIS CERTIFICATE HAS BEEN ISSUED TO THE HOLDER FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO SALE OR TRANSFER THEREOF. THE SHARE EVIDENCED BY THIS CERTIFICATE MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, GIFTED, HYPOTHECATED, PLEDGED OR ENCUMBERED OR OTHERWISE DISPOSED OF EXCEPT IN ACCORDANCE WITH THE TERMS OF THE SUBSCRIPTION AND STOCKHOLDERS AGREEMENT BETWEEN THE COMPANY, THE REGISTERED HOLDER HEREOF, AND OTHER STOCKHOLDERS, A COPY OF WHICH IS ON FILE AT THE OFFICES OF THE COMPANY.

PURSUANT TO THE LIABILITY RISK RETENTION ACT OF 1986, THE SHARE EVIDENCED BY THIS CERTIFICATE IS EXEMPTED FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND IS NOT CONSIDERED A SECURITY FOR PURPOSES OF ANY STATE SECURITIES LAWS. ACCORDINGLY, NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS REVIEWED THE MERITS OF OR APPROVED THE OFFERING.

6. *Status of Stockholder/Insured.*

The Purchaser acknowledges that no assurance can be given and no representation is hereby made by the Company that the Purchaser will be automatically entitled to continuation of liability insurance coverage, or renewal of such coverage, by virtue of its receipt of the Class D Share in view of the Company's Guidelines for Insureds and underwriting and other criteria established by the Company, as modified or changed from time to time.

The Purchaser acknowledges that, in the event a Purchaser fails to maintain liability insurance coverage with the Company or in the event a Purchaser subsequently fails to qualify as an insured pursuant to the Company's Guidelines for Insureds and underwriting and other criteria established by the Company, as modified or changed from time to time, such Purchaser's Class D Share shall automatically become treasury stock of the Company without further action by the Company or the Purchaser, and such Purchaser shall no longer be a stockholder of the Company and shall not receive the return of any premium or other consideration with respect to the Class D Share.

7. *Capital Shares.*

The Company is currently authorized by its Articles of Association to issue five classes of common stock with the following voting rights: (i) Class A common stock ("Class A Shares") with one vote per share, (ii) Class B common stock ("Class B Shares") with one vote per share, (iii) Class C common stock ("Class C Shares") with 1/10 vote per share, (iv) Class D common stock ("Class D Shares") with 1/10 vote per share and (v) Class E common stock ("Class E Shares") with 1/10 vote per share. The Class A Shares, Class B Shares, Class C Shares, Class D Shares and Class E Shares vote on all matters as one combined class to the extent allowed under the Vermont Business Corporation Act.

The Purchaser acknowledges that, in connection with the organization of the Company, the Company issued 100 shares, in the aggregate, of its Class B Shares to the organizing stockholders/insureds in consideration for their causing the issuance of a letter of credit on behalf of the Company in the amount of \$1,000,000 in favor of the Vermont Commissioner of Banking, Insurance and Securities. The Purchaser acknowledges and agrees that such Class B Shares have redemption rights which take precedence over the Class A Shares, Class C Shares, Class D Shares and Class E Shares, and that the Board of Directors of the Company intends to redeem the Class B Common Stock to the extent the Company has available capital surplus reserves. Subject to the foregoing, the Board of Directors of the Company has no plans to initiate the payment of any cash dividends or other distributions to holders of Class A Shares, Class C Shares, Class D Shares or Class E Shares.

8. *Indemnification and Liability of Directors and Officers.*

The Purchaser acknowledges that the Company's By-Laws contain indemnification provisions pursuant to which the Company will indemnify and hold harmless the Company's directors, officers, employees and agents, subject to the provisions of the Vermont Business Corporation Act, as amended from time to time. The Purchaser further acknowledges and agrees that the Purchaser shall have no pre-emptive right to acquire any shares subsequently issued or proposed to be issued by the Company.

9. *Miscellaneous Provisions.*

9.1 *Consent to Amendments.* This Agreement may not be amended except upon the written consent of parties to this Agreement or consent of stockholders holding at least 51% of the Class D Shares outstanding at such time.

9.2 *Survival of Representations and Warranties.* All representations and warranties contained herein or made in writing by any party in connection herewith will survive (i) the execution and delivery of this Agreement, regardless of any investigation made by the Purchaser or on its behalf, and (ii) the consummation of the investment. Except as otherwise provided in the foregoing sentence, this Agreement embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof.

9.3 *Successors and Assigns.* A Purchaser shall not transfer or assign this Agreement or any of its interest herein, except as set forth in Section 4 hereof. Subject to the foregoing and except as otherwise expressly provided herein, all covenants and agreements contained in this Agreement by or on behalf of any of the parties hereto will bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto.

9.4 *Severability.* Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

9.5 *Counterparts.* This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument, and any party hereto may execute this instrument by signing any such counterpart.

9.6 *Descriptive Headings.* The descriptive headings of the Agreement are inserted for convenience only and do not constitute a part of this Agreement.

9.7 *Governing Law.* This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Vermont, without regard to the conflicts of law rules thereof.

9.8 *Notices.* All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given when delivered personally or mailed by certified or registered mail, return receipt requested and postage prepaid, to the recipient. Such notices, demands and other communications will be sent to the Purchaser at the address set forth below and to the Company at 102 South Winooski Avenue, Burlington, Vermont 05401 or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party.

In witness WHEREOF. the parties hereto acknowledge having read this Agreement and understand and consent to be bound by all its terms and conditions as evidenced by their signatures hereto.

PURCHASER:

COMPANY:

\_\_\_\_\_  
(Print Purchaser's or Company's Name)

AMERICAN SAFETY RISK  
RETENTION  
GROUP, INC.

By: \_\_\_\_\_  
Signature

By: \_\_\_\_\_

Title: President

Print  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

Principal Business Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OTHER PURCHASERS:

THOSE OTHER PURCHASERS WHO  
HAVE OR SUBSEQUENTLY  
BECOME,  
IN ACCORDANCE WITH THE  
PROVISIONS HEREOF, PARTIES  
TO THIS AGREEMENT.

Date of  
Execution: \_\_\_\_\_

