

**INTERCOMPANY SERVICES AGREEMENT
AMONG
HINGHAM MUTUAL FIRE INSURANCE COMPANY,
NEW LONDON COUNTY MUTUAL INSURANCE COMPANY,
THAMES INSURANCE COMPANY, INC.
AND
DANBURY INSURANCE COMPANY**

This Intercompany Services Agreement (this "Agreement") is made as of _____, 2010, by and among Hingham Mutual Fire Insurance Company ("Hingham"), Danbury Insurance Company ("Danbury"), Thames Insurance Company, Inc. ("Thames") (Hingham, Danbury and Thames are collectively referred to as the "Companies") and New London County Mutual Insurance Company ("NLCM" and, collectively with the Companies, the "Group").

WITNESSETH

WHEREAS, NLCM and the Companies are property and casualty insurers transacting business in New England;

WHEREAS, NLCM and Hingham desire to affiliate their operations (the "Affiliation") and to do business as affiliated companies in accordance with that certain Affiliation Agreement dated June 9, 2010 by and between NLCM and Hingham (the "Affiliation Agreement");

WHEREAS, concurrent with the execution of this Agreement, NLCM and the Companies will enter into that certain Pooling Agreement dated _____, 2010 (the "Reinsurance Pooling Agreement"), by which NLCM will reinsure 100 % of the Net Liabilities (as defined in the Reinsurance Pooling Agreement) of the Companies as of January 1, 2010 in respect of business written or assumed prior to such date and in respect of new and renewal business written or assumed by the Companies from and after January 1, 2010 while the Reinsurance Pooling Agreement is in effect, and NLCM will, in turn, cede and retrocede to the Companies in their Respective Percentages (as defined in the Reinsurance Pooling Agreement) NLCM's Net Liabilities as of January 1, 2010 in respect of business written or assumed prior to such date and in respect of new and renewal business written or assumed by NLCM from and after January 1, 2010 while the Reinsurance Pooling Agreement is in effect (the "Pooled Business");

WHEREAS, NLCM and the Companies, as part of the Affiliation and entry into the Reinsurance Pooling Agreement, will routinely share personnel, facilities, equipment and services; and

WHEREAS, NLCM and the Companies desire to allocate costs, facilities and resources among the Group, and the Companies desire to delegate claims services, actuarial services, reinsurance purchasing, accounting and certain other administrative functions to NLCM in respect of the Pooled Business, as set forth herein, and NLCM desires to assume responsibility for these administrative functions pursuant to the terms and conditions provided herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, NLCM and the Companies hereby agree as follows:

ARTICLE I
SERVICES TO BE PROVIDED BY NLCM

A. On the terms and subject to the conditions set forth in this Agreement, each of the Companies hereby engages NLCM to assist the Companies in the establishment, conduct and management of their business and operations as hereinafter set forth. NLCM shall, at a minimum, provide the following services:

- (i) development, implementation and maintenance for the use and benefit of the Group of a multi-variant rating system and an agency “real time rating” system;
- (ii) provision of support systems and equipment to process and account for the business of the Group;
- (iii) provision directly or through a third party administrator of claims administration services in connection with risks underwritten by members of the Group (including as necessary the review and implementation of technology or processes for reporting of policyholder losses) and the defense and prosecution of any litigation related thereto;
- (iv) coordination, placement and administration of all reinsurance arrangements for the Group, including the collection of all reinsurance recoveries due thereunder to members of the Group;
- (v) coordination, oversight and allocation among the Group members of responsibility for performance of all services required to administer the Reinsurance Pooling Agreement;
- (vi) coordination of, assistance with or performance of all actuarial functions for the Group;
- (vii) assistance with underwriting insurance risks; and
- (viii) assistance with corporate communications, human resources and benefit plan administration.

B. NLCM will coordinate the allocation of the combined resources of the Group among NLCM and the Companies, and at NLCM’s option, will arrange for or provide directly to each Company such services as NLCM shall from time to time determine necessary or advisable in order to assist the Companies in the conduct and management of their business.

C. Each of the Companies agrees to provide prompt notice to NLCM of any notice of litigation, arbitration or other legal proceeding or inquiry, or any investigation, examination, audit or proceeding by any governmental authority, that has been instituted or threatened in writing under or in respect of any Pooled Business issued or assumed by such Company.

D. Each of the Companies agrees to cooperate with NLCM in the performance of NLCM’s obligations under this Agreement, including the administration of the Pooled Business.

E. Notwithstanding the foregoing, the Companies shall retain exclusive authority with respect to all matters relating to the management of their business and operations. This Agreement is not intended to transfer to NLCM substantial control of the Companies or any powers vested in their boards of directors by statute, their articles of incorporation, or bylaws.

ARTICLE II **EXPENSES**

A. All costs, facilities and resources enumerated in Sections II.C and II.D below shall be allocated by NLCM among the Group at their actual cost to NLCM or any Company in accordance with the percentages set forth in Attachment A to the Reinsurance Pooling Agreement (as amended and in effect from time to time, the "Allocation Schedule").

B. NLCM reserves the right to bypass the allocation of costs in accordance with the Allocation Schedule if NLCM determines in its good faith judgment that the costs are insignificant to the management of the Group as a whole and the absence of such allocation does not have a material affect on the financial results of the affected members of the Group.

C. The following costs will be allocated among the Group in accordance with the Allocation Schedule: costs associated with the services provided in Section I.B., salaries and compensation, advertising expenses, commissions to agents, fees payable to boards and bureaus and associations, payroll taxes, employee relations expenses, insurance costs, director fees, travel expenses, rent, equipment (hardware and software) expenses, printing and stationery, office supplies, postage, telephone and communications systems, investment custodian fees, investment adviser fees, legal and auditing fees and other expenses determined by NLCM to be appropriate for allocation among the Group from time to time.

D. All claims expenses (whether allocated or unallocated) will be allocated in accordance with the percentages set forth in the Allocation Schedule, including all claims operations expenses, outside adjusters and attorneys' fees and other appropriate charges considered overhead (including, by way of example only, rent, technology costs and other similar expenses) attributable to the administration of claims on behalf of the Group.

E. The following items will not be allocated among the Group, and will remain obligations or assets of each of NLCM or the Company incurring the same: investment income, depreciation on real estate, investment gains or losses, fixed asset gains or losses, service charges, accounts receivable charge offs, federal taxes, and change in value of COLI. NLCM and the Companies may consider excluding other items of a similar nature.

F. Following the date of the closing of the transaction contemplated by the Affiliation Agreement (the "Closing Date"), NLCM shall prepare and distribute to the Companies a calculation of amount due NLCM and each of the Companies from the other Companies and NLCM under the terms of this Agreement in respect of activity during the period from January 1, 2010 through the Closing Date, including Net Premium (as defined in the Reinsurance Pooling Agreement) written, Net Liabilities (as defined in the Reinsurance Pooling Agreement) paid and expenses incurred during such period. Each of the Companies shall have the opportunity to comment on and dispute such calculation

within thirty (30) days after the receipt of such calculation. Settlements of such amounts due shall be made within ninety (90) days after the Closing Date in accordance with the Reinsurance Pooling Agreement. Partial settlements of amounts owed between the parties for such period may be made from time to time prior to the date that is ninety (90) days following the Closing Date in the good faith reasonable discretion of NLCM.

G. From and after the Closing Date, NLCM shall prepare quarterly reports of the amounts due NLCM and each of the Companies from the other Companies and NLCM under the terms of this Agreement and the Services Agreement in respect of the preceding calendar quarter (in each case, a “Quarterly Settlement Statement”); provided, however, that the first Quarterly Settlement Statement shall cover only the period between the Closing Date and the end of the calendar quarter during which the Closing Date occurred. Settlements of such amounts due shall be made within ninety (90) days after the end of each calendar quarter in accordance with the Reinsurance Pooling Agreement. Interim partial settlements may be made from time to time in the good faith reasonable discretion of NLCM.

ARTICLE III TERM

The term of this Agreement shall commence on the date hereof and shall automatically renew from year to year on the anniversary of the effective date of this Agreement and remain in force until terminated as provided in Article IV.

ARTICLE IV TERMINATION

- A. This Agreement may be terminated:
- (i) in its entirety by the mutual consent of NLCM and each of the Companies (as approved by the board of directors of each of the Companies); provided, however, that until the sixth anniversary of the Closing Date, Hingham shall not agree to terminate this Agreement unless prior thereto the directors constituting at least two-thirds of the number of directors prescribed in Article Three, Section 3.2 of the Hingham Bylaws affirmatively vote to approve such termination at an annual meeting or any special meeting of the Hingham board of directors called for that purpose and Danbury shall not agree to terminate this Agreement unless prior thereto the directors constituting at least two-thirds of the number of directors prescribed in the Danbury Bylaws affirmatively vote to approve such termination at an annual meeting or any special meeting of the Danbury board of directors called for that purpose; or
 - (ii) as to any Company upon the date which such Company ceases to be a Pool Member as defined in the Reinsurance Pooling Agreement and all of such Pool Member’s liabilities under the Reinsurance Pooling Agreement are extinguished; provided, however, that following a Company’s termination of its participation under the Reinsurance Pooling Agreement, this Agreement shall apply to only those policies of the terminating Pool Member that continue to be reinsured under the Reinsurance Pooling Agreement following such termination (i.e., the insurance policies issued or

assumed by such Pool Member that were in force on the effective date of termination until the liabilities thereunder are run-off).

B. Except as otherwise agreed in writing between the parties hereto, upon the termination of this Agreement, NLCM and any Company shall not be relieved of nor released from any obligations in this Agreement with regard to payments, expenses, reports, accounting and handling of the outstanding business existing on the date of such termination. It is agreed between the parties that they will cooperate in the handling of all such business and that NLCM shall continue to perform all its duties under this Agreement and shall remain responsible for all administrative services with respect to the outstanding business existing on the date of such termination as if this Agreement had not been terminated, including, but not limited to, claim handling and claim payments until such time as there are no other obligations with respect to the outstanding business existing on the date of such termination.

ARTICLE V **ARBITRATION**

A. Any dispute between the Companies or NLCM arising out of or relating to the formation, interpretation, performance, or breach of this Agreement, whether such dispute arises before or after termination of this Agreement, shall be resolved by arbitration.

B. The parties intend this Article to be enforceable in accordance with the Federal Arbitration Act (9 U.S.C. Section 1, et seq.) or if for any reason that Act is determined to be inapplicable, in accordance with the Massachusetts Uniform Arbitration Act (M.G.L.A. c. 251 § 1, et seq.), including any amendments to those Acts which are subsequently adopted, notwithstanding any other choice of law provision set forth in this Agreement. In the event that any party refuses to submit to arbitration as required herein, any other party may request a United States Federal District Court, or a Massachusetts or Connecticut Superior or District Court, to compel arbitration in accordance with the above-referenced Acts. Each party consents to the jurisdiction of such courts to enforce this Article and to confirm and enforce the performance of any award of the Arbitrator (defined in Section V.C. below). Arbitration shall be initiated by the delivery of a written notice of demand for arbitration by one party to the other parties (the "Arbitration Demand").

C. The parties shall jointly appoint an individual as Arbitrator (the "Arbitrator"). If the parties do not appoint an Arbitrator within sixty (60) days of the Arbitration Demand, the parties shall petition the American Arbitration Association to appoint the Arbitrator. The Arbitrator shall be an active or retired officer of a property and casualty insurance or reinsurance company or such other individual as the parties mutually agree. The Arbitrator shall be impartial and independent. Prior to accepting appointment, a prospective Arbitrator shall disclose to the parties any circumstance likely to give rise to justifiable doubts as to the Arbitrator's impartiality or independence. If, at any stage during the arbitration, new circumstances arise that may give rise to such doubts, an Arbitrator shall promptly disclose such circumstances to the parties.

D. The arbitration hearings shall be held in Boston, Massachusetts or such other place as may be mutually agreed. The Arbitrator shall not be obliged to follow judicial formalities or the rules of evidence except to the extent required by governing law, that is, the state law of the situs of the

arbitration as herein agreed; the Arbitrator shall make its decisions according to the practice of the insurance and reinsurance business. The decision rendered by the Arbitrator shall be final and binding on all parties. Such decision shall be a condition precedent to any right of legal action arising out of the arbitrated dispute which any party may have against any other party. Judgment upon the award rendered may be entered in any court having jurisdiction thereof.

E. Each party shall bear its own costs in connection with any such arbitration including, without limitation, (i) all legal, accounting, and any other professional fees and expenses and (ii) all other costs and expenses each party incurs to prepare for such Arbitration. Other than as set forth above, each party shall pay its proportionate share (based on their respective percentages as set forth in the Allocation Schedule) of the fee and expenses of the Arbitrator and the other expenses that the parties jointly incur directly related to the arbitration proceeding.

F. Except as provided above, the arbitration shall be based, insofar as applicable, upon the Commercial Arbitration Rules of the American Arbitration Association.

ARTICLE VI

PERFORMANCE STANDARDS AND EXERCISE OF JUDGMENT IN RENDERING SERVICES

A. NLCM agrees that in performing or providing functions or services hereunder, it shall use that degree of ordinary care and reasonable diligence consistent with the standards, practices and procedures established by NLCM for the management and operation of its own business. Subject to Section IX.G, NLCM agrees to maintain within and for the benefit of the Group sufficient facilities and trained personnel of the kind necessary to perform the services under this Agreement.

B. Whenever NLCM utilizes its personnel to perform services for the Companies pursuant to this Agreement, such personnel shall at all times remain employees of NLCM, subject solely to its direction and control. The Companies shall have no liability to such employees for their welfare, salaries, fringe benefits, legally required employer contributions and tax obligations.

C. In performing any services or exercising any rights hereunder, each of NLCM and the Companies shall at all times act in accordance with applicable law and in a manner reasonably calculated to be in the best interests of the Group.

D. Each of NLCM and each Company shall comply with all applicable law concerning the security of personal information and shall require that each contract with any third party service provider provides for the implementation and maintenance of appropriate security measures for personal information.

ARTICLE VII

BOOKS AND RECORDS

A. NLCM shall keep complete and accurate records of the business transacted by it under this Agreement. All books and records established or maintained by NLCM in providing services hereunder to another Company in respect of the policies written by such other Company shall, at all

times, remain the property of such other Company. NLCM agrees that the Companies may at any time demand and, following reasonable notice, have a right during reasonable business hours to inspect at the offices of NLCM all documents, materials, papers, books and records reasonably pertaining to the allocation under this Agreement and the Pooling Agreement of the costs and expenses to the Companies. If any regulatory body, including the Massachusetts Division of Insurance and the Connecticut Department of Insurance, having jurisdiction over a Company shall request copies of any records or data relating to the parties, the parties agree to reasonably cooperate with each other to provide all such records and data to such regulatory body.

ARTICLE VIII **AUDITS**

The Companies and persons authorized by it or any governmental agency having jurisdiction over the Companies shall have the right, at the expense of the applicable Company, to conduct an audit during reasonable business hours of the relevant books and records of such Company maintained by NLCM upon giving reasonable notice of its intent to conduct such an audit. In the event of such an audit, NLCM shall give to the party requesting the audit reasonable cooperation and access to all such books and records.

ARTICLE IX **MISCELLANEOUS**

A. Entire Agreement. This Agreement constitutes the entire agreement and understanding between NLCM and the Companies with respect to the subject matter hereof and supersedes all prior discussions and agreements between and among the parties relating to the subject matter hereof.

B. Amendments. This Agreement shall not be changed, modified, terminated, or discharged in whole or in part, except by an instrument in writing signed by all parties hereto or their respective successors or permitted assigns and provided that the parties have obtained any necessary regulatory approvals; provided, however, that until the sixth anniversary of the Closing Date, except for amendments determined in good faith by NLCM to be necessary in connection with the addition or joinder of any third party as a Company hereunder, Hingham shall not agree to amend this Agreement unless prior thereto the directors constituting at least two-thirds of the number of directors prescribed in Article Three, Section 3.2 of the Hingham Bylaws affirmatively vote to approve such amendment at an annual meeting or any special meeting of the Hingham board of directors called for that purpose and Danbury shall not agree to amend this Agreement unless prior thereto the directors constituting at least two-thirds of the number of directors prescribed in the Danbury Bylaws affirmatively vote to approve such amendment at an annual meeting or any special meeting of the Danbury board of directors called for that purpose.

C. Headings. Article headings herein are inserted for convenience only and do not constitute matter to be construed or interpreted in connection with this Agreement.

D. Notices. Any notices, reports, or other communication required or permitted to be given hereunder shall be in writing unless some other method of giving such notice, report, or other communication is accepted by the party to whom it is given and shall be given by being delivered at the following addresses to parties hereto:

(b) **IF TO NLCM:**

New London County Mutual Insurance Company
101 High Street
Norwich, CT 06360
Phone Number: (860) 887-3553
Attn: President

(c) **IF TO THAMES:**

Thames Insurance Company, Inc.
101 High Street
Norwich, CT 06360
Phone Number: (860) 887-3553
Attn: President

(d) **IF TO HINGHAM:**

Hingham Mutual Fire Insurance Company
230 Beal Street
Hingham, MA 02043
Phone Number: (781) 749-0841
Attn: President

(e) **IF TO DANBURY:**

Danbury Insurance Company
230 Beal Street
Hingham, MA 02043
Phone Number: (781) 749-0841
Attn: President

All notices and other communications required or permitted under this Agreement that are addressed as provided in this paragraph shall be delivered by a reputable overnight carrier, or by U.S. registered or certified mail (return receipt requested and postage prepaid). Notice shall be deemed given upon the first Business Day after actual delivery to the party to whom such notice or other communication is sent (as evidenced by the return receipt or shipping invoice signed by a representative of such party). Any party from time to time may change its address for the purpose of notices to that party by giving a similar notice specifying a new address, but no such notice will be deemed to have been given until it is actually received by the party sought to be charged with the contents thereof.

E. Partial Invalidity. If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any party or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof (or the remaining portion thereof) or the application of such provision to any other persons or circumstances.

F. No Waiver. No failure or delay by any of the parties to insist upon the strict performance of any term, condition, covenant or agreement of this Agreement, or to exercise any right, power or remedy hereunder consequent upon a breach hereof, shall constitute a waiver of any such term, condition, covenant, agreement, right, power or remedy or of any such breach or of any preceding or succeeding breach, or preclude that party from exercising any such right, power or remedy at any later time or times. No extension of time for performance of any obligations or acts shall be deemed an extension of the time for performance of any other obligations or acts.

G. Right to Subcontract with Third Parties; Delegation to Companies. NLCM, with the Companies' consent (which shall not be unreasonably withheld or delayed), as applicable, shall have the right to subcontract with any third party (i.e., not a member of the Group) for the performance of services required to be performed by NLCM hereunder provided that NLCM shall remain responsible for the performance of services by any such subcontractors in accordance with the terms of this Agreement. Without the consent of any Company, NLCM may delegate to any member of the Group responsibility to perform any of the services required to be performed by NLCM hereunder.

H. Successors and Assigns. All of the rights, benefits and duties of the parties hereto shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto. This Agreement may not be assigned by any party without the prior written consent of the non-assigning parties.

I. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts (without giving effect to principles of conflicts of laws) applicable to a contract executed and to be performed in such state. Each party to this Agreement hereby consents to personal jurisdiction over itself in state or federal court within Massachusetts or Connecticut.

J. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument.

K. No Third-Party Beneficiaries. This Agreement is only for the benefit of the Companies and NLCM and does not confer any right, benefit or privilege upon any person not a party to this Agreement.

[Remainder of page intentionally blank. Signatures on next page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

NEW LONDON COUNTY MUTUAL INSURANCE COMPANY

By: _____
Name:
Title:

HINGHAM MUTUAL FIRE INSURANCE COMPANY

By: _____
Name:
Title:

THAMES INSURANCE COMPANY, INC.

By: _____
Name:
Title:

DANBURY INSURANCE COMPANY

By: _____
Name:
Title: