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REPLY TO: LOS ANGELES OFFICE

VIA eMAIL: adjuster@insuranceco.com

21 April 2008

Mr. John Doe
Senior Claims Specialist
Insurance Company
1000 Water Street
New York, New York 10041

Re: PPPPPP v. DDDDDD
Your Policy No.: 1234567890ABCDEF
Your File No.: ABC123
Our File No.: ABCD.122101.01

Dear Mr. Doe:

Please allow this letter to respond to the most recent letters and eMails in this matter.

Settlement Demand

I refer you to the letter from Mr. HHHHHH dated 25 March 2008, specifically, page 2 therein, where PPPPPP makes its settlement demand for the policy limits.

Please allow this letter to serve as your insured's demand that these claims be resolved within policy limits. DDDDDD will continue to work with and cooperate with you in any way to resolve this claim for the least amount possible. However, in light of the significant probability (indeed, near certainty) that (1) DDDDDD would be found liable and (2) this liability would exceed policy limits, DDDDDD demands that all efforts be made to resolve this matter within the policy, including, if needed, full payment on the policy as outlined in Mr. HHHHHH's letter of 25 March.

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VIA eMAIL: adjuster@insuranceco.com

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Number of Claims and Deductible

I refer to your eMail to FFFFFFF dated 1 April 2008 with the subject line of "PPPPPP v. DDDDDD 1234567890ABCDEF." In that eMail, on the topic of billing, you state:

As you will recall, this matter actually involves 4 Claims with each one subject to a \$25,000 Deductible (i.e., \$100,000 total). Therefore, Insurance Company would suggest that the Insured's Deductible is not satisfied until total billings exceed \$100,000.

Transtech respectfully takes issue with this assertion, and submits, as it has from the beginning, that we are dealing with two claims here, not four. As I attempted to convey to you before, there are two different contracts here which encapsulate the relationship between MMMMMM (one of the PPPPPP principals) and DDDDDD. These two contracts in turn deal with two separate projects. The first of these is the PPPPPP project. The second is the WWWWWW Project. Although there are indeed many different issues arising at the PPPPPP project, I refer you to Section VII, D, 3 of your policy, which states that

Two or more **Claims** alleging, based upon, arising out of or attributable to the same or related **Wrongful Act(s)** or **Pollution Incident(s)**, shall be considered and treated as a single **Claim** regardless of whether made against one or more than one **Insured**. [Emphasis in original].

Based on this language, therefore, DDDDDD does not understand how Insurance Company can construe these as four separate claims, nor does it believe that such a construction is appropriate. As stated herein, the PPPPPP and the WWWWWW projects are two separate projects with separate circumstances and should properly be viewed as two claims. Indeed, this is borne out by Mr. HHHHHH himself, who details but one issue for the WWWWWW project, and who then spends the remainder of his attention on the various issues at the PPPPPP project.

I further refer you to section VII, F of your policy, which states:

If you and the Company agree to use **Mediation** and the **Claim** is fully and finally resolved by **Mediation**, the Named Insured's Deductible obligation will be reduced by 50% subject to a maximum reduction of \$15,000.00.

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Here, as set forth in Item 4, A of the Declarations Page of the policy (and as further set forth by you in your 1 April 2008 eMail as quoted above), DDDDDD's deductible is \$25,000.00 per claim. DDDDDD has already instructed Insurance Company to settle the claim within the policy-limits demand embodied in Mr. HHHHHH's March 25 letter, so the requirements of section VII, F of your policy have been met. 50% of HHHHHH's deductible would be \$12,500.00 per claim, which falls within the \$15,000.00 limitation. Thus, by our calculations, HHHHHH's deductible obligation is \$12,500.00 for two claims, or \$25,000.00 total. HHHHHH is therefore fully in agreement with Mr. FFFFFFF's 12 March 2008 letter as to its deductible obligation being fully satisfied, and Transtech therefore calls on Insurance Company to fulfill it's obligations

Conclusion

At this point, DDDDDD views this matter as fully resolved, in terms of DDDDDD's financial obligations. Its deductible has been paid in full, and DDDDDD wishes to accept the policy limits demand in Mr. HHHHHH's March 25 letter. Should Insurance Company wish to continue to negotiate with the plaintiffs herein, DDDDDD will cooperate fully in any way Insurance Company wishes. However, Insurance Company must be aware that any risk undertaken in any continued negotiations is one that Insurance Company takes, and not DDDDDD. DDDDDD calls upon Insurance Company to uphold its obligations to its insured and to prevent, at all costs, any possibility of an excess liability situation over and above the policy limits. Please be advised that DDDDDD reserves all its rights and, should Insurance Company refuse the current demand and an overage situation be created, would view this as an act of bad faith on Insurance Company's part and would look to Insurance Company for full coverage thereon.

I trust that this letter has clarified matters for you. Of course, should you have any questions or comments on this or any other matter, I would be happy to speak with you at your convenience. I look forward to working with you to achieve a quick resolution of this matter to protect DDDDDD's interests.

Best Regards,

John A. Safyurtlu
General Counsel

cc: Client