

ACTUARIAL CONSULTING AGREEMENT

THIS AGREEMENT is entered into by the Missouri Highways and Transportation Commission (hereinafter, "Commission"), and Watson Wyatt Insurance & Financial Services, Inc., (hereinafter called "WWIFS").

WITNESSETH:

The Commission desires to hire WWIFS to provide actuarial and consultant services to the Commission for the purposes of administering its self-insurance fleet automobile liability, general liability, and workers compensation program ("self-insurance program"), and

WWIFS is agreeable and staffed to provide such services for compensation.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and representations in this Agreement, the parties agree as follows:

(1) SCOPE OF WORK: WWIFS shall advise and assist the Commission for a consecutive period of 3 years from January 1, 2007 in its decisions as to the following amounts carried in financial statements and/or budgets for its self-insurance program with respect to Missouri Highways and Transportation Commission, Missouri Department of Transportation and Missouri State Highway Patrol:

1. In the 2007 report, estimates of liabilities as of December 31, 2006 and appropriate funding for 2007;
2. In the 2008 report, estimates of liabilities as of December 31, 2007 and appropriate funding for 2008; and
3. In the 2009 report, estimates of liabilities as of December 31, 2008 and appropriate funding for 2009.

Such advice shall include distinct estimates for each of:

- a. Workers' Compensation – Highway and Transportation Workers (HTW),
- b. Workers' Compensation – State Highway Patrol (SHP),
- c. Fleet Automobile Liability, and
- d. General Liability.

(2) PERIOD OF PERFORMANCE: The term of this Agreement shall be from January 1, 2007 to December 31, 2009. This Agreement may be extended for two additional one-year terms by written agreement of the parties.

(3) WRITTEN REPORTS: WWIFS shall provide the Board with a written report presenting estimates and findings with respect to liability as of the immediately preceding December 31 and funding for the current year. Such reports are to be based upon data provided by the Missouri Department of Transportation in February of each year in accordance with annual data requests from WWIFS. The target delivery date for draft WWIFS reports is April 1 and for final reports May 1 of the respective years.

(4) ASSISTANCE, ADVICE OR SERVICES: WWIFS shall provide such other assistance, advice or services of the type at such times deemed necessary by the Commission for the purposes of proper maintenance of said self-insurance program.

(5) AMOUNT AND METHOD OF PAYMENT: The Commission agrees to pay WWIFS and WWIFS agrees to accept as payment in full for the performance of the actuarial services in accordance with Exhibit A to this Agreement. WWIFS's charges for such services shall be invoiced annually upon the completion of the respective reports.

If any services are requested by the Commission which are not within the initial scope of this Agreement then the scope and fees for each such assignment shall be negotiated and confirmed in accordance with the requirements of Section (6) hereof.

In addition to the fees provided for above, the Commission shall reimburse WWIFS for reasonable out-of-pocket expenses incurred in the course of providing the

services. Copies of receipts for each reimbursable expense in excess of \$25.00 shall be furnished with the invoice on which such expenses are submitted for reimbursement.

The Commission reserves the right to audit WWIFS's records directly related to the fees and reimbursable expenses invoiced hereunder. Any such audit shall be conducted during normal business hours and upon reasonable prior notice.

(6) MODIFICATION: Any change in this Agreement including the Scope of Work described herein must be accomplished by a formal contract amendment, signed and approved by and between the duly authorized representatives of WWIFS and the Commission. Any such amendment shall specify an effective date, any increases or decreases in the amount of WWIFS's compensation if applicable, and be entitled as an "Amendment", and signed by the parties identified in the preceding sentence. Notwithstanding the foregoing, a request for consulting services pursuant to Section (4) hereof shall not require an amendment to this Agreement. The parties agree that no other method and/or prior to contemporaneous oral communication by or from any person shall be used or construed as an amendment or modification of supplementation to this Agreement.

(7) COORDINATION OF ACTIVITIES: WWIFS shall fully coordinate its activities in the performance of this Agreement with those of the Commission. As the work of WWIFS progresses, advice and information on matters covered by this Agreement shall be made available by WWIFS to the Commission through the effective period of this Agreement.

(8) PROPERTY OF COMMISSION: No material or reports prepared by WWIFS shall be released to the public without the prior written consent of the Commission unless disclosure is required by law or legal process.

(9) ASSIGNMENT: WWIFS shall not assign or delegate any interest in this Agreement and shall not transfer any interest in this Agreement (whether by assignment, delegation or novation) without the prior written consent of the Commission.

(10) CONFLICT OF INTEREST; CONFLICTING OBLIGATIONS: WWIFS covenants that it presently has no contractual obligations or other commitments that would prevent WWIFS from performing its obligations to the Commission under this Agreement, and WWIFS shall not enter into any contract or commitments that would interfere with WWIFS's performance hereunder. WWIFS also covenants that, if it is requested by the Commission to review a proposal or service offering of a third party, WWIFS shall notify the Commission if WWIFS has any contractual or client relationship or ownership interest in such third party that would pose an actual or apparent conflict of interest prior to undertaking such an assignment.

(11) WWIFS NOT EMPLOYEE OF COMMISSION: WWIFS represents itself to be an independent contractor offering such services to the general public and shall not represent itself or its employees to be an employee of the Commission. Therefore, WWIFS shall assume all legal and financial responsibility for taxes, FICA, employee fringe benefits, workers' compensation, employee insurance, minimum wage requirements, overtime, etc., and agreed to indemnify, save and hold harmless the Commission, its officers, agents and employees, from and against any and all monetary loss, including attorney fees, and damage of any kind related to such matters.

(12) BANKRUPTCY: Upon filing for any bankruptcy or insolvency proceeding by or against WWIFS, whether voluntarily or upon the appointment of a receiver, trustee or assignee for the benefit of creditors, the Commission reserves the right at its sole discretion, to terminate this Agreement.

(13) LAWS OF MISSOURI TO GOVERN: This Agreement shall be construed according to the laws of the State of Missouri. WWIFS shall comply with all local, state and federal laws and regulations relating to the performance of this Agreement.

(14) PAYMENT FOR SERVICES: The Commission shall pay WWIFS for the services rendered pursuant to this Agreement as specified in Section (5) hereof within thirty (30) days following receipt of a properly itemized invoice in triplicate. Payment to WWIFS will be made to the address specified in the invoice unless WWIFS has specified a different address in writing or unless a court of law specified otherwise.

(15) CONTRACT CONTENTS: This Agreement between the Commission and WWIFS shall consist of the written contract. However, the Commission reserves the right to clarify any contractual relationship in writing with the concurrence of WWIFS and such written clarification shall govern in case of conflict with applicable requirements stated in this contract.

(16) TERMINATION OF CONTRACT: The Commission may terminate this Agreement at any time by providing WWIFS with at least ten (10) days prior written notice of such termination, which shall become effective on the date specified in the notice of termination sent to WWIFS.

(17) PROVISIONS REQUIRED BY LAW: During the term of this Agreement, if either party believes that applicable law requires the addition to or modification of any term or condition of this Agreement, then the party identifying such requirement shall notify the other party of the requirement in writing and the parties shall negotiate in good faith to complete an appropriate amendment to this Agreement.

(18) LIMITATION OF LIABILITY: The Commission shall pay WWIFS for any time charges and out-of-pocket expenses, but not attorneys' fees incurred by WWIFS in responding to any subpoena or other legal process that may be issued to WWIFS or any of its officers, directors or employees in connection with litigation or other proceedings to which the Commission is a party and which seeks production of documents or testimony relating to the Commission, their employee compensation and benefit self-insurance programs or the services performed pursuant to this Agreement.

If any of the services performed by WWIFS hereunder do not conform in all material respects to the requirements of this Agreement, the Commission shall notify WWIFS promptly and WWIFS shall re-perform such services at no additional charge or, at the Commission's option, shall refund the portion of the fees paid for such non-conforming services. If re-performance of the services or refund of the applicable fees would not provide the Commission with an adequate remedy for damages arising from the performance, nonperformance, or breach of this Agreement, then WWIFS shall be liable only for actual direct damages in an amount not to exceed 200% of the fees paid

by the Commission pursuant to this Agreement during the one-year period immediately preceding the event giving rise to the claim, regardless of the form of action. In any event, WWIFS will not be liable for any indirect, special, or consequential damages or any economic loss (including lost profits or unrealized savings) even if WWIFS has been notified of the possibility of such damages or loss. The remedies stated in this Section (19) will be the exclusive remedies for any damages arising from WWIFS's performance, nonperformance, or breach of this Agreement, regardless of the form of action.

(19) INDEMNIFICATION--PATENT AND COPYRIGHT INFRINGEMENT: WWIFS shall defend, protect and hold harmless the Commission, its officers, agents and employees, against all suits of law or in equity resulting from any patent and copyright infringement by WWIFS in the course of performing this Agreement.

(20) NON-DISCRIMINATION: WWIFS shall comply with all the provisions of Executive Order No. 94-03, issued by the Honorable Mel Carnahan, Governor of Missouri, on the fourteenth (14th) day of January, 1994, which executive order is incorporated herein by reference and is made a part of this Agreement. This order prohibits discriminatory employment practices by WWIFS or its subcontractors based on race, color, religion, national origin, sex, age, disability or veteran status.

(21) RECORD MAINTENANCE: WWIFS must maintain all records directly relating to the work performed or amounts invoiced pursuant to this Agreement. These records must be available during normal business hours at no charge to the Commission and/or its designees or representatives during the term of this Agreement, including any extension term, and for three (3) years from the date of final payment made under this Agreement.

(22) NONSOLICITATION: WWIFS warrants that it has not employed or retained any company or person, other than a bona fide employee working for WWIFS, to solicit or secure this Agreement, and that it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, the Commission shall have the right to annul this Agreement without liability, or in its discretion, to deduct from

this Agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee.

(23) VENUE: It is agreed by the parties that any action at law, suit in equity or other judicial proceeding to enforce or construe this Agreement, or regarding its alleged breach, shall be instituted only in the state court in Missouri.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date last written below:

Executed by Missouri Highways and Transportation Commission this 16th day of January 2006.

MISSOURI HIGHWAYS AND TRANSPORTATION COMMISSION
Acting through the Missouri Highways and Transportation Commission for the Missouri Department of Transportation and Missouri State Highway Patrol

By: Roberta Broeker
Roberta Broeker

Title: _____
Chief Financial Officer

Attest: Mari Ann Hinters

Approved as to form:
[Signature]
Counsel

Executed by Watson Wyatt Insurance & Financial Services, Inc. this 10th day of January 2006.

WATSON WYATT INSURANCE & FINANCIAL SERVICES, INC.

By: Ann M. Lutz
New York Office
Title: Property + Casualty Practice Leader

Attest: _____
(Seal)

Barbara J. Curley 11/10/07

BARBARA J. CURLEY
Notary Public - State of New York
No. 01CU6041777
Qualified in New York County
My Commission Expires May 15, 2010

EXHIBIT A
PROFESSIONAL FEES

Consultant Hourly Rates as of July 1, 2006 are presented in the following table:

Consultant	Rate
Consulting Actuary	\$550 - \$650
Senior Consultant	\$450 - \$550
Consultant	\$275 - \$450
Administrative / Secretarial	\$95

Based on these hourly rates, Watson Wyatt estimates the respective professional fees for the scope of services for each year of the engagement to be:

Year	Estimated Fee
2007	\$30,000
2008	\$33,000
2009	\$36,000