

PROJECT SAMPLE

EMPLOYEE BENEFITS, RETIREMENT PLANS AND COMMERCIAL INSURANCE DUE DILIGENCE
JANUARY 2025

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SCOPE OF ENGAGEMENT

This due diligence report provides a summary of our analysis and findings regarding the employee benefits and 401(k) plans and the implications of the proposed stock acquisition in SAMPLE CO. (The Company). The scope of our review was limited to the following areas:

EMPLOYEE BENEFITS SCOPE

- ▶ Gain an understanding of the current employee health and welfare plan programs
- ▶ Identify potential gaps in coverage and offer strategy for plan enhancements where appropriate
- ▶ Provide an overview of the Company's risk and health management practices and strategy
- ▶ Offer projections for costs associated with upgraded and/or alternative programs
- ▶ Assess the population to determine if there are cost effective medicare alternatives for those 65 or older
- ▶ Determine status of compliance with the Patient Protection and Affordable Care Act (PPACA)
- ▶ Review benefits program compliance standing, including (but not limited to) appropriate filings and documents relative to Department of Labor and IRS requirements
- ▶ Identify items for consideration during the pre-close and post-close periods that are likely to occur due to the change in control

COMMERCIAL INSURANCE SCOPE

- ▶ Review current commercial insurance policies and determine adequacy of coverages, coverage limits and premium amounts
- ▶ Review any potential liabilities and/or exposures and recommend plan enhancements to mitigate ongoing risk and potential liability
- ▶ Review any ongoing litigation and/or outstanding fines from a regulatory agency (i.e. OSHA, DOL) and determine effective mitigation and resolution strategy
- ▶ Review loss history for all lines of coverage, including the Experience Modification Rate (EMR) and recommend frequency of loss and risk mitigation strategy

401(k) PLAN SCOPE

- ▶ Review 401(k) plan compliance standing, including (but not limited to) appropriate filings and documents relative to Department of Labor and IRS requirements

OUTSTANDING INFORMATION

This report is based on our review of the requested documents made available by management of the Company. As of the issuance of this report, the following diligence requests are outstanding:

- ▶ **Employee Benefits: (low priority but necessary for complete cost analysis) Provide number of union medical waivers. Provide HRA claims utilization reporting for 2024.**
- ▶ **Retirement Plan: None**
- ▶ **Commercial Insurance: Full 5-years of Claim runs for the Workers Compensation Insurance. Current year is missing as well as 7-1-20/22 years.**

DISCLAIMER

This summary does not include all the terms, conditions, exclusions, limitations or conditions of the actual contract language. The actual policy documents should be consulted for all actual coverage determinations. The projections and estimates are subject to final underwriting approval and coverage reviews are outlines of the policies they represent. The contents of this report are based on the materials provided by the management of the Selling Entity. No recommendations from Oswald should ever be interpreted to be legal advice or a substitute for consultation with your legal counsel.

HEALTH & WELFARE PROGRAM		RETIREMENT PLAN		COMMERCIAL INSURANCE	
TOTAL COST NET COST		TOTAL ER CONTRIBUTIONS		ANNUAL PREMIUM	
\$370,332 \$207,881		\$38,051		\$112,211	
PROJECTED ANNUAL COST/SAVINGS		PROJECTED ANNUAL CONTRIBUTIONS		PROJECTED PREMIUM POST-CLOSING	
\$35,718		\$51,359		TBD	

EMPLOYEE BENEFITS	
MEDICAL	Medical coverage is provided through Harvard Pilgrim, a standard carrier in the Northeast region. There is a single HMO (narrow-referral-network) plan with a \$2,500/\$5,000 deductible and first-dollar copays. Single enrollees pay the first \$1,875 of the deductible and a Health Reimbursement Arrangement (HRA) covers the remaining \$625. Dependent tiers pay the first \$3,750 of the deductible and the HRA covers the last \$1,250. We did not receive HRA claims data for 2024, and do not know how the HRA was utilized during the plan year. It appears all union and non-union employees are offered the Harvard Pilgrim plan.
	The premium is relatively high compared to benchmark for an HMO, however without seeing the prior year's renewal, we would not have any context for the high rates. Overall, the Company pays (gross) \$14,725 per employee per year (PEPY) for medical benefits, which is about \$1,500-\$2,000 higher than "small group" benchmark for the region. The company has different contributions for employees based on their tenure, which may be considered discriminatory under a section 125 plan. Overall, employee contributions are significantly above benchmark. Given the Company is not an Applicable Large Employer, per the ACA, they do not have to remain "affordable" per the ACA. However, using ACA regulation as guidance, this plan would be materially unaffordable. The Company currently contributes ~57% of the medical premium. Union employees who do not participate on the plan receive \$350 per month - we were not provided the number of union waivers to calculate the waiver bonus amount annually.
	Dental coverage is provided through Altus. The Company covers ~34% of the dental premium. No orthodontia is offered today.
	Vision is not currently offered.
	The Company offers basic (employer-paid) life insurance and accidental death and dismemberment coverage to their employees through The Hartford. Union employees have less of a life/AD&D benefit than non-union.
COMPLIANCE	The Company appears to be under 50 full-time eligible (FTE) employees and is therefore not considered an applicable large employer (ALE) per the ACA. As such, they are not required to adhere to ACA offering, affordability, and minimal value compliance. We did receive copies of the Company's ERISA Section 125 Plan Document and Premium Only Plan (POP) documents. These documents seem in good standing and were signed in November 2024. We did not see a WRAP document including dental and life insurance plan summaries, but did receive carrier plan summaries for those benefits.
Post-Closing:	We recommend obtaining census data to perform a true cost analysis. We also have experienced success with Individual Coverage Health Reimbursement Arrangements (ICHRAs) in this region, which could materially reduce and fix/control the medical costs for the Company. Additionally, we would consider adding a more affordable option (possibly a MEC option) to allow more employees to gain coverage. We would also consider adding ortho to dental, a vision benefit, voluntary short-term disability and (potentially) supplemental benefits to get more in-line with benchmark and employee expectations.

RETIREMENT PLAN:

PLAN OVERVIEW	SAMPLE CO. Salaried Employees Retirement Plan as of 12/31/23 had \$1,690,516 in plan assets and 11 participants with a balance. The Plan made a Discretionary Profit Sharing Contribution of \$38,050.99 for the 2023 Plan Year.
COMPLIANCE	The Plan was top heavy in 2022 & 2023 which required contributions. The plan failed the ADP Nondiscrimination Test in 2023 and corrections are needed.
Post-Closing:	We suggest a detailed review of the plan design to prevent future issues with testing. In addition the Oswald Financial team can assist with the benchmarking of plan fee and investment performance.

COMMERCIAL INSURANCE

POLICY REVIEW	Electrical Wire and Cable Manufacturing is the classification used for the business, and general insurance coverage appears to be sufficient for these operations. Seller does not have Mgt. Liability or Comprehensive Cyber Liability that Buyer would typically have during its period of ownership. The insurance program looks well thought out and effective and Buyer could assume these policies during the Stock Acquisition of the business. Post-closing Buyer should review actual limits of property insurance to be certain they are adequately insured at each location. Also, will all buildings, automobiles and other assets be acquired by the Buyers or will Sellers retain ownership of these types of assets?
RISK MANAGEMENT	There is very little claim activity that we reviewed. Interesting that the WC Exp. Mod is a 1.18 with the limited claim activity that we saw. This would be something Buyer should look into as this mod. pushes the WC premium up by 18% compared to its cohort group. We would like to review the current policy period loss runs as well as those from the 7/1/20-22 policy years to further understand the Experience Mod. Factor calculations.
Post-Closing:	Costs appear to be within market rates and if Buyer adds coverage for Mgt. Liability and Comprehensive Cyber, the insurance costs could increase by up to \$20,000 - \$25,000 as an estimate for these annual premiums.

SCENARIO #1: MAX LIABILITY			SCENARIO #2: CURRENT PLAN RUN RATE			SCENARIO #3: GET BENEFITS TO BENCHMARK		
MAX POST-CLOSING EXPENSE ALL ELIGIBLE APPLIED 40 ELIGIBLE ENROLL IN LEAST EXPENSIVE MED + 100% ANCILLARY + 100% 401(k)			CURRENT EXPENSE CONTINUES POST-CLOSING, NO PLAN IMPROVEMENTS (COSTS TRUE UNTIL 11/1/2025) 23 ENROLLED IN MEDICAL, 19 IN ANCILLARY, 11 IN 401(k)			ADJUSTED RISK POST-CLOSING EXPENSE BENCHMARK PLANS/ENROLLMENT (65% OF ELIGIBLE @ 65% EMPLOYER CONT.) - ADD VISION COVERAGE FOR ANCILLARY, SAFE-HARBOR 401(K)		
MEDICAL	PROJECTED GROSS ANNUAL SPEND ¹	\$589,000	PROJECTED GROSS ANNUAL SPEND ¹	\$338,664	PROJECTED GROSS ANNUAL SPEND	\$351,000		
	EMPLOYEE CONTRIBUTIONS	(\$254,317)	EMPLOYEE CONTRIBUTIONS	(\$146,232)	EMPLOYEE CONTRIBUTIONS (65%)	(\$122,850)		
	NET ANNUAL SPEND	\$334,683	NET ANNUAL SPEND	\$192,432	NET ANNUAL SPEND	\$228,150		
ANCILLARY	PROJECTED GROSS ANNUAL SPEND ²	\$36,120	PROJECTED GROSS ANNUAL SPEND ²	\$23,214	PROJECTED GROSS ANNUAL SPEND ²	\$25,514		
	EMPLOYEE CONTRIBUTIONS	(\$16,349)	EMPLOYEE CONTRIBUTIONS	(\$7,766)	EMPLOYEE CONTRIBUTIONS	(\$10,066)		
	NET ANNUAL SPEND	\$19,771	NET ANNUAL SPEND	\$15,448	NET ANNUAL SPEND	\$15,448		
	BENEFITS ONLY	\$354,454	BENEFITS ONLY	\$207,880	BENEFITS ONLY	\$243,598		
KEY LIFE	DETERMINE NEED FOR KEY PERSON LIFE		DETERMINE NEED FOR KEY PERSON LIFE		DETERMINE NEED FOR KEY PERSON LIFE			
	NET ANNUAL SPEND	N/A	NET ANNUAL SPEND	N/A	NET ANNUAL SPEND	N/A		
401(k)	PROJECTED ANNUAL CONTRIBUTION ⁴	\$38,051	PROJECTED ANNUAL CONTRIBUTION	\$38,051	PROJECTED ANNUAL CONTRIBUTION	\$51,369		
	NET ANNUAL SPEND	\$38,051	NET ANNUAL SPEND	\$38,051	NET ANNUAL SPEND	\$51,369		
MAX LIABILITY + 401(k)		\$392,505	PROJECTED NET SPEND + 401(k)		\$245,931	PROJECTED NET SPEND + 401(k)	\$294,967	

DISCLOSURES

- ¹ Gross spend for medical is equal to \$14,725 PEPY for the SAMPLE medical plan x 40 for scenario 1, x 23 for scenario 2.
- ² Ancillary: Dental, life and long-term disability are contributory.
- ³ 40 benefits eligible employees on census, assuming 65% enrollment for adjusted risk scenario in-line with benchmark
- ⁴ Annualized wages = \$1,902,550 multiplied by estimated 3% match for safe harbor x 90% participation = \$51,369

PROJECT SAMPLE

EMPLOYEE BENEFITS APPENDIX
JANUARY 2025

SAMPLE CO. | CURRENT BENEFIT SUMMARY

BENEFIT	EFFECTIVE	FUNDING	CARRIER	TOTAL \$	EMPLOYER \$	EMPLOYEE \$	TOTAL ENROLLED	TOTAL PEPY \$	ER PAID %	EE PAID %
MEDICAL	NOVEMBER 1	FULLY INSURED	HARVARD PILG.	\$338,664	\$192,433	\$146,232	23	\$14,725	57%	43%
DENTAL	NOVEMBER 1	FULLY INSURED	ALTUS	\$11,692	\$3,926	\$7,766	19	\$615	34%	66%
LIFE + AD&D	NOVEMBER 1	FULLY INSURED	HARTFORD	\$3,069	\$3,069	\$0	40	\$77	100%	0%
LONG TERM DISABILITY	NOVEMBER 1	FULLY INSURED	HARTFORD	\$8,453	\$8,453	\$0	40	\$211	100%	0%
TOTAL HEALTH & WELLNESS PROGRAM EXPENSE				\$370,332	\$207,881	\$162,451	23	\$16,101	56%	44%

► Market benchmarking included on the following pages.

CURRENT HARVARD PILG.						BENCHMARK NORTHEAST 0-99						
2024-2025						2025						
MEDICAL PLAN #1						HMO BENCHMARK				Δ TO CURRENT		
COVERAGE LEVEL	EES	TOTAL \$	ER \$	EE \$	EE %	TOTAL \$	ER \$	EE \$	EE %	TOT \$	ER \$	EE \$
EE Only	8	\$860.43	\$406.47	\$453.96	53%	\$795.00	\$620.10	\$174.90	22%	-8%	53%	-61%
EE + Spouse	0	\$1,720.85	\$1,029.25	\$691.60	40%	\$1,749.00	\$1,224.30	\$524.70	30%	2%	19%	-24%
EE + Child(ren)	0	\$1,591.79	\$891.53	\$700.26	44%	\$1,590.00	\$1,113.00	\$477.00	30%	0%	25%	-32%
Family	1	\$2,452.21	\$1,672.56	\$779.65	32%	\$2,130.00	\$1,384.50	\$745.50	35%	-13%	-17%	-4%
ANNUAL \$ TOTAL	9	\$112,028	\$59,092	\$52,936		\$101,880	\$76,144	\$25,736				
PEPY \$ TOTAL		\$12,448	\$6,566	\$5,882	47%	\$11,320	\$8,460	\$2,860	25%	-9%	29%	-51%
MEDICAL PLAN #2						HMO BENCHMARK				Δ TO CURRENT		
COVERAGE LEVEL	EES	TOTAL \$	ER \$	EE \$	EE %	TOTAL \$	ER \$	EE \$	EE %	TOT \$	ER \$	EE \$
EE Only	4	\$860.43	\$420.12	\$440.31	51%	\$795.00	\$620.10	\$174.90	22%	-8%	48%	-60%
EE + Spouse	0	\$1,720.85	\$1,063.92	\$656.93	38%	\$1,749.00	\$1,224.30	\$524.70	30%	2%	15%	-20%
EE + Child(ren)	0	\$1,591.79	\$926.19	\$665.60	42%	\$1,590.00	\$1,113.00	\$477.00	30%	0%	20%	-28%
Family	1	\$2,452.21	\$1,707.23	\$744.98	30%	\$2,130.00	\$1,384.50	\$745.50	35%	-13%	-19%	0%
ANNUAL \$ TOTAL	5	\$70,727	\$40,653	\$30,075		\$63,720	\$46,379	\$17,341				
PEPY \$ TOTAL		\$14,145	\$8,131	\$6,015	43%	\$12,744	\$9,276	\$3,468	27%	-10%	14%	-42%
MEDICAL PLAN #3						HMO BENCHMARK				Δ TO CURRENT		
COVERAGE LEVEL	EES	TOTAL \$	ER \$	EE \$	EE %	TOTAL \$	ER \$	EE \$	EE %	TOT \$	ER \$	EE \$
EE Only	3	\$860.43	\$427.27	\$433.16	50%	\$795.00	\$620.10	\$174.90	22%	-8%	45%	-60%
EE + Spouse	0	\$1,720.85	\$1,081.25	\$639.60	37%	\$1,749.00	\$1,224.30	\$524.70	30%	2%	13%	-18%
EE + Child(ren)	5	\$1,591.79	\$943.53	\$648.26	41%	\$1,590.00	\$1,113.00	\$477.00	30%	0%	18%	-26%
Family	1	\$2,452.21	\$1,724.56	\$727.65	30%	\$2,130.00	\$1,384.50	\$745.50	35%	-13%	-20%	2%
ANNUAL \$ TOTAL	9	\$155,909	\$92,688	\$63,221		\$149,580	\$105,718	\$43,862				
PEPY \$ TOTAL		\$17,323	\$10,299	\$7,025	41%	\$16,620	\$11,746	\$4,874	29%	-4%	14%	-31%
MEDICAL PLAN TOTAL						BENCHMARK TOTAL				Δ TO CURRENT		
EES	TOTAL \$	ER \$	EE \$	EE %		TOTAL \$	ER \$	EE \$	EE %	TOT \$	ER \$	EE \$
ANNUAL \$ TOTAL	23	\$338,664	\$192,433	\$146,232		\$315,180	\$228,240	\$86,940				
ANNUAL TOTAL \$ Δ TO CURRENT						-\$23,484	\$35,807	-\$59,292				
PEPY \$ TOTAL		\$14,725	\$8,367	\$6,358	43%	\$13,703	\$9,923	\$3,780	28%	-7%	19%	-41%
PEPY \$ Δ TO CURRENT						-\$1,021	\$1,557	-\$2,578				

MEDICAL PLAN DESIGN

CURRENT | HARVARD PILG.
HMO

BENCHMARK | NORTHEAST 0-99
HMO

COPAYS | COMMON SERVICES

	NETWORK
Preventive Care Services	No Cost
PCP/SPC Office Visit	\$25/\$25-\$50 Copay
Urgent Care Visit	\$50 Copay
Emergency Room Visit	\$300 Copay

NETWORK

No Cost
\$25/\$50 Copay
\$75 Copay
\$250 Copay

PROGRAM PARAMETERS & LIMITS

Deductible Type	NON-EMB/PY
Annual Deductible (Single/Family)	\$2,500/\$5,000
Company Funded HSA	N/A
Company Funded HRA	Back \$625/\$1,250
Effective Employee Deductible	\$1,875/\$3,750
Out of Pocket Max (Single/Family)	\$7,000/\$14,000
Coinsurance Rate	0%

NON-EMB/PY

\$1,000/\$2,000
N/A
N/A
\$1,000/\$2,000
\$4,000/\$8,000
20%

PRESCRIPTION

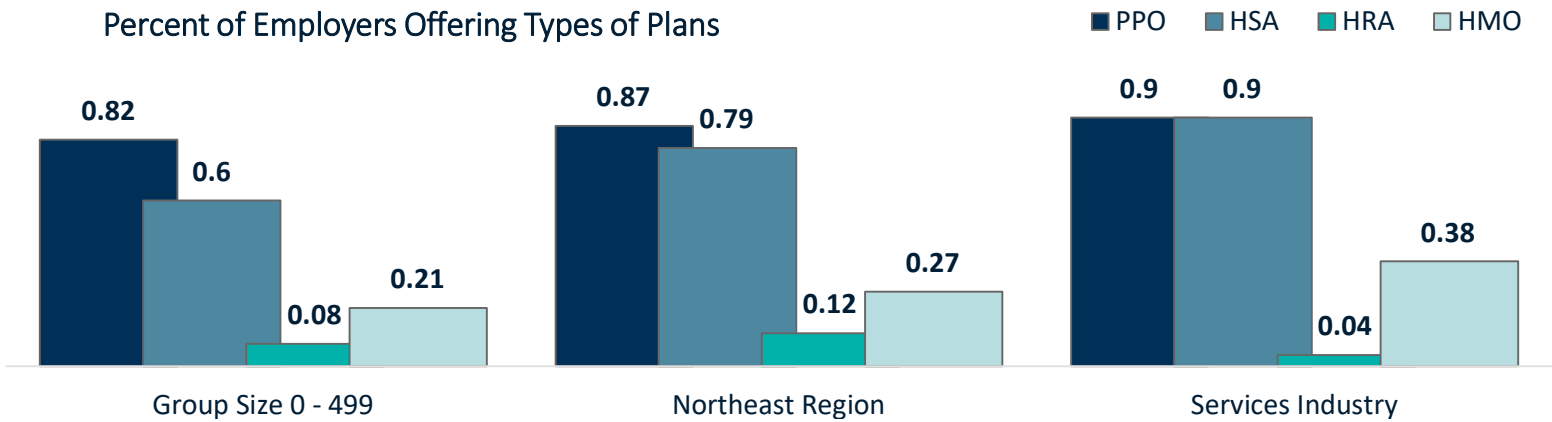
Deductible (Single/Family)	N/A
Preventive Medication	No Cost
Tier 1	\$5 Copay
Tier 2	\$30 Copay
Tier 3	\$60 Copay
Tier 4	\$100 Copay
Mail Order	2x-3x Retail

N/A

No Cost
\$10 Copay
\$35 Copay
\$60 Copay
\$100 Copay
2x Retail

DISCLOSURES

► Benchmark data taken from Mercer 2023-2024 Benchmark Reporting.



	Group Size 0 - 499	Northeast Region	Services Industry
Percent of Employers that Will Not Cover Spouse	7%	4%	7%
Percent of Employers with Spousal Surcharge	5%	13%	11%
Percent of Employers that Offer CDHP Only	13%	10%	6%
Percent of Employers that Offer CDHP Alongside Another Plan	53%	75%	84%
Percent of Employers with Premium Reductions for Non-Tobacco Use	5%	10%	10%
Median Reduction in Annual Premium for Non-Tobacco Use	\$600	\$600	\$600

DISCLOSURES

► Benchmark data taken from Mercer 2023-2024 Benchmark Reporting.

CURRENT ALTUS						PROJECTED						
PLAN YEAR 2024-2025						2025						
DENTAL PLAN #1 DPPO						DPPO				Δ TO CURRENT		
COVERAGE LEVEL	EES	TOTAL \$	ER \$	EE \$	EE %	TOTAL \$	ER \$	EE \$	EE %	TOT \$	ER \$	EE \$
EE Only	17	\$42.58	\$16.89	\$25.69	60%	\$38.32	\$12.63	\$25.69	67%	-10%	-25%	0%
EE + Spouse	NOT AVAILABLE - NO ENROLLMENT					NOT AVAILABLE - NO ENROLLMENT						
EE + Child(ren)												
Family	2	\$125.23	\$20.02	\$105.21	84%	\$112.71	\$7.50	\$105.21	93%	-10%	-63%	0%
ANNUAL \$ TOTAL	19	\$11,692	\$3,926	\$7,766		\$10,523	\$2,757	\$7,766				
PEPY \$ TOTAL		\$615	\$207	\$409	66%	\$554	\$145	\$409	74%	-10%	-30%	0%

DENTAL PLAN TOTAL CURRENT TOTAL						PROJECTED TOTAL				Δ TO CURRENT		
	EES	TOTAL \$	ER \$	EE \$	EE %	TOTAL \$	ER \$	EE \$	EE %	TOT \$	ER \$	EE \$
ANNUAL \$ TOTAL	19	\$11,692	\$3,926	\$7,766		\$10,523	\$2,757	\$7,766				
ANNUAL TOTAL \$ Δ TO CURRENT						-\$1,169	-\$1,169	\$0				
PEPY \$ TOTAL		\$615	\$207	\$409	66%	\$554	\$145	\$409	74%	-10%	-30%	0%
PEPY \$ Δ TO CURRENT						-\$62	-\$62	\$0				

DENTAL PLAN DESIGN		CURRENT	PROPOSED	
PLAN LIMITS DEDUCTIBLES		NETWORK NON-NETWORK	NETWORK NON-NETWORK	
Deductible (Single/Family)		\$50/\$150	\$50/\$150	
Annual Benefit Limit		\$2,000	\$2,000	
Orthodontia Age Limit/Lifetime Maximum		N/A	\$2,000	
Non-Network Reimbursement		Atlas Allowance	UCR 90th	
PROGRAM COVERAGE				
Preventive		100%	100%	
Restorative		80%	80%	
Major		50%	50%	
Orthodontia		N/A	50%	
If Network and Non-Network benefits are the same, only network detail will be shown				
DISCLOSURES				
► Comparison based on market benchmark.				

[illegible]

DISCLOSURES

► Cost obtained from monthly invoice, but rating and volume information was not received during due diligence.

			CURRENT HARTFORD	PROJECTED
PLAN YEAR	2024-2025		2024-2025	2025
DISABILITY OVERVIEW	SHORT TERM DISABILITY		LONG TERM DISABILITY	LONG TERM DISABILITY
COVERED LIVES			40 EMPLOYEES	40 EMPLOYEES
VOLUME			Unknown	Unknown
RATE			Unknown	Unknown
	NOT OFFERED TODAY			
MONTHLY \$ BY PLAN			\$704	\$704
ANNUAL \$ BY PLAN			\$8,453	\$8,453
Δ \$ TO CURRENT				\$0
NET PLAN COST			100% EMPLOYER PAID	100% EMPLOYER PAID
COVERAGE DETAILS			Benefit: 66.67% to \$1,800/month Elimination Period: 1/8 Benefit Duration: 26 Weeks Pre-existing Condition: 90 Days	Benefit: 66.67% to \$1,800/month Elimination Period: 1/8 Benefit Duration: 26 Weeks Pre-existing Condition: 90 Days

DISCLOSURES

► Cost obtained from monthly invoice, but rating and volume information was not received during due diligence.

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RETIREMENT PLANS APPENDIX
JANUARY 2025

PLAN DOCUMENTATION | PROVIDERS

Operating Entity Plan Name	Sample Co. Retirement Plan
Primary Location	West Brookfield, MA
Effective Date	11/30/1985
Plan Year	Calendar
Business Code	339900
Fidelity Bond	Yes - 169,453
Accountant/Auditor	N/A
Recordkeeper Platform	Unknown
Third-Party Administrator	Futureplan
Trustee(s)	SAMPLE
Plan Administrator - 5500	SAMPLE

GENERAL COMPLIANCE

5500 on File	Yes	YEAR	2023
Safe Harbor Election	No		2023
Timely Contributions	Yes		2023
ADP Testing	Pass		2023
ACP Testing	N/A		2023
Top Heavy Testing	Contribution Required		2023
Minimum Coverage Testing	Pass		2023

PLAN PROVISIONS

Retirement Age Early Retirement	Age 65, Early - Age 60 with 10 Years of Service
Entry Date Enrollment	Quarterly, Age 21 with 1 Year of Service
Vesting Schedule	6 Year Graded
Contribution Types	Salary Deferrals, Matching, Profit Sharing, Rollover
QDIA	Unknown
Employer Contribution Formula	Matching - Discretionary, Profit Sharing - Discretionary
Rollovers Allowed	Yes
Loans Allowed	Yes
Distributions	Termination: Lump-sums, Partial In-Service: Hardship, Age 60 & 6 Years of Service

PLAN FINANCIALS

Total Plan Assets	\$1,690,516	YEAR	2023
Total Contributions	\$104,796		2023
Employer Contributions	\$38,605		2023
Employee Contributions	\$66,191		2023
Outstanding Loans	No		2023
Number of Participants at YE	11		2023
Participants With Balance	11		2023

CONSIDERATIONS

► None.

PROJECT SAMPLE

PROPERTY & CASUALTY APPENDIX
JANUARY 2025

COMPANY POLICIES	CARRIER	POLICY NUMBER	TERM	PREMIUM \$
PACKAGE:	Union Insurance Company (Acadia Insurance Co. a Berkley Company)	CPA 530111318	7-1-24/25	\$50,462
PROPERTY				
GENERAL LIABILITY				
MONOLINE PROPERTY	JenCap Specialty Insurance Services (Lloyds)	QSRMA42487	7-1-24/25	\$9,504
WORKERS COMPENSATION	AIM Mutual Insurance Co.	WMZ8008008068202A	7-1-24/25	\$28,496
COMMERCIAL AUTOMOBILE	Union Insurance Company	MAA 5301114 17	7-1-24/25	\$8,208
UMBRELLA LIABILITY	Union Insurance Company	CUA 5307732 17	7-1-24/25	\$14,230
ERISA BOND	Travelers	106328960	7-1-22/25	\$1,317
CYBER LIABILITY	Incl. in Package Policy above			incl.
TOTAL COMMERCIAL PROPERTY & CASUALTY INSURANCE PREMIUM				\$112,217

OVERALL NAMED INSURED SCHEDULE | **SAMPLE, INC., CHESSON FAMILY TRUST and SOUTH POND LLC**MAIN LOCATION | **SAMPLE, WEST BROOKFIELD, MA 01585**WORKERS' COMPENSATION EXPERIENCE MOD | **1.18****GENERAL STATE OF THE PROGRAM****GENERAL OBSERVATION 1 | COVERAGE**

Electrical Wire and Cable Manufacturing is the classification used for the business, and general insurance coverage appears to be sufficient for these operations. Seller does not have Mgt. Liability or Comprehensive Cyber Liability that Buyer would typically have during its period of ownership. The insurance program looks well thought out and effective and Buyer could assume these policies during the Stock Acquisition of the business. Post-closing Buyer should review actual limits of property insurance to be certain they are adequately insured at each location. Also, will all buildings, automobiles and other assets be acquired by the Buyers or will Sellers retain ownership of these types of assets?

GENERAL OBSERVATION 2 | COSTS

Costs appear to be within market rates and if Buyer adds coverage for Mgt. Liability and Comprehensive Cyber, the insurance costs could increase by up to \$20,000 - \$25,000 as an estimate for these annual premiums.

GENERAL OBSERVATION 3 | LOSS HISTORY

There is very little claim activity that we reviewed. Interesting that the WC Exp. Mod is a 1.18 with the limited claim activity that we saw. This would be something Buyer should look into as this mod. pushes the WC premium up by 18% compared to it cohort group. We would like to review the current policy period loss runs as well as those from the 7/1/20-22 policy years to further understand the Experience Mod. Factor calculations.

PROPERTY - Acadia Package	VALUES	DEDUCTIBLES
BLANKET		
Building	\$7,431,217	\$10,000
Personal Property	\$6,702,791	\$10,000
Electronic Data Processing Equipment	\$100,000	\$1,000 / \$500
Business Income / Extra Expense	\$1,494,688	72-hours
Equipment Breakdown	Included	tbd
CRIME - Acadia Package Extension	LIMITS	DEDUCTIBLES
Employee Theft	\$25,000	\$500
Forgery or Alteration	\$25,000	\$500
Money & Securities	\$25,000	\$500
Money Orders & Counterfeit Money	\$25,000	Nil
GENERAL LIABILITY - Acadia Package	LIMITS	DEDUCTIBLES
Each Occurrence	\$1,000,000	Nil
Personal & Advertising Injury	\$1,000,000	Nil
Products / Completed Operations Aggregate	\$2,000,000	Nil
General Aggregate	\$2,000,000	Nil
Damage to Premises Rented to You	\$300,000	Nil
Employee Benefits Liability	\$1,000,000	\$1,000
Employee Benefits Liability (Agg.)	\$2,000,000	\$1,000
CYBER LIABILITY - Acadia Package Extension	VALUES	DEDUCTIBLES
Combined Policy Aggregate Limit	\$100,000	\$1,000
Third Party Liability Coverage	\$100,000	
First Party Coverages:		
Breach, System Compromise, Extortion Threat, Funds Transfer Fraud, Payment	\$50,000 Aggregate	
Card Industry.	\$10,000 Per Insured Peril	\$1,000
Business Interruption	\$25,000	24-hours

CRIME & ERISA BOND - Travelers		
	VALUES	DEDUCTIBLES
Coverage A1 - Employee Theft	\$100,000	\$1,000
Coverage A2 - ERISA Fidelity	\$100,000	\$0
Multi - Peril Coverages B, C, D, E, F, & G	\$100,000	\$1,000
Coverage H1 - Personal Accounts Forg. & Alteration	\$100,000	\$1,000
Coverage H2 - Identity Fraud Expense	\$25,000	\$0
Coverage I - Claim Expense	\$5,000	\$0
AUTO LIABILITY		
	VALUES	DEDUCTIBLES
Liability - Vehicles 7, 8 & 9	\$1,000,000	Nil
Physical Damage	Actual Cash Value	\$1,000
Non-Owned Auto & Hired Auto Liability	Included	Nil
WORKERS COMPENSATION		
	VALUES	DEDUCTIBLES
Coverage A	Statutory Limits	Nil
Employers Liability - Each Acc/Each EE/Policy Limit	\$500,000	Nil
UMBRELLA & EXCESS FOLLOW FORM		
	LIMITS	DEDUCTIBLES
Each Occurrence Limit	\$5,000,000	Nil
Products/Completed Operations Aggregate Limit	\$5,000,000	Nil
General Aggregate Limit of Insurance	\$5,000,000	Nil
Employee Benefits Liability (included)	\$5,000,000	Nil
PROPERTY INSURANCE - MONOLINE 20 Central St., Brookfield, MA 01506		
	VALUES	DEDUCTIBLES
Year Built - 1886		
Building Only	\$1,500,000	\$10,000

PACKAGE POLICY: PROPERTY - ACADIA / UNION**POSSIBLE COVERAGE ISSUES/DEFICIENCIES**

- ▶ Business Interruption is at 50% coinsurance, but there is a Manufacturer's Selling Price endorsement which may offset this limitation for direct BI coverage.
- ▶ Protective Safeguards Endorsement applies - must alert carrier to the impairment of the automatic sprinkler systems.
- ▶ Agreed Value on the Insured Values is a benefit
- ▶ Dependent Business Interruption is included for up to \$100,000

Oswald Assessment: 3 - Adequate but can improve**LEGEND:** 1-Poor | 2-Needs Meaningful Improvement | 3-Adequate but can Improve | 4-Better than average | 5-Best in class**PACKAGE POLICY: GENERAL LIABILITY - ACADIA / UNION****POSSIBLE COVERAGE ISSUES/DEFICIENCIES**

- ▶ Are all of the 5 locations scheduled on the GL policy coming with the transaction?
- ▶ Does the business have a Silica Exposure or a Liquor Liability Exposure? As both are Excluded or Limited.
- ▶ The GL Section excludes Cyber Liability, but the policy shows an extension for Cyber Liability; this should be clarified to ensure the Policy offers the expected coverages.
- ▶ This policy is subject to audit of insurable exposures or a penalty will be imposed.

Oswald Assessment: 3/4 - Adequate but Acceptable**LEGEND:** 1-Poor | 2-Needs Meaningful Improvement | 3-Adequate but can Improve | 4-Better than average | 5-Best in class**COMMERCIAL AUTO LIABILITY - ACADIA / UNION****POSSIBLE COVERAGE ISSUES/DEFICIENCIES**

- ▶ Four vehicles Scheduled on the Policy. Will these vehicles move to Buyer upon Closing?
- ▶ Broadening Endorsement added to the policy with multiple Coverage Extensions added.
- ▶ Covered vehicles are Symbols 7, 8 & 9 - Specifically Described Vehicles, Hired and Non-Owned. Typically businesses also have Symbol 1 (any Auto) added to the policy, which allows for flexibility to add vehicles throughout the policy period.

Oswald Assessment: 2.5 - Can be improved, but adequate.**LEGEND:** 1-Poor | 2-Needs Meaningful Improvement | 3-Adequate but can Improve | 4-Better than average | 5-Best in class

PROPERTY COVERAGE - Single Location Policy (Jencap Specialty/Lloyd's America)**COVERAGE DISCUSSION**

- ▶ Coverage is for SAMPLE, Brookfield, MA only. Building was built in 1886 and is Frame construction.
- ▶ ISO Property Form, but only the building value is covered. Does this building have Automatic Sprinklers and an Automatic Fire Alarm; if so, there is protective safeguard wording

Oswald Assessment: 3.5 - Adequate**LEGEND:** 1-Poor | 2-Needs Meaningful Improvement | 3-Adequate but can Improve | 4-Better than average | 5-Best in class**WORKERS COMPENSATION - AIM MUTUAL****POSSIBLE COVERAGE ISSUES/DEFICIENCIES**

- ▶ As a mutual, do they get a dividend? If so, how much or do they have to pay into a debit fund?
- ▶ Notice of Change in Ownership required with 90 days of a change
- ▶ Further investigation into the WC Experience Mod. will identify why it is a 18% debit.

Oswald Assessment: 3 - Adequate, but can Improve**LEGEND:** 1-Poor | 2-Needs Meaningful Improvement | 3-Adequate but can Improve | 4-Better than average | 5-Best in class**UMBRELLA LIABILITY - ACADIA / UNION****POSSIBLE COVERAGE ISSUES/DEFICIENCIES**

- ▶ PFAS Excluded - industry standard as of this date.
- ▶ Why the Liquor Extension? DO they have a fair or picnic there?
- ▶ Policy specifically includes EBL coverage; this is beneficial, but unique.

Oswald Assessment: 4 - Better than average**LEGEND:** 1-Poor | 2-Needs Meaningful Improvement | 3-Adequate but can Improve | 4-Better than average | 5-Best in class**CRIME COVERAGE - Travelers Mono-Line Placement****COVERAGE DISCUSSION**

- ▶ Coverage is for the Multi-Perils that are listed on the coverage page, including ERISA Coverage.
- ▶ Coverage limits may be considered light at \$100,000 if there is any scrap value, street value, etc of the Gavitt products.

Oswald Assessment: 3 - Adequate but can Improve**LEGEND:** 1-Poor | 2-Needs Meaningful Improvement | 3-Adequate but can Improve | 4-Better than average | 5-Best in class

PACKAGE - Incl. CYBER & CRIME

POLICY TERM	TOTAL CLAIMS	OPEN CLAIMS	PAID LOSSES	TOTAL RESERVE	TOTAL INCURRED
7-1-24/25	0	0	\$0	\$0	\$0
7-1-23/24	0	0	\$0	\$0	\$0
7-1-22/23	0	0	\$0	\$0	\$0
7-1-21/22	0	0	\$0	\$0	\$0
7-1-20/21	0	0	\$0	\$0	\$0

UMBRELLA

POLICY TERM	TOTAL CLAIMS	OPEN CLAIMS	PAID LOSSES	TOTAL RESERVE	TOTAL INCURRED
7-1-24/25	0	0	\$0	\$0	\$0
7-1-23/24	0	0	\$0	\$0	\$0
7-1-22/23	0	0	\$0	\$0	\$0
7-1-21/22	0	0	\$0	\$0	\$0
7-1-20/21	0	0	\$0	\$0	\$0

WORKERS' COMPENSATION

POLICY TERM	TOTAL CLAIMS	OPEN CLAIMS	PAID LOSSES	TOTAL RESERVE	TOTAL INCURRED
7-1-24/25	0	0	\$0	\$0	\$0
7-1-23/24	2	0	\$3,256	\$0	\$3,256
7-1-22/23	3	0	\$2,439	\$0	\$2,439
7-1-21/22					
7-1-20/21					

COMMERCIAL AUTO

POLICY TERM	TOTAL CLAIMS	OPEN CLAIMS	PAID LOSSES	TOTAL RESERVE	TOTAL INCURRED
7-1-24/25	0	0	\$0	\$0	\$0
7-1-23/24	1	0	\$1,106	\$0	\$1,106
7-1-22/23	0	0	\$0	\$0	\$0
7-1-21/22	0	0	\$0	\$0	\$0
7-1-20/21	0	0	\$0	\$0	\$0

CYBER (part of package)

POLICY TERM	TOTAL CLAIMS	OPEN CLAIMS	PAID LOSSES	TOTAL RESERVE	TOTAL INCURRED
7-1-24/25	0	0	\$0	\$0	\$0
7-1-23/24	0	0	\$0	\$0	\$0
7-1-22/23	0	0	\$0	\$0	\$0
7-1-21/22	0	0	\$0	\$0	\$0
7-1-20/21	0	0	\$0	\$0	\$0