

CORPORATE INSURANCE COST ALLOCATION POLICY

CORPORATE INSURANCE COST ALLOCATION

Polar Dynamics Robotics, Inc.

Effective Date: January 1, 2024

Document ID: INS-2024-001

1. PURPOSE AND SCOPE

1. This Corporate Insurance Cost Allocation Policy ("Policy") establish
2. This Policy applies to all insurance programs maintained by the Co

- a) Commercial General Liability
- b) Product Liability
- c) Technology Errors & Omissions
- d) Cyber Insurance
- e) Property Insurance
- f) Workers' Compensation
- g) Directors & Officers Liability
- h) Environmental Liability

2. DEFINITIONS

1. "Allocation Base" means the metric(s) used to distribute insurance
2. "Cost Centers" refers to designated operational units responsible for

3. "Premium Allocation Period" means the twelve-month period corresponding to the period of the premium allocation.

4. "Risk Factors" means documented criteria used to weight allocation of risk.

3. ALLOCATION METHODOLOGY

1. Primary Allocation Bases:

a) Revenue (40% weighting)

b) Headcount (25% weighting)

c) Asset Value (20% weighting)

d) Claims History (15% weighting)

2. Division-Specific Considerations:

a) BlueCore(TM) Technology Division: Additional weighting for product exposure

- b) Research & Development: Enhanced allocation for technology E&C
- c) Manufacturing Operations: Increased property insurance allocation
- d) Field Services: Higher general liability allocation

3. Risk-Adjusted Modifications:

The base allocation shall be adjusted according to:

- a) Historical loss experience
- b) Risk control measures implemented
- c) Operational environment (cold storage vs. standard conditions)
- d) Geographic location factors

4. CALCULATION PROCEDURES

1. Annual Premium Allocation Formula:

Unit Allocation = Base Premium [(Revenue Factor 0.4) + (Headcount Factor 0.3) + (Asset Factor 0.2) + (Claims Factor 0.15)]

2. Quarterly Reconciliation:

Cost centers shall review and reconcile allocated charges quarterly, with any adjustments processed within 30 days of quarter-end.

3. Special Allocations:

Project-specific insurance costs shall be allocated directly to the relevant business unit.

5. REPORTING AND DOCUMENTATION

1. Required Documentation:

a) Quarterly allocation worksheets

- b) Risk factor assessment forms
- c) Claims history reports
- d) Premium adjustment calculations
- e) Business unit acknowledgment forms

2. Reporting Schedule:

- a) Monthly allocation reports due by the 15th of following month
- b) Quarterly reconciliation reports due within 45 days of quarter-end
- c) Annual allocation review due by November 30

6. ROLES AND RESPONSIBILITIES

1. Risk Management Department:

- a) Maintain allocation methodology

b) Calculate and distribute allocations

c) Review and adjust risk factors

2. Finance Department:

a) Process allocated charges

b) Perform reconciliations

c) Maintain cost center records

3. Business Unit Leaders:

a) Review allocated charges

b) Report significant operational changes

c) Implement risk control measures

7. POLICY REVIEW AND UPDATES

1. Annual Review:

This Policy shall be reviewed annually by the Risk Management Committee and updated as necessary.

2. Material Changes:

Any material changes to allocation methodology require CFO approval.

8. COMPLIANCE AND ENFORCEMENT

1. All business units shall comply with this Policy and related procedures.

2. Non-compliance may result in additional allocation charges or other consequences.

9. APPROVAL AND EXECUTION

This Policy is hereby approved and adopted by the undersigned as of
Effective Date.

POLAR DYNAMICS ROBOTICS, INC.

By: _

Victoria Wells

Chief Financial Officer

Date: _

By: _

Sarah Nordstrom

Chief Operating Officer

Date: _

10. REVISION HISTORY

Version 1.0 - January 1, 2024 - Initial Policy

Version 1.1 - March 15, 2024 - Updated allocation bases

Version 1.2 - June 30, 2024 - Added cold storage risk factors

