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08-26-2004



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Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings

U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Yellow Key Insurance Agency, Inc.

- Individual(s) Association General Partnership Limited Partnership Corporation-State Illinois Other

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)

Name: The Frost National Bank as Administrative Agent

Internal

Address:

Street Address: 100 West Houston

City: San Antonio State: TX Zip: 78205

- Individual(s) citizenship Association national banking association General Partnership Limited Partnership Corporation-State Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: July 30, 2004

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s) 2,320,884; 2,363,909

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Diane K. Lettelleir

Internal Address: Winstead Sechrest & Minick P.C.

40.00 OP 25.00 OP

Street Address: P.O. Box 50784

City: Dallas State: TX Zip: 75201

6. Total number of applications and registrations involved:

2

7. Total fee (37 CFR 3.41) \$ 65.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

23-2426

SEP 23 AM 7:27 OR/FINANCE

DO NOT USE THIS SPACE

9. Signature.

Diane K. Lettelleir

Name of Person Signing

Diane K. Lettelleir

Signature

August 23, 2004

Date

Total number of pages including cover sheet, attachments, and document: 7

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

## TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT (this "Agreement"), is made as of July 30, 2004, by YELLOW KEY INSURANCE AGENCY, INC., an Illinois corporation ("Debtor"), in favor of THE FROST NATIONAL BANK, as Administrative Agent (together with any successor(s) thereto in such capacity, the "Secured Party") for the benefit of each Lender and the L/C Issuer.

### BACKGROUND.

Pursuant to the Credit Agreement dated as of July 30, 2004 (such agreement, together with all amendments and restatements, the "Credit Agreement"), among Affirmative Insurance Holdings, Inc., a Delaware corporation ("Borrower"), the various financial institutions as are, or may from time to time become, parties thereto (each, individually, a "Lender", and collectively, the "Lenders"), and The Frost National Bank, as Administrative Agent, Lenders and L/C Issuer have extended Commitments to make Loans to Borrower and issue Letters of Credit for the account of Borrower and certain of its Subsidiaries;

In connection with the Credit Agreement, Debtor has executed and delivered the Security Agreement dated as of July 30, 2004 (such agreement, together with all amendments and restatements, the "Security Agreement");

As a condition precedent to the making of the Loans and the issuance of the Letters of Credit (including the initial Loan and Letter of Credit) under the Credit Agreement, Debtor is required to execute and deliver this Agreement and to grant to Secured Party a continuing security interest in all of the Trademark Collateral (as defined below) to secure all Indebtedness;

Debtor is a Subsidiary of the Borrower;

It is in the best interests of Debtor to execute this Security Agreement inasmuch as Debtor will derive substantial direct and indirect benefits from the Loans made to and Letters of Credit issued for the account of Borrower and certain of its Subsidiaries by Lenders and L/C Issuer pursuant to the Credit Agreement; and

Debtor has duly authorized the execution, delivery and performance of this Agreement.

### AGREEMENT.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and in order to induce Lenders and L/C Issuer to make Loans and issue Letters of Credit (including the initial Loan and Letter of Credit) pursuant to the Credit Agreement, Debtor agrees, for the benefit of Secured Party, Lenders and L/C Issuer as follows:

1. Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided (or incorporated by reference) in the Security Agreement.

**“Trademark License”** means any agreement, now or hereafter in effect, granting to any third party any right to use any Trademark now or hereafter owned by Debtor or which Debtor otherwise has the right to license, or granting to Debtor any right to use any Trademark now or hereafter owned by any third party, and all rights of Debtor under any such agreement.

**“Trademarks”** means (a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, all registrations and recordings thereof, and all registration and recording applications filed with any governmental authority in connection therewith, and all extensions or renewals thereof, (b) all goodwill associated therewith or symbolized thereby, (c) all other assets, rights and interests that uniquely reflect or embody such goodwill, and (d) all rights to use and/or sell any of the foregoing.

2. **Grant of Security Interest.** For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, to secure all of the Indebtedness, Debtor does hereby mortgage, pledge and hypothecate to Secured Party, and grant to Secured Party a security interest in, for its benefit and the benefit of each Lender and L/C Issuer, all of the following property (the **“Trademark Collateral”**), whether now owned or hereafter acquired by it:

(a) all Trademarks, including all Trademarks referred to in **Item A** of **Attachment 1** attached hereto;

(b) all applications for Trademarks, including each Trademark application referred to in **Item B** of **Attachment 1** attached hereto; and

(c) all Trademark Licenses, including all Trademark Licenses referred to in **Item A** of **Attachment 1** attached hereto; and

(d) all proceeds and products of the foregoing, including, without limitation, insurance payable by reason of loss or damage to the foregoing.

3. **Security Agreement.** This Agreement has been executed and delivered by Debtor for the purpose of registering the security interest of Secured Party in the Trademark Collateral with the United States Patent and Trademark Office and corresponding offices in the United States and any state thereof. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to Secured Party for its benefit and the benefit of each Lender and L/C Issuer under the Security Agreement. The Security Agreement (and all rights and remedies of Secured Party and each Lender and L/C Issuer thereunder) shall remain in full force and effect in accordance with its terms.

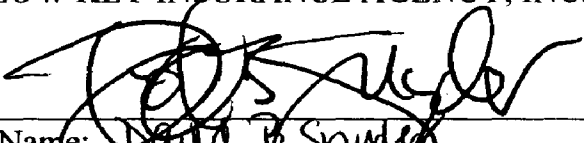
4. **Acknowledgment.** Debtor does hereby further acknowledge and affirm that the rights and remedies of Secured Party with respect to the security interest in the Trademark Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein.

5. Loan Document, etc. This Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions of the Credit Agreement.

6. Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

YELLOW KEY INSURANCE AGENCY, INC.

By:   
Print Name: David B. Snyder  
Print Title: Vice President

THE FROST NATIONAL BANK,  
as Administrative Agent

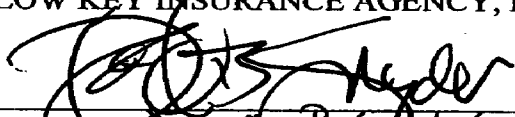
By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Print Title: \_\_\_\_\_

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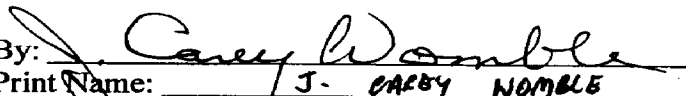
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YELLOW KEY INSURANCE AGENCY, INC.


By:   
Print Name: David B. Snyder  
Print Title: Vice President

THE FROST NATIONAL BANK,  
as Administrative Agent

By:   
Print Name: J. CAREY NOBLE  
Print Title: SVP

ATTACHMENT I  
to Trademark Security Agreement

Item A	Registered Trademarks
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Registered Owner	Nature of Debtor's Interest (e.g. owner, licensee)	Registered Trademark	Registration No.	Date Registered	Country of Registration
Yellow Key Insurance Agency, Inc.	Owner		2,363,909 75-580,290	07-04-2000	USA
Yellow Key Insurance Agency, Inc.	Owner	YELLOW KEY	2,320,884 75-580,165	02-22-2000	USA

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Item B	Trademark Applications
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Applicant	Nature of Debtor's Interest (e.g. owner, licensee)	Trademark Application relates to following Trademark	Serial No.	Date of Application	Country of Application
Debtor has no interest in any application for registration of a Trademark on the date of this Agreement.					

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