

**UMR:** .....

**Type:** **INDUSTRY LOSS WARRANTY EXCESS OF LOSS REINSURANCE CONTRACT**

**Reinsured:** {.....} (hereinafter referred to as the Reinsured).

**Reinsurer:** The subscribing Insurance and/or Reinsurance Companies and/or Underwriting Members of Lloyd's (hereinafter referred to as the Reinsurers) for a participation as stated in the respective Reinsurer Signing Schedule.

**Period:** This Reinsurance Contract shall apply to all Loss Occurrences occurring during the period:  
  
Effective: 1 June 2020  
  
with respect to losses arising out of Loss Occurrences commencing at or after that time and date, and shall remain in force until,  
  
Expiration: 15 December 2020  
  
Both dates Inclusive, Local Standard Time at the location of the Loss Occurrence, unless earlier terminated in accordance with the provisions of this Reinsurance Contract.

**Class of Business:** This Reinsurance Contract is in respect of all business in force, new and renewal, written by the Reinsured arising from Named Windstorm Loss Occurrences during the Period of this Reinsurance Contract.  
  
For the sake of this Reinsurance Contract "Named Windstorm" shall mean those windstorms that are allocated names (including Greek alphabet symbols) by the World Meteorological Organization (WMO) and/or the United States National Weather Service (NWS) and/or tracked by the services of the National Oceanic and Atmospheric Administration (NOAA) and shall also include all ensuing losses including but not limited to ensuing collapse, water damage (including flood), sprinkler leakage and fire and/or explosion following..

**Reporting Period:** The final evaluation of the Original Insured Market Loss in respect of a Qualifying Event (as defined herein) shall be the final figure published by the Index Provider (as more fully defined hereunder) no later than 24 months after the expiration of this Reinsurance Contract, or earlier if the Index Provider issues final loss estimates for all potential Qualifying Events hereunder.  
  
This Reinsurance Contract will not cover the Reinsured for losses arising out of any events any part of which occurs prior to the inception of this Reinsurance Contract. The date of loss for each Original Insured Market Loss shall be defined by the Index Provider.

**Index Provider:** The Original Insured Market Loss for a Qualifying Event shall be determined by the "Index Provider", which shall be Property Claim Services of Jersey City, New Jersey a division of ISO Services Inc. or any successor in interest thereto.

**Territorial Scope:** This Reinsurance Contract shall only respond in the event of there being an Original Insured Market Loss resulting from a Named Windstorm, as reported by the Index Provider which occurs in the United States of America (being defined as the 50 States of the Union, including the District of Columbia)

**Qualifying Event:** "Qualifying Event" as used herein shall mean a Loss Occurrence oc-

curing during the Period with an Original Insured Market Loss equal to or greater than USD 25,000,000,000.

### **Original Insured Market Loss**

Under no circumstance shall the Reinsurer be liable for payment under this Reinsurance Contract unless:

- a) the "Original Insured Market Loss" for a Loss Occurrence is equal to or greater than USD 25,000,000,000 (the "Trigger"); and
- b) all other terms and conditions for payment under this Reinsurance Contract are met.

In the event of there being a loss hereon the Reinsured shall use, and both parties shall accept, for the purposes of determining an Original Insured Market Loss hereunder the most recently published estimates issued by the Index Provider, excluding any loss adjustment expenses as well as any loss estimates for Workers Compensation losses resulting from the same Loss Occurrence, and any loss estimates for losses under the National Flood Insurance Program (NFIP) resulting from the same Loss Occurrence, but only to the extent that such loss adjustment expenses and/or Workers' Compensation losses and/or NFIP losses are expressly reported by the Index Provider.

The Original Insured Market Loss shall be first determined by the estimate(s), which are published following the commencement date of a Loss Occurrence.

If the Original Insured Market Loss, as published by the Index Provider for a Loss Occurrence, is less than the Trigger and is subsequently revised to an amount equal to or greater than the Trigger in accordance with the terms of the Reporting Period herein, then the Reinsured may submit its claim under this Reinsurance Contract at the time that upward revision is published.

If, subsequent to the Reinsurer making any payment under this Reinsurance Contract, the Original Insured Market Loss, as released by the Index Provider for a Loss Occurrence, is re-valued downward on any Loss Occurrence to less than the Trigger in accordance with the terms of the Reporting Period herein, then the Reinsured shall reimburse the Reinsurer for the amount of the claim previously paid.

Notwithstanding the above, the Reinsured may make provisional collections based on preliminary Index Provider reports received subject to the agreement of the Reinsurer.

In the event that the Index Provider is discontinued, or they materially change their methodology in a way that makes them unsuitable for the purpose intended, or fails to report an estimate of insured loss, an alternative source (not affiliated with the Reinsured, or the Reinsurer), will be used, subject to the agreement of the Reinsured and the Reinsurer.

Failing mutual agreement on a comparable alternative source, a source will be determined by arbitration.

It is understood and agreed that any publication of loss figures and/or amounts by the Index Provider which are indexed, converted or trended to any date other than the original date of loss, shall be disregarded for the purpose of this Reinsurance Contract and shall not form the basis of establishing whether or not an Original Insured Market Loss satisfies the criteria upon which a recovery is made under this Reinsurance Contract.

**Limits:** This Reinsurance Contract shall indemnify the Reinsured up to but not exceeding the Limit of Indemnity of:  
USD ..... each and every Loss Occurrence,  
in excess of  
USD 10,000 Ultimate Net Loss each and every Loss Occurrence.

The term "Loss Occurrence" shall mean all individual losses or series of losses arising out of a Named Windstorm event, as such event is determined by the Index Provider, responsible for identifying catastrophe events for the purpose of preparing and publishing estimates of the Original Insured Market Loss in respect of such event.

Notwithstanding anything to the contrary herein, the aggregate limit of the Reinsurer's liability to the Reinsured during the Period of this Reinsurance Contract shall be USD ..... in all, with respect to any and all of the Reinsurer's obligations arising hereunder or with respect hereto, including without limitation, all claims and expenses relating to any Extra Contractual Obligations as defined herein.

**Reinstatement Provision** Nil.

**Premium** USD ..... @ 24% rate, payable in full at inception.

**Premium Payment Terms** None

**Taxes Payable by the Reinsured and administered by Reinsurers** None.

**Conditions** Clauses applicable:

**Ultimate Net Loss Clause**

The term "Ultimate Net Loss" shall mean the sum actually paid or payable by the Reinsured in respect of each and every loss (including any Extra Contractual Obligations and/or Excess Limits Liability, as defined herein) and including expenses of litigation, if any, and all other loss expenses of the Reinsured (excluding, however, office expenses and salaries of employees of the Reinsured) but salvages and recoveries, excluding recoveries from all other reinsurances, whether collected or not, shall first be deducted from such loss to arrive at the amount of liability, if any, attaching hereunder.

The Reinsured may, at its sole discretion, include within the Ultimate Net Loss losses other than those losses falling within the applicable Original Insured Market Loss ("Non-Industry Losses"). Subject to the foregoing, such Non-Industry Losses shall not be included within or otherwise increase the amount of any Original Insured Market Loss and shall not increase the amount otherwise recoverable hereunder.

It is noted and agreed that where the Reinsured has in effect other Excess of Loss Contracts, if any, underlying recoveries thereunder shall inure to the Reinsured's sole benefit and shall not be taken into account when calculating the Ultimate Net Loss hereunder.

**Extended Expiration Clause**

If this Reinsurance Contract should expire whilst a Loss Occurrence

covered hereunder is in progress, it is agreed that subject to the other conditions of this Reinsurance Contract, the Reinsurers shall pay their proportion of the entire loss or damage, provided that the loss commenced before the time of expiration of this Reinsurance Contract and provided that no part of the loss is claimed against any renewal or replacement of this Reinsurance Contract.

### **Aggregate / Stop Loss Extraction Clause**

The Reinsured may, for the purposes of establishing the amount of their Ultimate Net Loss hereunder, extract from policies or contracts of insurance or reinsurance written on an aggregate or stop-loss basis the amount of their loss in respect of each and every loss (as herein defined) provided that the loss occurs during the period of this Reinsurance Contract.

For the purposes of the above, the amount of the loss to an aggregate policy or contract in respect of each loss arising out of one event shall be deemed to be that percentage of the aggregate loss to the Reinsured on the original policy or contract that the total loss from the particular loss bears to the total losses to the original insured or Reinsured on the business protected.

### **Currency Conversion Clause**

It is understood and agreed that loss or losses, if any, paid by the Reinsured in currencies other than United States Dollars shall be converted into United States Dollars at the rates of exchange as used in the Reinsured's books.

### **Notice of Loss and Loss Settlements**

- A. In the event of a claim arising hereunder, notice shall be given to the Reinsurer through the Intermediary as soon as practicable. Any inadvertent omission in dispatching the aforementioned notices shall in no way affect the obligation of the Reinsurer under this Reinsurance Contract provided the Reinsured informs the Reinsurer of such omission promptly upon discovery.
- B. The Reinsurer is reinsuring, to the amount herein provided, the obligations of the Reinsured under any original insurance or reinsurance contracts. The Reinsured shall be the sole judge as to:
  1. what shall constitute a claim or loss covered under any contracts written by or on behalf of the Reinsured;
  2. the Reinsured's liability thereunder;
  3. the amount or the amounts that it shall be proper for the Reinsured to pay thereunder.
- C. The Reinsured alone and at its full discretion shall adjust, settle or compromise all claims and losses under its contracts.
- D. As respects the contracts of insurance and reinsurance covered hereunder, any loss settlements paid by the Reinsured to its reinsureds under the terms of the contracts ceded hereunder (including but not limited to losses, loss adjustment expenses, extra contractual obligations and excess limits liability) shall be binding upon the Reinsurer provided they are within the terms and conditions of this Reinsurance Contract. The Reinsurer agrees to pay its share of such settlement within 15 days of receipt of proof of loss.

### **Offset Clause**

The Reinsured or the Reinsurer may offset any balance(s) which may become due hereunder to the Reinsured. This offset right shall apply regardless of whether the balance arose on account of premium, commission, claims, losses, allocated loss adjustment expense, salvage or any other amount(s) due from one party to the other under this Reinsurance Contract.

### **Delays, Errors and Omissions Clause**

Any inadvertent error or omission on the part of either the Reinsured or the Reinsurer shall not relieve the other party from any liability, which would have attached hereunder, and such error or omission shall be rectified as soon as possible after discovery. Nevertheless, nothing contained in this Clause shall be held to override any of the terms and conditions of this Reinsurance Contract, and no liability shall be imposed on the other party greater than would have attached hereunder had such error or omission not occurred.

### **Insolvency Clause (LIRMA G86) (Amended)**

Where an Insolvency Event occurs in relation to the Reinsured the following terms shall apply (and, in the event of any inconsistency between these terms and any other terms of this Reinsurance Contract, these terms shall prevail):

1. Notwithstanding any requirements in this Reinsurance Contract that the Reinsured shall actually make payment in discharge of its liability to its policyholder before becoming entitled to payment from the Reinsurers:
  - a. the Reinsurers shall be liable to pay the Reinsured even though the Reinsured is unable actually to pay, or discharge its liability to, its policyholder; but
  - b. nothing in this Clause shall operate to accelerate the date for payment by the Reinsurers of any sum which may be payable to the Reinsured, which sum shall only become payable as and when the Reinsured would have discharged, by actual payment, its liability for its current net loss but for it being the subject of any Insolvency Event.
2. The existence, quantum, valuation and date for payment of any sum which the Reinsurers are liable to pay the Reinsured under this Reinsurance Contract shall be those and only those for which the Reinsurers would be liable to the Reinsured if the liability of the Reinsured to its policyholders had been determined without reference to any term in any composition or scheme of arrangement or any similar such arrangement, entered into between the Reinsured and all or any part of its policyholders, unless and until the Reinsurers serve written notice to the contrary on the Reinsured in relation to any composition or scheme of arrangement.
3. The Reinsurers shall be entitled (but not obliged) to set-off, against any sum which they may be liable to pay the Reinsured, any sum for which the Reinsured is liable to pay the Reinsurers.

An Insolvency Event shall occur if:

- a. i. (in relation to (1), (2) and (3) above) a winding up petition is presented in respect of the Reinsured or a provisional liquidator is appointed over it or if the Reinsured goes into ad-

ministration, administrative receivership or receivership or if the Reinsured has a scheme of arrangement or voluntary arrangement proposed in relation to all or any part of its affairs; or

- ii. (in relation to (1) above) if the Reinsured goes into compulsory or voluntary liquidation;

or, in each case, if the Reinsured becomes subject to any other similar insolvency process (whether under the laws of Bermuda or elsewhere); and

- b. the Reinsured is unable to pay its debts within the meaning of section 162 of the Bermuda Companies Act 1981 or any statutory amendment or re-enactment of that section.

### **Confidentiality**

- A. The Reinsurer acknowledges there may be portions of this Reinsurance Contract, submission or any marketing materials that may contain confidential, proprietary information. The Reinsurer shall maintain the confidentiality of such information and its business and shall not disclose it to any third person without prior approval.

Notwithstanding the foregoing, the Reinsurer is permitted to disclose such information:

1. as required by applicable law, regulation, stock exchange rules or legal process;
  2. to Reinsurer's retrocessionaires, if any, and applicable intermediaries;
  3. the Reinsured's intermediary;
  4. in response to request by governmental and regulatory agencies;
  5. to their accountants, affiliates, auditors or to legal advisors as may be necessary.
- B. The Reinsurer shall be responsible for any breach of the confidentiality provisions herein by the parties described in the preceding paragraph other than those described in paragraph 1 above. Further, should a third party, other than those described in the preceding paragraph, demand or undertake to claim entitlement to confidential information, the Reinsurer shall promptly upon receipt of demand, notify the Reinsured in writing of such demand prior to the disclosure of information and shall fully cooperate should the Reinsured elect to resist. If the Reinsured objects to the release of the information, the Reinsurer shall permit counsel, chosen by the Reinsured and at the Reinsured's expense, to represent the Reinsurer in order to resist the release of the information.

### **Severability**

If any provision of this Reinsurance Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any jurisdiction, such provision shall be considered void in such jurisdiction, but this shall not affect the validity or enforceability of any other provision of this Reinsurance Contract or the enforceability of such provision in any other jurisdiction.

### **Non-Waiver**

The failure of the Reinsured or the Reinsurer to insist on compliance with this Reinsurance Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any right or remedy contained herein nor prevent either party from thereafter demanding full and complete compliance nor prevent either party from exercising such right or remedy in the future.

### **Amendments**

Any change or modification to this Reinsurance Contract shall be made by written amendment to this Reinsurance Contract and signed by the Reinsured and the Reinsurer.

### **Entire Agreement**

This written Reinsurance Contract and the Trust Agreement constitute the entire agreement between the parties. In no event shall this Reinsurance Contract provide any guarantee of profit, directly or indirectly, from the Reinsurer to the Reinsured or from the Reinsured to the Reinsurer.

### **Special Termination Clause**

- (1) The Reinsured may at their sole option terminate any Reinsurer's participation in this Reinsurance Contract immediately by giving the Reinsurer concerned notice:
  - (a) if the Reinsurer resides or be incorporated in countries where any regulation, whether by decree or otherwise, be enforced by the Government which shall restrict or prohibit its performance of any or all of its obligations under this Reinsurance Contract or any contract in consideration of which this Reinsurance Contract has been completed, or
  - (b) if the country or territory in which the Reinsurer resides or has its head office or is incorporated shall be involved in armed hostilities with any other country, whether war be declared or not, or is partly or wholly occupied by another power, or
  - (c) there is any material change in the management, ownership or control of the other party.

After the date of any such termination the liability of the Reinsurer shall cease outright other than in respect of individual losses that have already occurred prior to the effective date of termination which are covered hereunder.

- (2) All notices of termination in accordance with any of the provisions of this Clause shall be in writing by Registered Letter or alternatively any means of instantaneous communication, which provides a permanent record and shall be deemed to be served upon dispatch or, where communications between the parties are interrupted, upon attempted dispatch.

All notices of termination served in accordance with any of the provisions of this Clause shall be addressed to the Reinsurer concerned at its head office or at any other address previously designated by such Reinsurer.

In the event of this Reinsurance Contract being terminated before

the final premium is known then the premium due to Reinsurers shall be calculated upon the net Premium of the Reinsured up to the date of termination or pro-rata temporis of the Premium hereon, if any, whichever be the greater.

Any Reinstatement Premium (if applicable), however, shall be based upon the full annual premium for this Reinsurance Contract.

The rights and obligations of both the Reinsured and the Reinsurer under this Reinsurance Contract shall remain in full force until the effective date of termination.

### **Foreign Account Tax Compliance Act (“FATCA”)**

The Reinsurer shall provide to the Reinsured the FATCA required documentation (including a valid W-8BEN, W-9 or such other documentation approved for use by the U.S. Internal Revenue Service as the case may be) that confirms that the Reinsurer is not subject to any FATCA withholding. In the event the Reinsurer fails to provide the Reinsured with such FATCA required documentation, the Reinsured shall withhold 30% of the reinsurance premium otherwise due such Reinsurer with respect to U.S. risks for payment to the U.S. Internal Revenue Service in accordance with FATCA.

### **Mode of Execution Clause**

This Reinsurance Contract and any amendment or changes thereto shall be executed by the Reinsurers, by the following and no other means:

- (a) an original written ink signature of paper documents (or a true representation of a signature, such as a rubber-stamp);
- (b) a facsimile or scanned copy showing the original written ink signature of paper documents;
- (c) electronic signature technology employing computer software and a digital signature or digitiser pen pad to capture a person’s handwritten signature in such a manner that the signature is unique to the person signing, is under the sole control of the person signing, is capable of verification to authenticate the signature and is linked to the document signed in such a manner that if the data is changed, such signature is invalidated;
- (d) a unique authorisation provided via a secure electronic trading platform.

Unless otherwise required by law or regulation the use of any one or a combination of these methods of execution shall constitute a legally binding and valid signing of this Reinsurance Contract. Any amendment or changes to the Reinsurance Contract shall be executed in the same manner.

The Reinsurance Contract or any amendments or changes thereto, may be executed in one or more of the specified methods, each of which, when duly executed, shall be deemed as original.

### **Intermediary Clause**

..... is hereby recognized as the Intermediary negotiating this Reinsurance Contract for all business hereunder. All communications (including, but not limited to, notices, statements, premium, return premium, commissions, taxes, losses, loss adjustment expense,



salvages and loss settlements) relating thereto shall be transmitted to the Reinsured or the Reinsurer through ..... Payments by the Reinsured to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Reinsured only to the extent that such payments are actually received by the Reinsured.

Brokerage for this Reinsurance Contract is 5% of reinsurance premium to .....

#### **Named Clauses**

The following established market referenced clauses are also applicable to this Reinsurance Contract:

#### **Extra Contractual Obligations Clause (NMX 100)**

#### **Sanctions Limitation and Exclusion Clause (LMA 3100)**

#### **Contracts (Rights of Third Parties) Act 1999 Clarification Clause (NMA 2852)**

#### **Exclusions**

This Reinsurance Contract excludes the Reinsured's interest whether direct or by way of reinsurance in losses arising from claim or claims against an Insured by another party or parties.

Notwithstanding the foregoing, this Reinsurance Contract shall not exclude any Physical Damage and/or Consequential Loss coverage contingent thereon effected by an Insured on behalf of another party.

This Reinsurance Contract shall also be subject to the following exclusion clauses:

- 1) War and Terrorism Exclusion Endorsement NMA 2919
- 2) Nuclear Risks in accordance with the following:
  - i) Nuclear Incident Exclusion - Liability - Reinsurance - U.S.A. - NMA 1590 (including amended definition of "Waste")
  - ii) Nuclear Incident Exclusion Clause - Physical Damage - Reinsurance - U.S.A. - NMA 1119
  - iii) Nuclear Incident Exclusion Clause - Physical Damage and Liability (Boiler and Machinery Policies) - Reinsurance - U.S.A. - NMA 1166.

For the avoidance of doubt, Exclusions hereon apply on the composition of the Reinsured's Ultimate Net Loss and do not apply to the Original Insured Market Loss. The Reinsurer and Reinsured agree to accept the reported estimates as provided by the Index Provider, the exclusions hereon notwithstanding.

#### **Notices**

#### **Terminology Clarification Notice**

For the purposes of this Reinsurance Contract, where established market referenced clauses are included herein, terminology is maintained as utilized in such issued clauses. However, where necessary, the interpretation of the parties or form of documentation stated in the text of the referenced clause shall be considered within the context of this Reinsurance Contract.

#### **Dispute Resolution**

Where any dispute or difference between the parties arising out of or in connection with this Reinsurance Contract including formation and

validity and whether arising during or after the Period of this Reinsurance Contract has not been settled through negotiation, both parties and the intermediary agree to try in good faith to settle such dispute by non-binding mediation, before resorting to arbitration in the manner set out below.

**Arbitration:**

**ARIAS Arbitration Clause**

All matters in difference between the parties arising under, out of or in connection with this Reinsurance Contract, including formation and validity, and whether arising during or after the Period of this Reinsurance Contract, shall be referred to an arbitration tribunal in the manner hereinafter set out.

Unless the parties appoint a sole arbitrator within 14 days of one receiving a written request from the other for arbitration, the claimant (the party requesting arbitration) shall appoint his arbitrator and give written notice thereof to the respondent. Within 30 days of receiving such notice the respondent shall appoint his arbitrator and give written notice thereof to the claimant, failing which the claimant may apply to the appointor hereafter named to nominate an arbitrator on behalf of the respondent.

Before they enter upon a reference the two arbitrators shall appoint a third arbitrator. Should they fail to appoint such a third arbitrator within 30 days of the appointment of the respondent's arbitrator then either of them or either of the parties may apply to the appointor for the appointment of the third arbitrator. The three arbitrators shall decide by majority. If no majority can be reached the verdict of the third arbitrator shall prevail. He shall also act as chairman of the tribunal.

Unless the parties otherwise agree, the arbitration tribunal shall consist of persons (including those who have retired) with not less than ten years' experience of insurance or reinsurance, as persons engaged in the industry itself or as lawyers or other professional advisers.

The arbitration tribunal shall, so far as is permissible under the law and practice of the place of arbitration, have power to fix all procedural rules for the holding of the arbitration, including discretionary power, to make orders as to any matters which it may consider proper in the circumstances of the case with regard to pleadings, discovery, inspection of the documents, examination of witnesses and any other matter whatsoever relating to the conduct of the arbitration and may receive and act upon such evidence whether oral or written strictly admissible or not as it shall in its discretion think fit.

The appointor shall be the Chairman for the time being of ARIAS or if he is unavailable or it is inappropriate for him to act for any reason, such person as may be nominated by the Committee of ARIAS. If for any reason such persons decline or are unable to act, then the appointor shall be the Judge of the appropriate Courts having jurisdiction at the place of arbitration.

All costs of the arbitration shall be determined by the arbitration tribunal who may, taking into account the law and practice of the place of arbitration, direct to and by whom and in what manner they shall be paid.

The place of arbitration shall be Hamilton, Bermuda.

The award of the arbitration tribunal shall be in writing and binding upon the parties who consent to carry out the same.

**Limited Recourse and  
Bermuda Regulations**

The liability of the Reinsurer for the performance and discharge of all of its obligations, however they may arise, in relation to this Reinsurance Contract (together "Obligations" for purposes of this provision), shall be limited to and payable solely from the proceeds of realization of the assets of the Trust Account, as defined herein and in the Trust Agreement and accordingly there shall be no recourse to any other assets of ....., whether or not allocated to any other separate account or the general account of ..... In the event that the proceeds of realization of the assets of the Trust Account are insufficient to meet all Obligations, any Obligations remaining after the application of such proceeds shall be extinguished, and the Reinsured undertakes in such circumstances to take no further action against the Reinsurer in respect of any such Obligations. In particular, neither the Reinsured nor any party acting on its behalf shall petition or take any steps for the winding up or receivership of the Reinsurer or .....

Notwithstanding any matter referred to herein, the Reinsured understands and accepts that the Reinsurer is a separate account of ..... and that all corporate matters relating to the creation of the Reinsurer, capacity of the Reinsurer, operation and liquidation of the Reinsurer and any matters relating to the Reinsurer thereof shall be governed by, and construed in accordance with, the laws of Bermuda. The Reinsured has had the opportunity to take advice and to obtain all such additional information that it considers necessary to evaluate the terms, conditions and risks of entering into this Reinsurance Contract with the Reinsurer.

**Obligations**

The Reinsurer agrees to establish and maintain a trust account with ..... Bank (the "Trust Account") pursuant to a trust agreement by and among the Reinsurer, the Reinsured and ..... Bank (the "Trust Agreement") for the benefit of the Reinsured in respect of the Reinsurer's Obligations under this Reinsurance Contract. The Reinsurer shall deposit eligible securities into the Trust Account in a form as set out in the Trust Agreement equal to at least the value as determined below to act as collateral for its Obligations.

For the purposes of this provision only, the term "Obligations" shall mean 100% of the Limit of Indemnity, less losses and loss adjustment expenses recovered from the Reinsurer.

The Reinsured and the Reinsurer further agree, notwithstanding anything to the contrary in this Reinsurance Contract, that said Trust Account may be drawn upon by the Reinsured or its successors in interest at any time, without diminution because of the insolvency of the Reinsured or the Reinsurer, but only for one or more of the following purposes:

1. To reimburse itself for the Reinsurer's share of unearned premiums on the account of cancellations, unless paid in cash by the Reinsurer;
2. To reimburse itself for the Reinsurer's share of losses and/or loss adjustment expense paid and/or loss funding under the terms of the contract or contracts reinsured hereunder, unless paid in cash by the Reinsurer;
3. To reimburse itself for the Reinsurer's share of any other amounts due hereunder, unless paid in cash by the Reinsurer;
4. To fund a cash account in the amount equal to the Reinsurer's Obligations, if the Trust Agreement has not been renewed or re-

placed by the Reinsurer 10 business days prior to its expiration date;

5. To refund to the Reinsurer any sum in excess of the actual amount required to fund the Reinsurer's Obligations, if so requested by the Reinsurer.

In the event the amount drawn by the Reinsured on the Trust Account is in excess of the actual amount required for 1, 2, or 4, or in the case of 3, the actual amount determined to be due, the Reinsured shall re-deposit into the Trust Account the excess amount so drawn.

#### **Collateral Release**

If after 15 days following the expiry of the Period and in the reasonable discretion of the Reinsured, there are no known Loss Occurrences that may result in a claim hereunder then the Reinsured agrees to release the collateral within 10 working days thereafter.

If a Loss Occurrence has occurred within the Territorial Scope and during the Period of this Reinsurance Contract but the Index Provider has not yet released an initial estimate of the Original Insured Market Loss for that Loss Occurrence the possible claim resulting from that Loss Occurrence shall be considered the maximum allowable claim under the terms of this Reinsurance Contract and the collateral shall not be released until such estimate of Original Insured Market Loss has been published by the Index Provider.

If the paragraph above does not apply then the Reinsured agrees to review the loss experience to determine whether there has been a Loss Occurrences effecting this Reinsurance Contract as follows:

1. If 3 months after the expiry of the Period of this Reinsurance Contract there is not an Original Insured Market Loss relating to such Period whose value is equal to or greater than USD 11,250,000,000 as published by the designated Index Provider, then the obligations related to such Period are reduced to zero and the Reinsured agrees to the release of the assets held in the Trust Account to the Reinsurer within 10 working days thereafter.
2. If 6 months after the expiry of the Period of this Reinsurance Contract there is not an Original Insured Market Loss relating to such Period whose value is equal to or greater than USD 15,000,000,000 as published by the designated Index Provider, then the obligations related to such Period are reduced to zero and the Reinsured agrees to the release of the assets held in the Trust Account to the Reinsurer within 10 working days thereafter.
3. If 9 months after the expiry of the Period of this Reinsurance Contract there is not an Original Insured Market Loss relating to such Period whose value is equal to or greater than USD 17,500,000,000 as published by the designated Index Provider, then the obligations related to such Period are reduced to zero and the Reinsured agrees to the release of the assets held in the Trust Account to the Reinsurer within 10 working days thereafter.
4. If 12 months after the expiry of the Period of this Reinsurance Contract there are not an Original Insured Market Loss relating to such Period whose value is equal to or greater than USD 20,000,000,000 as published by the designated Index Provider, then the obligations related to such Period are reduced to zero and the Reinsured agrees to the release of the assets held in the Trust Account to the Reinsurer within 10 working days

thereafter.

5. If 18 months after the expiry of the Period of this Reinsurance Contract there is not an Original Insured Market Loss relating to such Period whose value is equal to or greater than USD 22,500,000,000 as published by the designated Index Provider, then the obligations related to such Period are reduced to zero and the Reinsured agrees to the release of the assets held in the Trust Account to the Reinsurer within 10 working days thereafter.
6. If 24 months after the expiry of the Period of this Reinsurance Contract there is not an Original Insured Market Loss relating to such Period whose value is equal to or greater than USD 25,000,000,000 (as published by the designated Index Provider), then the obligations related to such Period are reduced to zero and the Reinsured agrees to the release of the assets held in the Trust Account to the Reinsurer within 10 working days thereafter.

If the assets in the Trust Account are released by the Reinsured and returned to the Reinsurer, the Reinsured agrees that any obligations are reduced to zero and that this Reinsurance Contract shall be immediately commuted.

Notwithstanding the foregoing, the Trust Account shall remain in place for no longer than 24 months from the date of expiry of the Period of this Reinsurance Contract.

**Choice of Law and Jurisdiction:**

This Reinsurance Contract is governed by and is construed according to the law of Bermuda, without regard to its conflict of laws rules, and subject to the provisions of the Arbitration Clause herein, the Courts of Hamilton, Bermuda shall have exclusive jurisdiction over this Reinsurance Contract.

**Recording, Transmitting and Storing Information:**

Where the Intermediary maintains risk and claim data / information / documents, the Intermediary may hold data / information / documents electronically.

**Reinsurer Contract Documentation:**

The document contained herein illustrates the full terms and conditions to which the participating Reinsurers have agreed and constitutes the Contract Document.

Reinsurers' acceptance of a share in this Reinsurance Contract, whether by direct signature of the attached Signing Schedule(s) (whether attached hereto or otherwise), or by correspondence, shall constitute their formal signature of this Reinsurance Contract and no further documentation shall be issued.

Evidence of cover will be provided to the Reinsured in the form of fully scanned copy of this Reinsurance Contract.

Signed Lines available to Reinsurers at inception and written confirmation to be sent to them within thirty (30) days of inception.

**Order Hereon:**

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