

## SPECIAL TERMINATION CLAUSE

The Reinsured may terminate this Agreement at any time during the Period of this Agreement by giving notice in writing via certified or registered mail to the Reinsurer in the event that any one of the following circumstances has occurred since the inception date of this Agreement (or, in the case of a continuous contract or of a multi-year contract subject to annual re-signing, the immediately preceding anniversary date):

a) a regulatory authority with appropriate jurisdiction has ordered the Reinsurer to cease accepting business

or

b) the Reinsurer has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary), or there has been instituted against it proceedings for the appointment of a receiver, liquidator, rehabilitator, conservator, or trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control its operations

or

c) the Reinsurer's policyholders' surplus (or, in respect of Lloyd's syndicates, total stamp capacity by managing agent expressed in pounds sterling) has been reduced by 20% of the amount at which it stood at the inception of this Agreement (or, in the case of a continuous contract or of a multi-year contract subject to annual re-signing, the immediately preceding anniversary date). Nevertheless, this provision shall not apply in respect of a Lloyd's syndicate whose managing agent has voluntarily reduced its stamp capacity for a year of account subsequent to that into which this Agreement is written, provided that all members of such syndicate continue to meet the capital and solvency requirements of Lloyd's

or

d) the Reinsurer has merged with, been acquired by, or relinquished control of itself to any other company, corporation or individual(s)

or

e) the Reinsurer's AM Best Financial Strength Rating has been assigned or downgraded below A-. In respect of Lloyd's syndicates the applicable rating shall be that of Lloyd's as a whole.

or

f) the Reinsurer's Standard and Poor's Insurer Financial Strength rating has been assigned or downgraded below A-. In respect of Lloyd's syndicates the applicable rating shall be that of Lloyd's as a whole.

In the event of such termination the liability of the Reinsurer shall cease upon receipt of notice from the Reinsured (except in respect of losses which may have occurred prior to such date of termination but for which settlement remains outstanding) and the Reinsurer shall receive premium pro rata as to time of the Full Premium.

However, if losses have occurred between the inception date of this Agreement (or, in the case of a continuous contract or of a multi-year contract subject to annual re-signing, the anniversary date immediately preceding termination) and the date of termination which exceed pro rata as to time of the Full Premium, then the Reinsurer shall receive premium equal to the losses or the Full Premium, whichever the lesser.

For the purpose of this clause Full Premium shall mean the fully adjusted premium that would have been earned by the Reinsurer for the period of this Agreement had it not been terminated, taking into account any minimum premium condition and including any reinstatement premium in respect of losses occurring prior to the date of termination.

In the event of such termination, nothing in this clause or the circumstances giving rise to the Notice of Termination shall increase the definitive proportion of liability ("signed line") of the other Reinsurers on this Agreement:

- (i) for losses occurring prior to termination or
- (ii) for losses occurring subsequent to termination, unless any Reinsurer has expressly agreed to increase its definitive proportion of liability, and then only to the extent of such agreed increase and from the date and time at which it has agreed that its increased participation will take effect.

LMA5139

1 October 2009