# The Dedicated Financial Trust®



#### Maiden Re

Key Financial Data for Maiden Holdings, Ltd.\*

•	Q3 2017 YTD Net Written Premium	\$2.2
	Total Assets	\$6.8
-	Shareholders' Equity	\$1.4
	Total GAAP Capital	\$1.7

- Rating of Insurance Operating Companies
  - A (Excellent) by A.M. Best with a Stable Outlook



<sup>\*</sup> As of 9/30/2017. \$ in Billions.

#### Reinsurance Risk

All Reinsurance Agreements Create Financial Risk:

No Protection for Delinquent
Claims Payments

Reinsurer Withdrawals

Any Regulatory Supervision

Weak Reinsurer Rating

Non-Admitted Assets

Delinquent and Disputed
Payments

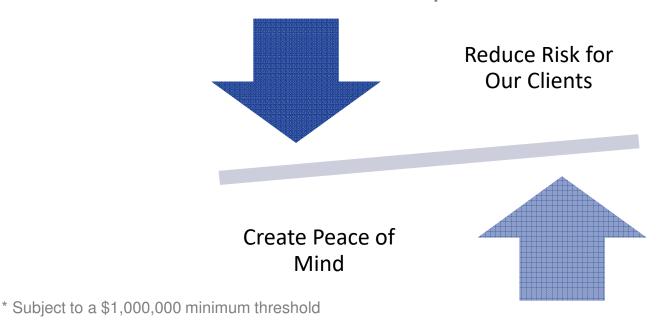
Significant Delays in Claims
Payments

Increased Capital Charge by A.M.
Best



#### The Dedicated Financial Trust®

Each Active Treaty Client\* Will Be Offered an Independently Managed Trust to Secure Case Loss Reserves, IBNR and Unearned Premiums, Net of Open Balances





### The Dedicated Financial Trust® Key Features

Funded With High Quality Assets to Ensure Liquidity Refreshed Quarterly to Reflect Changes in Outstanding Liabilities Trust Assets
Monitored and
Maintained by an
Independent Asset
Manager and Trustee

Asset Values are Reviewed Monthly

Withdrawals
Permitted for
Undisputed Balances
Beyond 90 Days



### The Dedicated Financial Trust® Key Features

Interest Credited to
Claims in Dispute From
the Date of Original
Disagreement

IBNR Determined by Reinsurer but Can Be Challenged by Insurer

Non-Cancellable Until
All Liabilities Are
Extinguished\*

Fees Associated With the Trust Are Absorbed by Maiden Re

<sup>\*</sup> Maiden Re retains the option to discontinue trust if outstanding liabilities fall below \$250,000; all assets transfer to beneficiary



### The Dedicated Financial Trust® Quarterly Rebalance

Maiden Re
Calculates the
Outstanding
Liabilities as of the
Measurement Date



Ceding Company Is
Provided With Trust
Calculations and the
Opportunity to
Review



If Ceding Company and Maiden Re Disagree on Trust Funding Levels, Process is in Place to Review and Adjust as Agreed



### The Dedicated Financial Trust® Claims Payments

Standard Claims Handling Process

- Claim Payments Are Made From Operating Funds
- Once Claims Are Paid, Reserve Balances Decline, Reducing Trust Balances at Next Quarterly Rebalance

Cedent Has the Ability to Withdraw Funds If a Valid Claim Is Not Paid Within 90 Days

- Execute a Withdrawal Notice with Trustee Documenting Claim Details
- Trustee Will Make the Payment Within 5 Business Days



## Establishing a Dedicated Financial Trust®

Trust
Agreements
Are Executed

Reinsurance
Contracts Are
Amended to
Reflect the
Presence of a
Trust

Once
Outstanding
Liabilities
Exceed
\$1 Million:

- •Custodial Control of Assets Transferred to Trustee (State Street Bank)
- Assets Transferred to Trustee

Trustee
Provides
Ceding
Company
with
Notification
of Asset
Transfer

Trusts
Remain
Active Until
All Liabilities
Have Been
Extinguished\*

\* Maiden Re retains the option to discontinue trust if outstanding liabilities fall below \$250,000; all assets transfer to beneficiary



#### Dedicated Financial Trust® - Recap

- Unparalleled Reinsurance Security Through Full Collateralization of All Liabilities
- Maximum Accountability to Ensure That Claims Are Processed Fairly and Promptly
- Maximum Transparency in the Insurer/Reinsurer Relationship
- Strongest Security Available in the Domestic Reinsurance Market
- Balances Protected in the Event of a Downgrade, Sale, Merger, or Other Unforeseen Event
- Rating Agencies View Collateralized Reinsurance Favorably

