

SECOND AMENDED AND RESTATED DEED OF TRUST

This Second Amended and Restated Deed of Trust (the "Deed of Trust") entered into as of the 6th day of September, 2017 between Validus Reinsurance Ltd., an insurance company organized and existing under the laws of Bermuda (the "Company") and The Bank of New York Mellon, a banking corporation organized and existing under the laws of the State of New York, with trust powers in New Jersey, and having an office at 385 Rifle Camp Road, Garret Tower, Woodland Park, New Jersey 07424 (the "Trustee") amends and restates the Amended and Restated Deed of Trust dated September 14, 2015 between the Company and the Trustee, which amended the Deed of Trust dated November 24, 2014 (the "Original Deed of Trust") between the Company and the Trustee.

WITNESSETH:

WHEREAS, the Company is engaged in the insurance business in Bermuda and has or will have reinsurance obligations to United States of America ("U.S.") insurers as a result of reinsurance ceded by such insurers to the Company;

WHEREAS, pursuant to the terms of the Original Deed of Trust, the Company established a trust fund in the U.S. to provide security for certain ceding insurers so that credit may be allowed for the reinsurance ceded to the Company and to qualify the Company as an approved, trustee or accredited reinsurer where allowed under the laws of the various jurisdictions in the U.S. (such approved, trustee or accredited status hereinafter being referred to as "Accreditation Status");

WHEREAS, the trust fund was established and available for the exclusive benefit of the said ceding insurers under the terms and conditions of the Original Deed of Trust and was not to be available or provide remedy or relief for other actions against or involving the Company or for any actions by other third parties or their successors in interest in any foreign or other bankruptcy, insolvency or other court or arbitration proceedings except as provided for in the Original Deed of Trust;

WHEREAS, the Company and Trustee desire to enter into this Deed of Trust to make certain amendments to Appendix A of this Deed of Trust to be in full compliance with the Model Credit for Reinsurance Regulation and to make certain additional amendments limiting the Trustee's liability; and

WHEREAS, the Trustee desires to continue to act as the Trustee of this trust fund and maintain and principally administer the trust fund from its office in the United States.

NOW, THEREFORE, for and in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and the Trustee agree as follows:

ARTICLE 1.

DEFINITIONS

The following terms used in this Deed of Trust shall, unless the context otherwise requires, have the following meanings:

1.1 “ACCEPTABLE ASSETS” shall be valued according to their fair market value and shall consist only of cash (United States legal tender), Letters of Credit, certificates of deposit issued by a Qualified United States Financial Institution, and investments of the type specified in Appendix A hereto.

1.2 “APPLICABLE ACCREDITATION DATE” for each U.S. jurisdiction shall mean the date on which the respective U.S. jurisdiction grants Accreditation Status to the Company, listed in Appendix B hereto. The Company may supplement the list of states and Applicable Accreditation Dates from time to time by providing a copy thereof to each of the Trustee, the Domiciliary Commissioner and Non-Domiciliary Commissioners.

1.3 “CEDING INSURER” shall mean an insurer that (i) is domiciled in a State where the Company has Accreditation Status or had Accreditation Status when it ceded insurance risks to the Company, and (ii) has ceded insurance risks underwritten by such insurer to the Company.

1.4 “CLAIM” shall mean: (i) a claim against the Company by a Ceding Insurer for a loss under a Covered U.S. Reinsurance Policy excluding (a) punitive or exemplary damages awarded to or against a Ceding Insurer except as expressly covered by the U.S. insurance policy ceded under a Covered U.S. Reinsurance Policy, (b) any extracontractual obligations not expressly covered by the Covered U.S. Reinsurance Policy, and (c) those liabilities for which the Company has provided security, by means other than this Trust Fund, in an amount and manner required or permitted by the chief regulatory officer for insurance in the State in which the Ceding Insurer is domiciled; or (ii) a claim against the Company by a Ceding Insurer for the return of unearned premium under a Covered U.S. Reinsurance Policy.

1.5 “COVERED U.S. LIABILITIES” shall mean the aggregate amount of gross liabilities of the Company under the Covered U.S. Reinsurance Policies excluding (a) punitive or exemplary damages awarded to or against a Ceding Insurer except as expressly covered by the U.S. insurance policy ceded under a Covered U.S. Reinsurance Policy, (b) any extracontractual obligations not expressly covered by the Covered U.S. Reinsurance Policy, and (c) those liabilities for which the Company has provided security, by means other than this Trust Fund, in an amount and manner required or permitted by the chief regulatory officer for insurance in the State in which the Ceding Insurer is domiciled.

1.6 “COVERED U.S. REINSURANCE POLICY” shall mean any contract or policy of reinsurance issued by the Company to a Ceding Insurer or any

agreement to reinsure made between the Company and a Ceding Insurer (i) having an effective date on or after the Applicable Accreditation Date, or (ii) having an effective date prior to the Applicable Accreditation Date if the Company identifies such contract, policy of reinsurance or agreement to reinsure on a certified schedule, which may be amended from time to time, and provides such schedule to the Trustee, with a copy to the Domiciliary Commissioner, provided that such contracts, policies or agreements shall not include life insurance, annuities, title insurance, mortgage or financial guaranty insurance (as defined in Title 17 of the New Jersey Revised Statutes), nor include direct surplus or excess lines policies written by the Company.

1.7 “DOMICILIARY COMMISSIONER” shall mean the New Jersey Commissioner of Insurance.

1.8 “EFFECTIVE DATE” shall mean the date as of which this Deed of Trust is effective as specified on page one of this Deed of Trust.

1.9 “INCOME” shall mean the yield derived from the assets held in the Trust Fund. Income shall include, without implied limitation, interest paid on government or corporate obligations and cash dividends paid on preferred or common stock. Income does not include realized or unrealized gains in the market value of assets held in the Trust Fund; provided, that the difference between the discounted cost of a bond or other obligation and its value at maturity shall be considered to be income at maturity.

1.10 “LETTERS OF CREDIT” shall mean clean, unconditional, evergreen and irrevocable letters of credit in favor of the Trustee which satisfy the requirements of New Jersey Insurance Code and which are issued or confirmed by a Qualified United States Financial Institution.

1.11 “MATURED CLAIM” shall mean a Claim which is enforceable against the Trust Fund as provided for in Section 2.5 of this Deed of Trust.

1.12 “NON-DOMICILIARY COMMISSIONER” shall mean the chief regulatory officer for insurance, other than the Domiciliary Commissioner, of any State where the Company has Accreditation Status.

1.13 “QUALIFIED UNITED STATES FINANCIAL INSTITUTION” shall mean an institution that:

- (a) is organized and licensed (or, in the case of a U.S. office of a foreign banking organization, licensed) under the laws of the U.S. or any State;
- (b) is regulated, supervised and examined by U.S. federal or State authorities having regulatory authority over banks and trust companies;
- (c) is not affiliated with the Company; and

(d) with respect to the issuance or confirmation of Letters of Credit, has been determined by the Securities Valuation Office of the National Association of Insurance Commissioners to be an acceptable financial institution.

1.14 “RECEIVER” shall mean the Domiciliary Commissioner or such other person as may be designated by statute or ordered by a U.S. or State court of competent jurisdiction to conserve or liquidate the Trust Fund.

1.15 “REDUCED COLLATERAL TRUST” shall mean a trust, other than this Trust, established by the Company that provides security for certain U.S. cedents, domiciled in States listed in Appendix C hereto, that permit the use of such trust for the purpose of allowing such U.S. cedents to take annual statement credit for reinsurance where such trust is funded at less than 100% of the liabilities attributable to such U.S. cedents, with respect to reinsurance policies written by the Company on or after the date the Company obtained approval in such States.

1.16 “STATE” shall mean any state, district, territory, commonwealth or possession of the U.S.

1.17 “SURPLUS” shall mean the sum of the amount of Acceptable Assets minus the amount of Covered U.S. Liabilities as reported in the most recent annual or quarterly financial statement relating to the Trust Fund filed with the Domiciliary Commissioner and Non-Domiciliary Commissioners.

1.18 “TRUST FUND” or “TRUST” shall mean the Acceptable Assets in the actual and sole possession of the Trustee and held under the provisions of this Deed of Trust.

1.19 “TRUST FUND MINIMUM AMOUNT” shall mean the sum of the amount of Covered U.S. Liabilities plus twenty million dollars (\$20,000,000) or such greater amount as the Domiciliary Commissioner may require in accordance with regulatory requirements.

1.20 “U.S. REPRESENTATIVE” shall mean the individual or firm registered with the Trustee and the Domiciliary Commissioner as the Company’s U.S. attorney or representative.

ARTICLE 2.

THE TRUST

2.1 Maintenance of Trust Fund. The Trustee shall maintain and principally administer the Trust Fund from its offices in the United States. The Company shall establish a trust account (the “Trust Account”) with the Trustee for the maintenance of the Trust Fund and the Trustee shall administer the Trust Account in its name as Trustee. The Trust Account shall be subject to withdrawal solely as provided herein.

2.2 Deposits to the Trust Fund. Concurrently with the execution of this Deed of Trust, the Company shall deliver or cause to be delivered to the Trustee, Acceptable Assets with the fair market value of not less than the sum of (i) \$20,000,000, at least \$10,000,000 of which shall, on an ongoing basis, be in cash (United States legal tender), certificates of deposit issued by a Qualified United States Financial Institution, and the types of investments set forth in Paragraph 1 of Appendix A hereto and the remainder of which shall be in the form of other Acceptable Assets, plus (ii) an amount equal to the Covered U.S. Liabilities of the Company to all Ceding Insurers. The Company may make further deposits of Acceptable Assets to the Trust Fund as it may from time to time desire. The Company reserves the right at its sole option to substitute Acceptable Assets for any other assets then forming part of the Trust Fund; provided, however, that the value at the time of substitution shall not decrease the amount of the Trust Fund below the Trust Fund Minimum Amount. In the event that the amount of Surplus maintained by the Company in the Trust Fund is equal to or exceeds \$30,000,000, the Trustee may accept substituted Acceptable Assets whose market value is less at the time of substitution than assets in the Trust Fund designated for withdrawal; provided that (i) the difference in the aggregate market value of the substituted assets and the assets to be withdrawn from the Trust Fund is not more than five percent (5%) of the market value of the assets withdrawn; and (ii) as a result of the substitution of assets the Trust Fund does not decrease below the Trust Fund Minimum Amount. The Trustee shall have no responsibility whatsoever to determine the value of substituted assets at the time of such substitution or that such assets constitute Acceptable Assets.

2.3 Trust Fund Minimum Amount. Promptly after receipt from the Trustee of the fair market valuation of the Trust required by Subsection 2.13(b), but in no event later than sixty (60) days after year-end and forty-five (45) days after the end of each calendar quarter other than at year-end, the Company shall notify the Trustee in writing of the amount of its Covered U.S. Liabilities as of the end of the preceding calendar quarter. The Company may notify the Trustee in writing of the amount of its Covered U.S. Liabilities at such additional other times as the Company may elect. The Trustee shall utilize such information to determine whether the amount of the Trust Fund equals or exceeds the Trust Fund Minimum Amount. If the amount of the Trust Fund is less than the Trust Fund Minimum Amount, then the provisions of Article 4 shall apply.

2.4 Priority of Payments Out of Trust Fund. Subject to the provisions of Article 4, the Trust Fund shall be exclusively available for the payment of Matured Claims to United States insurers and United States beneficiaries under reinsurance agreements issued by the Company; provided, however, that losses shall always take priority over unearned premium in the payment of Claims so that the Trustee shall pay all Matured Claims for losses in full prior to payment of any part of a Matured Claim for unearned premium.

2.5 When Claims Become Enforceable Against the Trust.

(a) A Claim shall be valid and enforceable against the Trust Fund as a Matured Claim when all of the following conditions have been satisfied:

(i) the Ceding Insurer certifies in writing to the Trustee, in the form attached hereto as amended from time to time (which blank form the Trustee shall promptly provide to any interested party requesting a copy thereof), that each Covered U.S. Reinsurance Policy on which the Claim is based is not otherwise secured or supported by any form of collateral or other security, or if so secured or supported, certifies that such collateral or security has already been fully drawn down and utilized toward settlement or satisfaction of the Claim and accordingly that the Claim by the Ceding Insurer is only a demand for the outstanding amount which is not secured or supported by such collateral or security,

(ii) a judgment has been obtained by the Ceding Insurer against the Company in any court of competent jurisdiction within the United States of America in respect of a Claim under a Covered U.S. Reinsurance Policy;

(iii) such judgment has become final in the sense that the particular litigation has been concluded, either through failure to appeal within the time permitted or through final disposition of any appeal or appeals that may be taken (the word "appeal" being used herein to include any similar procedure for review permitted by applicable law);

(iv) the service upon the Trustee of a certified copy of said judgment, together with such proof as to its finality as the Trustee may reasonably request;

(v) thirty (30) days have expired from the date the judgment has become final and such judgment has not been satisfied; and

(vi) certified written statements from the Ceding Insurer or its legal counsel have been received by the Trustee stating, without qualification, that except as covered by the U.S. insurance policy ceded under a Covered U.S. Reinsurance Policy, the Claim does not include exemplary or punitive damages, what part of the Claim, if any, is for unearned premium, that the Ceding Insurer has complied with all of the provisions set forth in clauses (i), (ii), (iii) and (iv) of this Subsection and that the time period set forth in clause (v) of this Subsection 2.5(a) has expired.

(b) For the avoidance of doubt, where the Company has provided security for the liabilities or Claims attributable to a Ceding Insurer with respect to a Covered U.S. Reinsurance Policy, or for any portion of such liabilities or Claims, by means other than this Trust Fund, such Ceding Insurer shall not have an enforceable Claim against this Trust Fund with respect to such liabilities or Claims.

(c) The Trustee shall make its determination in respect of the conditions in Subsection 2.5(a) on the basis of the evidence specified therein and shall be

held harmless in relying upon such evidence in its determination. Such determination shall be conclusive and binding upon all parties.

(d) The Trustee shall promptly, but in no event later than five (5) days after receipt of notice of satisfaction of the conditions set forth in Subsection 2.5(a), notify the Company and its U.S. Representative in writing of the receipt of a Claim which has been determined by the Trustee to meet such conditions and of the amount of such Claim. Within thirty (30) days after satisfaction of the conditions set forth in Subsection 2.5(a), the Trustee shall pay the Matured Claim by check mailed to the address of the Ceding Insurer, or by such other manner as the Company may reasonably request, solely out of the Trust Fund and without regard to the rights of any other Ceding Insurer; provided, however, that if a Matured Claim would, if paid, reduce the Trust Fund below the Trust Fund Minimum Amount, then Article 4 shall govern the distribution of the Trust Fund and such Matured Claim shall only be paid in accordance with the provisions of Article 4. In calculating whether the Trust Fund would be reduced below the Trust Fund Minimum Amount for the purposes of the preceding sentence, the Trustee shall rely upon the most recent notice of Covered U.S. Liabilities supplied to the Trustee pursuant to Section 2.3 and a Trust Fund valuation determined by the Trustee as of a date proximate to the date on which the Matured Claim is to be paid. The Trustee shall notify, in writing, the Domiciliary Commissioner and all Non-Domiciliary Commissioners within ten (10) days of the Trustee's receipt of any Matured Claim that would reduce the Trust Fund below the Trust Fund Minimum Amount as set forth in Section 1.19.

2.6 Limitations of Ceding Insurer's Source of Recovery. No Ceding Insurer shall have any right of any nature or description under this Deed of Trust to seek to enforce a Claim or otherwise bring an action against the Trustee in respect of any assets of the Trustee or of any assets other than those in the Trust Fund. No Ceding Insurer, even after its Claim has become a Matured Claim, may require an accounting from the Trustee or inquire into the administration of the Trust, question any of the Trustee's acts or omissions or otherwise enforce this Deed of Trust, the sole right of such Ceding Insurer under this Deed of Trust being to receive the amount of its Claim after it has become a Matured Claim payable from the assets then in the Trust Fund.

2.7 Sale of Trust Assets. Subject to the terms of this Deed of Trust, at the time a Matured Claim becomes payable by the Trustee from the Trust Fund, payment shall be effected in accordance with the Company's written instructions or, if no such instructions are received by the Trustee at least five (5) days prior to the expiration of the time period set forth in clause (v) of Subsection 2.5(a), then as follows: (i) first from any cash in the Trust Fund; (ii) then, from Letters of Credit in the Trust Fund; (iii) then, from the proceeds of the sale by the Trustee of any or all of the Acceptable Assets in the Trust Fund; (iv) then, any other assets or other property in the Trust Fund. Subject only to the provisions set forth in the preceding sentence, the Trustee in its sole discretion, may sell all or part of the Trust Fund, in any order it elects, needed to effect timely payment of any Matured Claims; provided, however, that no withdrawal of any assets of the Trust Fund shall be made or permitted by the Trustee without the prior written approval of the Domiciliary Commissioner except (a) as permitted by Section 2.2 and (b) to the extent that the Trustee withdraws assets to pay a Matured Claim, provided that the Trustee sends

written notice to the Domiciliary Commissioner at least 25 days in advance of the payment of the Claim to the effect that it has received a certified copy of the final judgment that is the subject of the Claim and such other proof of the validity and finality of the Claim as the Trustee may reasonably request. The Trustee shall not be liable for any loss incurred in the sale of assets or for its selection of the assets to be sold, and shall only be obligated to sell such assets at the market price then available to the Trustee.

2.8 Management of Trust Fund. The responsibility for making investments of any assets in the Trust Fund from time to time shall repose with the Company and, unless and until otherwise directed by the Company in writing, the Trustee shall not be required to take any action in regard to investments and property held in the Trust other than to collect the interest and dividends or other sums payable thereon. Unless otherwise requested in writing by the Company, and subject only to the provision of Section 2.5, the Trustee shall retain any and all assets of the Trust held by or delivered to it from time to time hereunder. Upon written direction by the Company, the Trustee shall deposit the Trust Fund or any part thereof in one or more Qualified United States Financial Institutions (which may include the Trustee), or invest and reinvest the Trust Fund or any part thereof in any stocks, bonds and securities; the interest and dividends on which are payable in U.S. dollars. Nothing herein contained is intended to relieve the Company from its obligation to deposit Acceptable Assets in the Trust Fund equal to the Trust Fund Minimum Amount. The Trustee shall also make or change any deposits and sell and dispose of any negotiable assets of the Trust by and with the direction in writing of the Company. The Trustee shall be under no duty to give any investment advice to any person in connection with the Trust Fund but shall always, provided the Trustee itself shall have received actual notice thereof, notify the Company as to any rights to conversion, subscription, voting or other rights pertaining to any assets held in the Trust Fund and of any default in the payment of principal or interest. Absent actual receipt of such notice, the Trustee shall have no liability for failing to so notify the Company. Absent the Trustee's timely receipt of instructions, the Trustee shall not be liable for failure to take any action relating to or to exercise any rights conferred by such assets. The Trustee shall surrender for payment all maturing assets and all assets called for redemption and deposit the principal amount of the proceeds of any such payment to the Trust Account. When the Trustee is directed to deliver assets against payment, delivery will be made in accordance with generally accepted market practice. Any loss incurred from any investment pursuant to the terms of this Section 2.8 shall be borne exclusively by the Trust Fund. Any instruction or order concerning such investments or substitutions of securities shall be referred to herein as an "Investment Order". The Trustee shall execute Investment Orders and settle securities transactions by itself or by means of an agent or broker. The Trustee shall not be responsible for any act or omission, or for the solvency, of any such agent or broker (except to the extent caused by its own negligence, willful misconduct or bad faith). The Company shall have the full, unqualified right to vote and execute consents and to exercise any and all proprietary rights, not inconsistent with this Deed of Trust, with respect to any of the assets forming a part of the Trust Fund.

2.9 Income. All payments of interest, dividends and other income in respect to assets in the Trust Account shall be posted and credited by the Trustee, subject to deduction of the Trustee's compensation and expenses as provided in Section 3.6 of

this Deed of Trust, in the separate income ledger (the "Income Account") of the Trust Account established and maintained hereunder. Any interest, dividend or other income automatically posted and credited on the payment date to the Income Account which is not subsequently received by the Trustee shall be reimbursed by the Company to the Trustee and the Trustee may debit the Income Account for this purpose. In the event that the amount of Surplus maintained by the Company in the Trust Fund is equal to or exceeds \$30,000,000, Income resulting from the investment of assets held in the Trust Fund may be removed within thirty (30) days following its receipt by the Trustee. The Trustee shall hold Income for and pay Income to the Company in accordance with the Company's instructions; provided, however, that the Trustee may first deduct unpaid fees and expenses from any such payment of Income.

2.10 Withdrawal of Excess Funds. With the prior approval of the Domiciliary Commissioner, which approval shall not be unreasonably withheld, the Trustee shall from time to time pay to the Company any amounts in excess of the Acceptable Assets constituting the Trust Fund Minimum Amount in immediately available funds or by payment in kind in accordance with the Company's directions upon submission by the Company to the Trustee of a written notice pursuant to Section 2.3 of the amount of Covered U.S. Liabilities outstanding immediately after such payment. Upon receipt of such directions and notice, the Trustee shall value the Trust Fund pursuant to Section 2.13 and make payment as directed, only if the payment, when made, will not reduce the Trust Fund below the amount of Acceptable Assets equal to the Trust Fund Minimum Amount.

2.11 Trustee's Authority to Hold Investments. The Trustee may hold any investments or other assets hereunder in its own name or the name of a nominee. The term "hold" shall include the Trustee's authority to deposit any part or all of the aforesaid property, which consists of securities in registered or unregistered form, at a Federal Reserve Bank under federal book entry procedure, a depository trust company or other centralized securities depository system, whether now or hereafter organized (one or all herein called "CSDS"). All securities in registered form shall be registered in the name of the Trustee or a nominee of the Trustee or CSDS. The Trustee shall have no liability whatsoever for the action or inaction of any CSDS or for any losses resulting from the maintenance of any assets with a CSDS other than losses caused by its own negligence, willful misconduct or bad faith.

2.12 Assets of the Trust. Legal title to all assets of the Trust shall be vested in the Trustee for the benefit of the Ceding Insurers, their assigns and successors in interest. The Trustee shall be under no duty or obligation to require the Company to make any deposits or payments of additional assets to the Trust and it shall be conclusively presumed that any and all such deposits or payments to the Trustee have been properly made.

2.13 Certification of Value of Trust Fund.

(a) Within thirty (30) days after the Effective Date, or within thirty (30) days after the date on which the Company is granted Accreditation Status by a State,

whichever is later, the Trustee shall certify in writing to the Domiciliary Commissioner and Non-Domiciliary Commissioners the existence and the fair market value of the Trust Fund as of the Effective Date or as of such later date, whichever is applicable. No later than February 28 of each year the Trustee shall submit a written report to the Domiciliary Commissioner and Non-Domiciliary Commissioners certifying (i) the balance, to include the fair market value, of the Trust and the assets held in the Trust Fund at the preceding year-end, (ii) the deposits and withdrawals of assets made by the Company, if any, since the preceding year-end, (iii) in the event that the Trustee has received a notice that the Trust Fund will be terminated, the date of termination of the Trust, and (iv) in the event that the Trustee has not received a notice that the Trust Fund will be terminated, that such notice was not received by the Trustee and that the Trust Fund will not expire prior to December 31 next following, pursuant to the terms of this Deed of Trust, unless terminated as set forth in Article 5 hereof. Copies of all certifications under this Deed of Trust sent to the Company or the Domiciliary Commissioner and Non-Domiciliary Commissioners will be forwarded at the same time to the other.

(b) Within fifteen (15) days after the end of each calendar quarter, the Trustee shall certify in writing to the Company, the Domiciliary Commissioner and all Non-Domiciliary Commissioners, the fair market value of the Trust Fund as of the end of the preceding calendar quarter.

(c) Whenever reasonably required by the Company, the Domiciliary Commissioner or any of the Non-Domiciliary Commissioners, the Trustee shall certify in writing to the Company, its U.S. Representative, the Domiciliary Commissioner or designee, and the Non-Domiciliary Commissioners or designees, as requested, the existence and most recent fair market valuation of the Trust Fund and shall prepare and submit to the Company, its U.S. Representative, the Domiciliary Commissioner or such designee, and the Non-Domiciliary Commissioners or such designees a statement of the assets in the Trust.

(d) Whenever the Trustee in the performance of its duties hereunder shall be required to value the Trust Fund, it may employ a nationally recognized securities valuation service (the "Valuation Service") for such valuation and the Company shall reimburse the Trustee for any reasonable costs or expenses of valuations performed either by the Trustee or the Valuation Service. The Company agrees that the Trustee will value all cash at its face value and use prices furnished by the Valuation Service, in determining market values and hereby agrees that the Trustee can conclusively rely on such prices. If no current price is available from the Valuation Service, for any security described in an investment order, the Company agrees that the Trustee shall be entitled to rely on a written certification of the Company as to the market value of that security. The Trustee shall not incur any liability in relying in good faith on market values determined in accordance with the above procedures and the Trustee shall not be liable for any loss, damage or expense incurred as a result of errors or omissions with respect to any pricing or other information utilized by the Trustee hereunder except to the extent caused by its own negligence, willful misconduct or bad faith.

(e) In the absence of the filing in writing with the Trustee by the Company of exceptions to any valuation provided to the Company under this Section 2.13 within sixty (60) days thereafter, approval of such statement shall be deemed to have been granted.

(f) Whenever the Trustee in the performance of its duties hereunder shall be required to value, or take any action in respect of, a Letter of Credit, such Letter of Credit shall be considered an asset with a value equal to its issued amount (less any drawdowns from the Letter of Credit) and any increase or decrease of the value of a Letter of Credit shall be considered, as the case may be, a deposit to, or a withdrawal from, the Trust Fund.

ARTICLE 3.

THE TRUSTEE

3.1 Trustee's Qualification. The Trustee shall always be a Qualified United States Financial Institution with authority to operate with fiduciary and trust powers.

3.2 Trustee's Duties and Liability.

(a) The Trustee's duties and responsibilities shall be determined solely by the express provisions of this Deed of Trust and no other duties or responsibilities shall be implied. The Trustee shall be liable for the safekeeping and administration of the Trust Fund in accordance with these provisions. The Trustee shall not be liable for any loss to the Trust Fund other than losses caused by its own negligence, willful misconduct or bad faith. The Company agrees to indemnify and hold harmless the Trustee from and against any and all claims, damages, losses or other payments of any nature whatsoever arising out of the Trustee's performance or nonperformance hereunder, unless such claims, losses, damages or other payments arise as a result of the Trustee's negligence, willful misconduct or bad faith. The Company hereby acknowledges that the foregoing indemnities and the payment and reimbursement obligations under Section 3.6 hereof shall survive the resignation or discharge of the Trustee or the termination of this Deed of Trust and hereby grants the Trustee a right of set off in the funds in the Income Account for the payment of any claim for compensation, reimbursement or indemnity hereunder.

(b) The Trustee may from time to time draw down any portion or the full amount of any Letter of Credit but shall, in all events, prior to the expiration of any Letter of Credit, draw down the full amount thereof and hold the proceeds as part of the Trust Fund, unless the Trustee shall have received prior to the expiration thereof a replacement or renewed Letter of Credit or substituted Acceptable Assets in the same or greater amount. The failure of the Trustee to draw down such Letter of Credit in the event that the Trustee has not received a replacement or renewed Letter of Credit or substituted Acceptable Assets in the same or greater amount prior to the expiration of such Letter of Credit shall be deemed negligence and/or willful misconduct or lack of good faith.

(c) No provision of this Deed of Trust shall require the Trustee to take any action which, in the Trustee's reasonable judgment, would result in any violation of this Deed of Trust or any provision of law.

(d) Anything in this Deed of Trust to the contrary notwithstanding, in no event shall the Trustee be liable under or in connection with this Deed of Trust for indirect, special, incidental, punitive or consequential losses or damages of any kind whatsoever, including but not limited to lost profits, whether or not foreseeable, even if the Trustee has been advised of the possibility thereof and regardless of the form of action in which such damages are sought.

(e) The Trustee shall not be responsible for the existence, genuineness or value of any of the assets or for the validity, perfection, priority or enforceability of the liens in any of the assets, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes negligence, bad faith or willful misconduct on the part of the Trustee, for the validity of title to the assets, for insuring the assets or for the payment of taxes, charges, assessments or liens upon the assets.

(f) The Trustee shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of Trustee, including, but not limited to, any act or provision of any present or future law or regulation or governmental authority, any act of God or war or terrorism, accidents, labor disputes, loss or malfunction of utilities or computer software or hardware, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

(g) The Trustee shall have no responsibility or liability for, and the Company is solely responsible and liable for, the payment of and obtaining reclaims, refunds and credits, where applicable, of all taxes, assessments, duties, and other governmental charges (including any interest or penalties with respect thereto) with respect to the Assets or the Trust Account. With respect to the payment of taxes, in the event the Trustee is required under applicable law to pay any tax, duty or other governmental charge or any interest or penalty with respect thereto in connection with its services hereunder, the Trustee is hereby authorized to debit the relevant Income Account in the amount thereof and to pay such amount to the appropriate taxing authority. With respect to tax reclaims, refunds and credits, for each country in which the Trustee holds in the Trust Account eligible securities and a tax reclaim, refund or credit may be available, the Trustee will submit such forms as are necessary to the appropriate tax or other governmental authorities and take such action as is reasonable to obtain such benefits and, where such forms must be completed by the Company, will provide the Company with the appropriate forms and otherwise assist the Company to obtain such tax benefits.

3.3 Trustee May Rely on Certain Writings. The Trustee shall be protected, held harmless and deemed to have exercised reasonable due care if the Trustee

relies upon any writing believed by it in good faith to be genuine and to have been signed (whether facsimile or otherwise) by the proper parties.

3.4 What Constitutes Proper Execution for Trustee. Except as otherwise expressly provided in this Deed of Trust, any writing to be furnished by the Company shall be sufficiently executed if signed by the Company or in the Company's name by its U.S. Representative or such of their officers or other agents as the Company or the U.S. Representative may designate in writing to the Trustee, which designation shall continue in effect until changed by subsequent written notice given by the Company, the U.S. Representative, or such previously designated officers or agents to the Trustee. The Trustee may rely on any writing of any such officers, agents or U.S. Representative and the Trustee shall not incur any liability to anyone resulting from actions taken by the Trustee in reliance in good faith on such writings. The Company acknowledges and agrees that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee, and that there may be more secure methods of transmitting instructions than the method selected by the sender. The Company agrees that the security procedures, if any, to be followed in connection with a transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

3.5 Trustee's Reliance on Opinions of its Counsel. The Trustee may consult with counsel selected by it and may rely on said counsel's opinion as complete authority in respect of any action taken or omitted by the Trustee in good faith in accordance with said opinion and the Trustee shall be deemed to have exercised reasonable due care in reliance thereon.

3.6 Trustee's Fees and Expenses. The Company shall pay the Trustee as compensation for its services under this Deed of Trust such fees as may be mutually agreed upon from time to time between the Company and the Trustee. The Company shall reimburse the Trustee for all of its reasonable expenses and disbursements in connection with its duties under this Deed of Trust, except any such expense or disbursement as may arise from the Trustee's negligence, willful misconduct or bad faith.

3.7 Maintenance and Inspection of Trustee's Records. The Trustee shall keep complete records of the administration of the Trust, which records shall be subject to examination as determined by the Domiciliary Commissioner or any Non-Domiciliary Commissioner and may also be examined during normal business hours and upon ten (10) days' written notice to the Trustee by any persons duly authorized by the Company in writing. The Company agrees to reimburse the Trustee for any reasonable expenses incurred by the Trustee as a result of any such examination.

3.8 Trustee's Resignation or Removal. The Trustee may resign by giving written notice to the Company of its resignation, effective not less than sixty (60) days after receipt by the Company of the notice. The Company may remove the Trustee by giving written notice to the Trustee, effective not less than sixty (60) days after receipt by the Trustee of the notice. Notwithstanding the foregoing, no resignation or removal of the Trustee shall be effective until: (i) a successor trustee has been duly appointed and

approved by the Domiciliary Commissioner and the Company, (ii) not less than sixty (60) days following written notice by the Company of such substitution to the Domiciliary Commissioner and the Non-Domiciliary Commissioners, and (iii) the Trust Fund has been duly transferred to such successor trustee. The successor trustee shall be a Qualified United States Financial Institution and shall succeed to and become vested with all the rights, powers, privileges and duties of the Trustee and the Trustee shall be discharged from any further duties and obligations under this Deed of Trust. If no successor Trustee shall be appointed and have accepted such appointment within 60 days after the receipt by the Company of the aforesaid notice of resignation or by the Trustee of the aforesaid notice of removal, the Trustee at the expense of the Company may apply to any court of competent jurisdiction to appoint a successor Trustee.

3.9 Trustee's Assets. No provision of this Deed of Trust shall require the Trustee to expend or risk its own funds or to otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights including, but not limited to, prosecuting, defending or otherwise enforcing any claims by or against the Trust Fund unless and until it has been indemnified for any fees and expenses likely to be incurred thereby.

3.10 Trustee's Liability. The Trustee shall not be liable for any of its actions or omissions hereunder (including any actions taken in accordance with Article 4), except for its own negligence, willful misconduct or bad faith.

3.11 Trustee's Knowledge. The Trustee shall not be deemed to have actual knowledge of any event or status unless an officer of the Trustee's Bank or equivalent Trust Division shall have received written advice thereby.

ARTICLE 4.

INSOLVENCIES

4.1 Insolvency of Trust Fund. The Trust Fund shall be deemed to be insolvent if (i) the value of the Trust Fund as determined under Section 2.3 is reduced below the Trust Fund Minimum Amount or the value of the Trust Fund would be reduced below the Trust Fund Minimum Amount by the payment of a Matured Claim, (ii) the Trustee has notified the Company and its U.S. Representative in writing by mail, return receipt requested, of the actual or anticipated reduction of the value of the Trust Fund, and (iii) the Company has failed, within sixty (60) days after notice has been given, to deposit such Acceptable Assets in the Trust Fund necessary for the value of the Trust Fund to equal or exceed the Trust Fund Minimum Amount. The Trustee shall promptly send notice to the Company and its U.S. Representative of any actual or anticipated reduction of the Trust Fund below the Trust Fund Minimum Amount.

4.2 Notice of Insolvency. If the Trust Fund is deemed insolvent under Section 4.1 or if the Trustee receives actual notice that the Company has become the subject of an insolvency, liquidation, rehabilitation or similar proceeding in Bermuda the Trustee shall promptly give written notice of such insolvency to the Company, its U.S.

Representative, the Domiciliary Commissioner, and the Non-Domiciliary Commissioners. The Company shall immediately provide direct written notification to the Domiciliary Commissioner if the Company has become the subject of an insolvency, liquidation, rehabilitation or other proceeding in Bermuda.

4.3 Court Order Required for Payment After Insolvency. Unless otherwise ordered by a U.S. or State court of competent jurisdiction, no Claims shall be paid out of the Trust Fund, unless notice pursuant to Section 2.7 is given to the Domiciliary Commissioner and the amount of assets in the Trust Fund equals or exceeds the Trust Fund Minimum Amount.

4.4 Transfer of Trust Assets in Event of Insolvency.

(a) In the event that notice of insolvency is given as specified in Section 4.2 and notwithstanding the provisions of this Article 4 or of any other provision in this Deed of Trust, the Trustee shall comply with an order of the Domiciliary Commissioner or U.S. or State court of competent jurisdiction directing the Trustee to transfer to the Domiciliary Commissioner or other designated Receiver all of the assets of the Trust Fund.

(b) In the event that the Trustee does not receive an order as provided for in paragraph (a) of this Section 4.4 within a period of one hundred eighty-three (183) calendar days from the date that notice of insolvency is given as specified in Section 4.2, the Trustee shall comply with an order of the Non-Domiciliary Commissioner of any State in which a Ceding Insurer with a Matured Claim is domiciled directing the Trustee to transfer to the Non-Domiciliary Commissioner or other designated Receiver all of the assets of the Trust Fund. In the event that the Trustee shall receive such an order from more than one Non-Domiciliary Commissioner, the Trustee shall comply with the order of the Non-Domiciliary Commissioner of the State wherein Ceding Insurers with the largest total dollar amount of Matured Claims are domiciled.

(c) Compliance with an order as provided for in paragraph (a) or (b) of this Section 4.4 shall relieve the Trustee of all further duties, obligations and liabilities of any kind or description under this Deed of Trust. Nothing in this Section shall be construed as relieving the Trustee of any liability under this Deed of Trust for any acts or omissions which occurred prior to the date on which the Trustee transfers the assets of the Trust Fund as provided for in this Section 4.4.

(d) For the purposes of this Section 4.4, the Company hereby waives any right otherwise available to it under United States law that is inconsistent with this Section 4.4.

4.5 Final Distribution of Trust Fund Assets.

(a) As soon as practicable following transfer of the Trust Fund to the Domiciliary Commissioner or Receiver, the Domiciliary Commissioner or Receiver shall prorate and distribute the balance of the Trust Fund. Any remaining assets shall be transferred to the Company or its successor in interest.

(b) In performing its duties under this Section the Domiciliary Commissioner or Receiver may retain any person to act on its behalf or assist it as it reasonably deems necessary and shall pay the necessary and reasonable compensation and expense of such person out of the Trust Fund.

ARTICLE 5.

TERMINATION

5.1 Termination of Deed of Trust.

(a) This Deed of Trust and the Trust Fund shall remain in effect for as long as the Covered U.S. Liabilities are outstanding and shall automatically terminate sixty (60) days after the Trustee shall have, (i) received written notice from the Company that no Covered U.S. Liabilities remain, (ii) received written approval of such termination from the Domiciliary Commissioner, and (iii) given at least sixty (60) days' prior written notice of termination to all Non-Domiciliary Commissioners and no Non-Domiciliary Commissioner has notified the Trustee of its disapproval of such termination. Notwithstanding the foregoing, this Deed of Trust and the Trust Fund may be terminated by the Company with the written approval of the Domiciliary Commissioner and with the nondisapproval of all Non-Domiciliary Commissioners as aforesaid upon sixty (60) days' prior notice to the Trustee that the Company (i) has become qualified and licensed to transact reinsurance in all States where its Ceding Insurers are domiciled and where such insurers require posting of collateral security to support insurance obligations, or (ii) has entered into assumption and assignment agreements transferring all of its Covered U.S. Liabilities to a reinsurer (a) licensed to transact reinsurance or (b) approved as a trusted reinsurer in all such States as aforesaid.

(b) Notwithstanding the provisions of Subsection 5.1(a), the Trustee shall not be obligated to terminate this Deed of Trust and the Trust Fund without having been paid its fees and expenses hereunder.

5.2 **Deficiency of Reduced Collateral Trust.** In the event of termination of this Deed of Trust and the Trust Fund, if the Reduced Collateral Trust is still in existence at the time of such termination and the assets in the Reduced Collateral Trust are less than the trust fund minimum amount of the Reduced Collateral Trust as of the most recent available statement (hereinafter the "Trust Deficit"), and the Trust Deficit has not already been cured, the Company shall direct the Trustee in writing to transfer and deliver to the trustee of the Reduced Collateral Trust such portion of the Acceptable Assets in the Trust Fund as may be necessary to cure the Trust Deficit, with the remaining balance of the Trust Fund, if any, to be promptly transferred and delivered to the Company or its designee in accordance with the Company's written instructions.

5.3 **Trustee's Duties Upon Termination of Deed of Trust.** Upon termination of this Deed of Trust and the Trust Fund under Section 5.1, the Trustee shall promptly transfer, pay over and deliver the Trust Fund to the Company or its designee in accordance with the Company's written instructions.

ARTICLE 6.

REDUCED COLLATERAL TRUST

6.1 Establishment of Reduced Collateral Trust. The Company may establish other trust funds solely for the benefit of certain U.S. cedents with respect to certain reinsurance policies issued to such U.S. cedents. Such other trust funds will be separate and distinct from this Trust Fund and this Trust Fund shall not secure the liabilities attributable to those ceding insurers with respect to policies covered by such other trust funds. For the avoidance of doubt, any liability or claim against the Company by a beneficiary of the other trust funds shall not otherwise be enforceable against this Trust Fund.

ARTICLE 7.

MISCELLANEOUS

7.1 Governing Law. This Deed of Trust shall be governed by, and construed and enforced in accordance with, the laws of New Jersey without regard to the principles of conflict of laws.

7.2 Binding Deed of Trust. Commencing on the Effective Date, this Deed of Trust shall be binding upon the parties hereto and their successors and assigns.

7.3 Entire Deed of Trust. This Deed of Trust constitutes the entire agreement between the Company and the Trustee relating to the subject matter hereof and there are no understandings or agreements relative hereto that are not fully expressed herein.

7.4 Amendments. No amendment to this Agreement shall be effective: (i) unless reviewed and approved in writing by the Domiciliary Commissioner, and (ii) until not less than thirty (30) days' written notice thereof shall have been given by the Company to all Non-Domiciliary Commissioners and no Non-Domiciliary Commissioner shall have disapproved such amendment. All amendments to this Deed of Trust shall be in writing and signed by the Company and the Trustee.

7.5 Notice. Unless otherwise provided in this Deed of Trust, all notices and other communications required or permitted under this Deed of Trust shall be in writing and shall be deemed to have been duly given or made (i) when delivered personally, (ii) when made or given by prepaid telex, telegraph, telefax or facsimile, or (iii) in the case of mail delivery, upon the expiration of ten (10) days after any such notice or other communication has been deposited in the mails, return receipt requested, in each case addressed as follows:

If to the Company:

Validus Reinsurance, Ltd.
29 Richmond Road,
Pembroke HM03
Bermuda
Attention: Kean Driscoll

If to the Trustee:

The Bank of New York Mellon
101 Barclay Street
New York, New York 10286
Attention: Insurance Trust Escrow Unit
Corporation Trust Division

Each party may from time to time designate a different address for giving notices and other communications by giving written notice of such change to the other party.

7.6 Partial Invalidity Does Not Invalidate Entire Deed of Trust. If any provision of this Deed of Trust is held invalid or unenforceable, the balance of this Deed of Trust shall be construed and enforced as if such provision had not been inserted herein, but in such a manner as to effectuate the general purposes expressed herein.

7.7 Interpretation. The use in this Deed of Trust of one gender shall be deemed to include the other and the singular, the plural, as the context may require.

7.8 Headings and References. The headings herein are for reference only and not for defining any provisions hereof. Reference to this Deed of Trust shall include its amendments, if any. All Articles, Sections and Subsections as well as their subdivisions and abbreviations cited herein refer to this Deed of Trust and its amendments, if any.

7.9 Counterparts. This Deed of Trust may be executed in any number of counterparts each of which when signed by the Company and the Trustee shall be deemed to be an original.

7.10 USA Patriot Act. The Company hereby acknowledges that the Trustee is subject to federal laws, including the Customer Identification Program ("CIP") requirements under the USA PATRIOT Act and its implementing regulations, pursuant to which the Trustee must obtain, verify and record information that allows the Trustee to identify the Company. Accordingly, prior to opening the Trust Account hereunder, the Trustee will ask the Company to provide certain information including, but not limited to, the Company's name, physical address, tax identification number and other information that will help the Trustee to identify and verify the Company's identity such as organizational documents, certificate of good standing, license to do business, or other pertinent identifying information. The Company agrees that the Trustee cannot open the Trust Account hereunder unless and until the Trustee verifies the Company's identity in accordance with the Trustee's CIP.

7.11 Required Disclosure. The Trustee is authorized to supply any information regarding the Trust Fund, Trust Account and related assets that is required by any law, regulation or rule now or hereafter in effect. The Company agrees to supply the Trustee with any required information if it is not otherwise reasonably available to the Trustee.

7.12 Representations. Each Party represents and warrants to the others that it has full authority to enter into this Deed of Trust upon the terms and conditions hereof and that the individual executing this Deed of Trust on its behalf has the requisite authority to bind such Party to this Deed of Trust, and that the Deed of Trust constitutes a binding obligation of such party enforceable in accordance with its terms.

7.13 Successors and Assigns of Trustee. Any corporation or other company into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or other company resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or other company succeeding to the business of the Trustee shall be the successor of the Trustee hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto, except where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

IN WITNESS WHEREOF, the Company and the Trustee have caused this
Deed of Trust to be duly executed as of the date first above written.

VALIDUS REINSURANCE, LTD.

By: 
Title: CEO

THE BANK OF NEW YORK MELLON

By: _____
Title: _____

IN WITNESS WHEREOF, the Company and the Trustee have caused this Deed of Trust to be duly executed as of the date first above written.

VALIDUS REINSURANCE, LTD.

By: _____
Title:

THE BANK OF NEW YORK MELLON

By: 
Title: **Jose Alcantara**
Vice President

APPENDIX A

- (1) Government obligations which are not in default as to principal or interest, which are valid and legally authorized and which are issued, assumed or guaranteed by:
 - (a) The United States or by any agency or instrumentality of the United States;
 - (b) A state of the United States;
 - (c) A territory, possession or other governmental unit of the United States; or
 - (d) An agency or instrumentality of a governmental unit referred to in Subparagraphs (b) and (c) of this Paragraph if the obligations shall be by law (statutory or otherwise) payable, as to both principal and interest, from taxes levied or by law required to be levied or from adequate special revenues pledged or otherwise appropriated or by law required to be provided for the purpose of making these payments, but shall not be obligations eligible for investment under this Paragraph if payable solely out of special assessments on properties benefited by local improvements.
- (2) Obligations of United States institutions which are issued by a solvent United States institution in the United States, or that are dollar denominated and issued in a non-United States market by a solvent United States institution, or which are assumed or guaranteed by a solvent United States institution (other than an insurance company) and which are not in default as to principal or interest if the obligations:
 - (a) Are rated A or higher (or the equivalent) by a securities rating agency recognized by the Securities Valuation Office of the National Association of Insurance Commissioners, or if not so rated, are similar in structure and other material respects to other obligations of the same institution which are so rated;
 - (b) Are insured by at least one authorized insurer (other than the investing insurer or a parent, subsidiary or affiliate of the investing insurer) which are authorized to insure obligations in this state and, after considering the insurance, are rated AAA (or the equivalent) by a securities rating agency recognized by the Securities Valuation Office of the National Association of Insurance Commissioners; or
 - (c) Have been designated as Class One or Class Two by the Securities Valuation Office of the National Association of Insurance Commissioners.
- (3) An investment in or loan upon the obligations of an institution other than an institution which issues mortgage related securities (as such securities are defined in the National Association of Insurance Commissioners' Credit for Reinsurance

Model Regulation) and an investment in any one mortgage related security made pursuant to the provisions of this subsection shall not exceed five percent (5%) of the Trust Fund and the aggregate total investment in mortgage related securities shall not exceed twenty-five percent (25%) of the assets of the Trust Fund.

- (4) Preferred or guaranteed shares issued or guaranteed by a solvent United States institution are permissible investments if all of the institution's obligations are eligible as investments under Subparagraph (a) and (c) of Paragraph (2). An investment in the preferred or guaranteed shares of an institution made pursuant to this paragraph shall not exceed two percent (2%) of the Trust Fund.
- (5) Equity interests
 - (a) Investments in common shares or partnership interests of a solvent United States institution are permissible investments if:
 - (i) Its obligations and preferred shares, if any, are eligible as investments under this subsection; and
 - (ii) The equity interest of the institution (except an insurance company) are registered on a national securities exchange as provided in the Securities Exchange Act of 1934, 15 U.S.C. §§ 78a and following or otherwise registered pursuant to that Act, and if so otherwise registered, price quotations for them are furnished through a nationwide automated quotations system approved by the Financial Industry Regulatory Authority (FINRA). An insurer shall not invest under this Paragraph an amount exceeding one percent (1%) of the Trust Fund even though the equity interests are not so registered and are not issued by an insurance company.
 - (b) An insurer shall not invest or loan upon any one institution's outstanding equity interests an amount exceeding one percent (1%) of the Trust Fund. The cost of an investment in equity interest made pursuant to this Paragraph, when added to the aggregate costs of other investments in equity interests then held pursuant to this paragraph, shall not exceed ten percent (10%) of the Trust Fund.
- (6) Investment companies
 - (a) Securities of an investment company registered pursuant to the Investment Company Act of 1940, 15 U.S.C. § 80a et seq., are permissible investments if the investment company:
 - (i) Invests at least ninety percent (90%) of its assets in the types of securities which qualify as an investment under Paragraphs (1), (2) or (7)(b) or which invest in securities which are determined by the Domiciliary Commissioner to be substantively similar to the types of securities set forth in Paragraphs (1), (2) or (7)(b); or

- (ii) Invests at least ninety percent (90%) of its assets in the types of equity interests which qualify as an investment under Paragraph (5) (a).
- (b) Investments made by an insurer under this paragraph shall not exceed the following limitations:
 - (i) An investment in an investment company qualifying under Subparagraph (a) (i) of this paragraph shall not exceed ten percent (10%) of the Trust Assets and the aggregate amount of investment in qualifying investment companies shall not exceed twenty-five percent (25%) of the Trust Fund; and
 - (ii) Investments in an investment company qualifying under Subparagraph (a) (ii) of this Paragraph shall not exceed five percent (5%) of the Trust Fund and the aggregate amount of investment in qualifying investment companies shall be included when calculating the permissible aggregate value of equity interests pursuant to Paragraph (5) (a).
- (7) No more than twenty percent (20%) of the investments in the Trust may be foreign investments authorized under subsections (7) (a) - (d) of this Appendix A; provided, however, that no more than fifty percent (50%) of the overall twenty percent (20%) limit on foreign investments may be securities denominated in foreign currencies. For purposes of the preceding sentence, a depository receipt denominated in United States dollars and representing rights conferred by a foreign security shall be classified as a foreign investment denominated in a foreign currency.
 - (a) Government obligations that are not in default as to principal or interest that are valid and legally authorized and that are issued, assumed or guaranteed by the government of a country (other than the United States) that is a member of the Organization for Economic Cooperation and Development and whose government obligations are rated A or higher, or the equivalent, by a rating agency recognized by the Securities Valuation Office of the National Association of Insurance Commissioners;
 - (b) Obligations issued, assumed or guaranteed by a solvent non-United States institution chartered in a country that is a member of the Organization of Economic Cooperation and Development or obligations of U.S. corporations issued in a non U.S. currency, provided that in either case the obligations are rated A or higher, or the equivalent, by a rating agency recognized by the Securities Valuation Office of the National Association of Insurance Commissioners;

- (c) Investments in common shares, of a solvent institution organized under the laws of a country that is a member of the Organization for Economic Cooperation and Development, if
 - (i) All its obligations are rated A or higher, or the equivalent, by a rating agency recognized by the Securities Valuation Office of the National Association of Insurance Commissioners; and
 - (ii) The equity interests of the institution are registered on a securities exchange regulated by the government of a country that is a member of the Organization for Economic Cooperation and Development; or
 - (d) Obligations issued, assumed or guaranteed by a multinational development bank, provided the obligations are rated A or higher, or the equivalent, by a rating agency recognized by the Securities Valuation Office of the National Association of Insurance Commissioners.
- (8) Investments in or issued by an entity controlling, controlled by or under common control with either the Company or the Ceding Insurers of the Trust Fund shall not exceed five percent (5%) of total investments.

APPENDIX B

Applicable Accreditation Dates

State	Applicable Accreditation Date

[To be filled in]

APPENDIX C

Reduced Collateral Approval States

State	Date of Approval	Funding Percentage

[To be filled in]