

AMENDED AND RESTATED REDUCED COLLATERAL DEED OF TRUST

This Amended and Restated Reduced Collateral Deed of Trust (the "Reduced Collateral Deed of Trust") is effective as of the 1st day of July, 2016 between Endurance Specialty Insurance Ltd., an insurance and reinsurance company organized and existing under the laws of Bermuda and having its head office at Waterloo House, 100 Pitts Bay Road, Pembroke, Bermuda HM 08 (the "Company"), and The Bank of New York Mellon, a banking corporation organized and existing under the laws of the State of New York and having its principal corporate trust office at 101 Barclay Street, New York, New York 10286 (the "Trustee");

WITNESSETH:

WHEREAS, the Company engaged in the insurance and reinsurance 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, the Company has established a trust fund in the U.S. to provide security for certain ceding insurers domiciled in those jurisdictions in the U.S. that have adopted by law, regulation or rule reduced collateral security requirements for the allowance of credit for the reinsurance ceded to the Company as an approved, trustee or accredited reinsurer in such jurisdictions;

WHEREAS, pursuant to that certain Reduced Collateral Deed of Trust (the "Original Deed of Trust"), dated as of the 31st day of August, 2015, between the Company and the Trustee, the Company has established this reduced collateral trust fund to be available for the exclusive benefit of ceding insurers under the terms and conditions hereof and 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 therein;

WHEREAS, the Company and the Trustee desire to amend and restate in its entirety the Original Deed of Trust pursuant to this Reduced Collateral Deed of Trust; and

WHEREAS, the Trustee desires to act as the Trustee of this trust fund and maintain and principally administer the trust fund from its office in the City of New York and the State of New York.

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 I. 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 “ACCEPTABLE COLLATERAL” shall mean cash, cash equivalents, Letters of Credit, direct obligations or securities of the government of the United States or any agency of the United States.

1.3 “AMERICAN 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 or after the Collateral Reduction Date as set forth in Appendix B hereto, or (ii) having an effective date prior to the Collateral Reduction Date if the Company obtains the prior written approval therefor of the chief regulatory officer for insurance of the State of Domicile of the Ceding Insurer ceding risks under such contract, policy of reinsurance or agreement to reinsure and provides to the Trustee, with a copy to the Domiciliary Commissioner, a certified schedule identifying such contract, policy of reinsurance or agreement to reinsure; provided, however, that “American Reinsurance Policy” shall not include:

- (i) any contract, policy of reinsurance or agreement to reinsure covering life insurance, annuities, title insurance, mortgage or financial guaranty insurance (as defined in Section 1113 of the New York Insurance Laws,
- (ii) direct surplus or excess lines policies written by the Company,
- (iii) any contract, policy of reinsurance or agreement to reinsure for which a Ceding Insurer is not required to provide collateral security, as a condition of credit for reinsurance, by the chief regulatory officer for insurance of the State of that Ceding Insurer’s Domicile, as set forth in Appendix C hereto, which the Company may amend from time to time by providing a copy thereof to the Trustee, the Domiciliary Commissioner and the applicable Non-Domiciliary Commissioner, if any, nor
- (iv) any contract, policy of reinsurance or agreement to reinsure for which the Company has provided security by means of a trust fund, as identified by the Company on a certified schedule which has been provided to the Trustee, with a copy to the Domiciliary Commissioner.

1.4 “CEDING INSURER” shall mean an insurer that (i) is domiciled in a Reduced Collateral State and (ii) has ceded insurance risks to the Company pursuant to an American Reinsurance Policy; provided, however, that “Ceding Insurer” shall not include a captive insurer, risk retention group or other insurer that is domiciled in a State whose chief regulatory officer for insurance does not require, as a condition of credit for reinsurance, that the Company provide collateral security to such captive insurer, risk retention group or other insurer (as such States are set forth in Appendix C hereto, which the Company may amend from time to time by providing a copy thereof to the Trustee, the Domiciliary Commissioner and the applicable Non-Domiciliary Commissioner, if any).

1.5 “CLAIM” shall mean: (i) a claim against the Company by a Ceding Insurer for a loss under an American Reinsurance Policy excluding (a) punitive or exemplary damages awarded to a Ceding Insurer except as covered by the U.S. insurance policy ceded under an American Reinsurance Policy, and (b) any extra contractual obligations not expressly covered by the American Reinsurance Policy (“Loss”), or (ii) a claim against the Company by a Ceding Insurer for the return of unearned premium (“Unearned Premium”) under an American Reinsurance Policy.

1.6 “CLAIM AMOUNT” shall mean the amount of a Matured Claim reduced by the Reduction Percentage applicable to the Ceding Insurer asserting such Matured Claim.

1.7 “COLLATERAL REDUCTION DATE” for each U.S. jurisdiction shall mean the latest of (i) the date on which a Collateral Reduction Requirement becomes effective by law, regulation or rule, (ii) the date on which the Company has been granted Accreditation status in such jurisdiction, or (iii) the date on which the Company adopts the Collateral Reduction Requirement, as set forth in Appendix B hereto, which the Company may amend from time to time by providing a copy thereof to each of the Trustee, the Domiciliary Commissioner and Non-Domiciliary Commissioners.

1.8 “COLLATERAL REDUCTION REQUIREMENT” shall mean a law, regulation or rule of any State that allows ceding insurers domiciled in that State full credit for reinsurance ceded to non-admitted reinsurers on the basis of less than full collateralization for the reinsurance ceded.

1.9 “DOMICILIARY COMMISSIONER” shall mean the Delaware Insurance Commissioner.

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

1.11 “INCOME” shall mean the yield derived from the assets held in the Reduced Collateral 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 Reduced Collateral 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.

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

1.13 “MATURED CLAIM” shall mean a Claim which is enforceable against the Reduced Collateral Trust Fund as provided for in Section 2.5 of this Reduced

Collateral Deed of Trust.

1.14 “NON-DOMICILIARY COMMISSIONER” shall mean the chief regulatory officer for insurance, other than the Domiciliary Commissioner, of a Reduced Collateral state.

1.15 “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.

1.16 “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 Reduced Collateral Trust Fund.

1.17 “REDUCED COLLATERAL STATE” shall mean any state which has adopted a Collateral Reduction Requirement for ceding insurers domiciled in that State.

1.18 “REDUCTION PRECENTAGE” shall mean with respect to each Reduced Collateral State the percentage by which the chief regulatory officer for insurance of such state allows Ceding Insurers domiciled in such state to reduce the required amount of collateral security to achieve full credit for reinsurance ceded, as set forth in Appendix B hereto, which the Company may amend from time to time by providing a copy thereof to each of the Trustee, the Domiciliary Commissioner and Non-Domiciliary Commissioners.

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

1.20 “REDUCED COLLATERAL TRUST FUND MINIMUM AMOUNT” shall mean the amount of U.S. Liabilities plus ten million dollars (\$10,000,000) or such greater amount as the Domiciliary Commissioner may require in accordance with regulatory requirements.

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

1.22 “TRUST FUND” shall mean a trust, other than this Reduced

Collateral 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 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.

1.23 “U.S. LIABILITIES” shall mean the amount of liabilities of the Company to Ceding Insurers under the American Reinsurance Policies reduced by the Reduction Percentage applicable to such Ceding Insurers and excluding those liabilities for which the Company has provided security, by means other than the Reduced Collateral Trust Fund, in an amount and manner required or permitted by the chief regulatory officer for insurance in the Reduced Collateral State in which the Ceding Insurer is domiciled.

1.24 “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 at 101 Barclay Street, New York, New York 10286. 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 Reduced Collateral Trust Fund. Concurrently with the execution of this Reduced Collateral 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 an amount equal to the U.S. liabilities, the first \$10,000,000 (or such lesser amount as may equal U.S. Liabilities) 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. The Company may make further deposits of Acceptable Assets to the Reduced Collateral 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 Reduced Collateral Trust Fund; provided, however, that the value at the time of substitution shall not decrease the amount of the Reduced Collateral Trust Fund below the Reduced Collateral Trust Fund Minimum Amount. The Trustee may accept substituted Acceptable Assets whose market value is less at the time of substitution than assets in the Reduced Collateral 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 Reduced Collateral 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 Reduced Collateral Trust Fund does not decrease below the Reduced Collateral 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 Reduced Collateral Trust Fund Minimum Amount. Promptly after receipt from the Trustee of the fair market valuation of the Reduced Collateral 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 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 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 Reduced Collateral Trust Fund equals or exceeds the Reduced Collateral Trust Fund Minimum Amount. If the amount of the Reduced Collateral Trust Fund is less than the Reduced Collateral Trust Fund Minimum Amount, then the provisions of Article 4 shall apply.

2.4 Priority of Payments Out of Reduced Collateral Trust Fund. Subject to the provisions of Article 4, the Reduced Collateral 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 Claim Amounts for losses in full prior to payment of any part of a Claim Amount attributable to Unearned Premium.

2.5 When Claims Become Enforceable Against the Reduced Collateral Trust.

(a) A Claim shall be valid and enforceable against the Reduced Collateral 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 American 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 U.S. in respect of a Claim;

(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 an American 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) 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.

(c) 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 Claim Amount 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 Reduced Collateral Trust Fund and without regard to the rights of any other Ceding Insurer; provided, however, that if a Claim Amount would, if paid, reduce the Reduced Collateral Trust Fund below the Reduced Collateral Trust Fund Minimum Amount, then Article 4 shall govern the distribution of the Reduced Collateral Trust Fund and such Claim Amount shall only be paid in accordance with the provisions of Article 4. In calculating whether the Reduced Collateral Trust Fund would be reduced below the Reduced Collateral Trust Fund Minimum Amount for the purposes of the preceding sentence, the Trustee shall rely upon the most recent notice of U.S. Liabilities supplied to the Trustee pursuant to Section 2.3 and a Reduced Collateral Trust Fund valuation determined by the Trustee as of a date proximate to the date on which the Claim Amount 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 Claim Amount that would reduce the Reduced Collateral Trust Fund below the Reduced Collateral Trust Fund Minimum Amount as set forth in Section 1.21.

2.6 Limitations of Ceding Insurer's Source of Recovery. No Ceding Insurer shall have any right of any nature or description under this Reduced Collateral 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 Reduced Collateral Trust, question any of the Trustee's acts or omissions or otherwise enforce this Reduced Collateral Deed of Trust, the sole right of such Ceding Insurer under this Reduced Collateral Deed of Trust being to receive the amount of its Claim Amount on account of a Matured Claim payable from the assets then in the Reduced Collateral Trust Fund.

2.7 Sale of Reduced Collateral Trust Assets. Subject to the terms of this Reduced Collateral Deed of Trust, at the time a Claim Amount 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 Reduced Collateral Trust Fund; (ii) then, from Letters of Credit in the Reduced Collateral Trust Fund; (iii) then, from the proceeds of the sale by the Trustee of any or all of the Acceptable Assets in the Reduced Collateral Trust Fund; (iv) then, any other assets or other property in the Reduced Collateral 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 Reduced Collateral Trust Fund, in any order it elects, needed to effect timely payment of any Claim Amounts; provided, however, that no withdrawal of any assets of the Reduced Collateral 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 Claim Amount, provided that the Trustee sends written notice to the Domiciliary Commissioner at least 25 days in advance of the payment of the Claim Amount 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 Reduced Collateral Trust Fund. The responsibility for making investments of any assets in the Reduced Collateral 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 Reduced Collateral 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 provisions of Section 2.5 and 2.13, the Trustee shall retain any and all assets of the Reduced Collateral Trust held by or delivered to it from time to time hereunder. Upon written direction by the Company, the Trustee shall deposit the Reduced Collateral 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 Reduced Collateral 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 Reduced Collateral Trust Fund equal to the Reduced Collateral 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 Reduced Collateral 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 Reduced Collateral Trust Fund and of any default in the payment of principal or interest. 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. 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, only if

the payment, when made, will not reduce the Reduced Collateral Trust Fund below the amount of Acceptable Assets equal to the Reduced Collateral Trust Fund Minimum Amount. 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 Reduced Collateral 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 U.S. Liabilities outstanding immediately after such payment. Upon receipt of such directions and notice, the Trustee shall value the Reduced Collateral Trust Fund pursuant to Section 2.13 and make payment as directed, only if the payment, when made, will not reduce the Reduced Collateral Trust Fund below the amount of Acceptable Assets equal to the Reduced Collateral 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.

2.12 Assets of the Reduced Collateral Trust. Legal title to all assets of the Reduced Collateral 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 Reduced Collateral 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 Reduced Collateral Trust Fund.

(a) Within thirty (30) days after the Effective Date, or within thirty (30) days after each Collateral Reduction Date, whichever is later, the Trustee shall furnish in writing to the Domiciliary Commissioner and Non-Domiciliary Commissioners a statement of the fair market value of the Reduced Collateral Trust Fund as of the Collateral Reduction Date or as of such later date, whichever is applicable. No later than February 28 of each year the Trustee shall furnish a written report to the Domiciliary Commissioner and Non-Domiciliary Commissioners including (i) the balance, to include the fair market value, of the Reduced Collateral Trust and the assets held in the Reduced Collateral 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 Reduced Collateral Trust Fund will be terminated, the date of termination of the Reduced Collateral Trust, and (iv) in the event that the Trustee has not received a notice that the Reduced Collateral Trust Fund will be terminated, that such notice was not received by the

Trustee and that the Reduced Collateral Trust Fund will not expire prior to December 31 next following, pursuant to the terms of this Reduced Collateral Deed of Trust, unless terminated as set forth in Article 5 hereof. Copies of all statements under this Reduced Collateral 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 Reduced Collateral 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, a statement of most recent fair market valuation of the Reduced Collateral 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 Reduced Collateral Trust.

(d) Whenever the Trustee in the performance of its duties hereunder shall be required to value the Reduced Collateral 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.

(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 Reduced Collateral Deed of Trust and no other duties or responsibilities

shall be implied. The Trustee shall be liable for the safekeeping and administration of the Reduced Collateral Trust Fund in accordance with these provisions. The Trustee shall not be liable for any loss to the Reduced Collateral 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.

(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 Reduced Collateral 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.

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 Reduced Collateral 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.

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 Reduced Collateral Deed of Trust.

3.9 Trustee's Assets. No provision of this Reduced Collateral 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 Corporate Trust Group shall have received written advice thereby.

3.12 Force Majeure. 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.

ARTICLE 4. INSOLVENCIES

4.1 Insolvency of Reduced Collateral Trust Fund. The Reduced Collateral Trust Fund shall be deemed to be insolvent if (i) the value of the Reduced Collateral Trust Fund as determined under Section 2.3 is reduced below the Reduced Collateral Trust Fund Minimum Amount or the value of the Reduced Collateral Trust Fund would be reduced below the Reduced Collateral Trust Fund Minimum Amount by the payment of a Claim Amount, (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 Reduced Collateral Trust Fund, and (iii) the Company has failed, within sixty (60) days after notice has been given, to deposit such Acceptable Assets in the Reduced Collateral Trust Fund necessary for the value of the Reduced Collateral Trust Fund to equal or exceed the Reduced Collateral Trust Fund Minimum Amount; provided, however, that the Domiciliary Commissioner may at any time allow the Company such additional time to deposit Acceptable Assets to meet the Reduced Collateral Trust Fund Minimum Amount requirements as many be deemed reasonable by the Domiciliary Commissioner in response to catastrophes or other sudden events which may not be amenable to ready remediation or whose liabilities may not be readily evaluated, in which event the Reduced Collateral Trust Fund shall not be deemed insolvent. The Company shall provide the Trustee with timely notice of any such determination by the Domiciliary Commissioner. The Trustee shall promptly send notice to the Company and its U.S. Representative of any actual or anticipated reduction of the Reduced Collateral Trust Fund below the Reduced Collateral Trust Fund Minimum Amount.

4.2 Notice of Insolvency. If the Reduced Collateral Trust Fund is deemed insolvent under Section 4.1 or 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. In the event that notice of insolvency is given as specified in Section 4.2, unless otherwise ordered by a U.S. or State court of competent jurisdiction, no Claims shall be paid out of the Reduced Collateral Trust Fund, unless notice pursuant to Section 2.7 is given to the Domiciliary Commissioner and the amount of assets in the Reduced Collateral Trust Fund equals or exceeds the Reduced Collateral Trust Fund Minimum Amount.

4.4 Transfer of Reduced Collateral 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

Reduced Collateral 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 Reduced Collateral 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 Reduced Collateral 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 Reduced Collateral 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.

4.5 Final Distribution of Reduced Collateral Trust Fund Assets.

(a) As soon as practicable following transfer of the Reduced Collateral Trust Fund to the Domiciliary Commissioner or Receiver, the Domiciliary Commissioner or Receiver shall prorate and distribute the balance of the Reduced Collateral 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 Reduced Collateral Trust Fund.

4.6 Waiver. The Company hereby waives any right otherwise available to it under United States law that is inconsistent with the terms of Article 4.

ARTICLE 5. TERMINATION

5.1 Termination of Reduced Collateral Deed of Trust.

(a) This Reduced Collateral Deed of Trust and the Reduced Collateral 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 Reduced Collateral Deed of Trust and the Reduced Collateral 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 or accredited in all Reduced Collateral 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 U.S. Liabilities (without reduction by the Reduction Percentage) to a reinsurer licensed to transact reinsurance, accredited or having Accreditation status in all such Reduced Collateral States as aforesaid.

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

5.2 Deficiency of Trust Fund. In the event of termination of this Reduced Collateral Deed of Trust and the Reduced Collateral Trust Fund, if the Trust Fund remains in existence upon the date of such termination and the assets in the Trust Fund are less than the trust fund minimum of the Trust Fund as of the most recent available Trust Fund financial statement (the "Trust Fund Deficit"), and the Trust Fund Deficit has not already been cured, the Company shall direct the Trustee in writing to transfer and deliver to the trustee of the Trust Fund such Acceptable Assets in the Reduced Collateral Trust Fund as may be necessary to cure the Trust Fund Deficit. The remaining balance of the Reduced Collateral Trust Fund, if any, shall 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 Reduced Collateral Deed of Trust. Upon termination of this Reduced Collateral Deed of Trust and the Reduced Collateral Trust Fund under Section 5.1, the Trustee shall promptly transfer, pay over and deliver the Reduced Collateral Trust Fund to the Company or its designee in accordance with the Company's written instructions.

ARTICLE 6. MISCELLANEOUS

6.1 Governing Law. This Reduced Collateral Deed of Trust shall be governed by, and construed and enforced in accordance with, the laws of Delaware without regard to the principles of conflict of laws.

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

6.3 Entire Reduced Collateral Deed of Trust. This Reduced Collateral Deed of Trust (i) amends and restates in its entirety the Original

Deed of Trust, and (ii) 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.

6.4 Amendments. No amendment to this Reduced Collateral Deed of Trust 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 Commissioners shall have disapproved such amendment. All amendments to this Deed of Trust shall be in writing and signed by the Company and the Trustee. It is expressly understood that a resignation or removal of the Trustee pursuant to the terms of Section 3.8 and any modifications of this Reduced Collateral Deed of Trust relating thereto shall not be considered an amendment of this Reduced Collateral Deed of Trust under this Section 6.4.

6.5 Notice. Unless otherwise provided in this Reduced Collateral Deed of Trust, all notices and other communications required or permitted under this Reduced Collateral 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:

Endurance Specialty Insurance Ltd.
Waterloo House, 100 Pitts Bay Road
Pembroke HM 08, Bermuda
Attention: John V. Del Col, Corporate Secretary

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.

6.6 Partial Invalidity Does Not Invalidate Entire Reduced Collateral Deed of Trust. If any provision of this Reduced Collateral Deed of Trust is held invalid or unenforceable, the balance of this Reduced Collateral 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.

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

6.8 Headings and References. The headings herein are for reference only and not for defining any provisions hereof. Reference to this Reduced Collateral 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 Reduced Collateral Deed of Trust and its amendments, if any.

6.9 Counterparts. This Reduced Collateral 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.

6.10 USA PATRIOT ACT. The Company hereby acknowledges that the Trustee is subject to federal laws, including the Customer Indemnification 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.

**Remainder of page intentionally blank
Signature page follows immediately**

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

ENDURANCE SPECIALTY INSURANCE LTD.

By: Carne Rosera
Title: VP, Chief Accounting Officer

THE BANK OF NEW YORK MELLON, as Trustee

By: Arsala Kidwai
Title: Arsala Kidwai
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 adequately secured by collateral having a market value not less than the principal amount of the obligation and have investment qualities and characteristics in which the speculative elements are not predominant;
 - (b) 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;
 - (c) 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
 - (d) 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 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. The aggregate total investment in mortgage-related securities shall not exceed twenty-five percent (25%) of the assets of the trust.

- (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 (b) or (d) 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 National Association of Securities Dealers, Inc. 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 a beneficiary of the Trust shall not exceed five percent (5%) of the total investments in the Trust.

APPENDIX B

State Collateral Approval (as of 10/10/16)

State	Date of Approval	Funding Percentage
Alabama	11/5/15	50%
Alaska	10/27/15	100%
Arizona	11/6/15	100%
Arkansas	1/6/16	100%
California	7/1/15	50%
Colorado	12/21/15	50%
Connecticut	12/30/15	50%
Delaware	7/1/15	50%
District of Columbia	4/27/16	100%
Florida	5/31/12	<ul style="list-style-type: none">• 20% for contracts effective 8/9/16 and after• 50% for contracts effective 7/28/15 – 8/9/16• 20% for contracts effective 5/31/12 - 7/28/15
Georgia	12/29/15	50%
Hawaii	12/29/15	100%
Indiana	12/17/15	100%
Iowa	12/14/15	50%
Kansas	7/6/16	100%
Kentucky	11/23/15	100%
Louisiana	2/5/16	50%
Maine	10/29/15	50%
Massachusetts	12/23/15	100%
Michigan	12/8/15	100%
Mississippi	11/20/15	100%
Missouri	1/1/16	50%
Montana	12/15/15	100%
Nevada	8/22/16	100%
New Hampshire	10/27/15	50%
North Carolina	10/20/15	100%
North Dakota	7/1/16	50%
Ohio	1/1/16	50%
Oklahoma	12/29/15	100%
Oregon	12/31/15	100%

Puerto Rico	5/5/16	100%
Rhode Island	12/29/15	50%
South Carolina	10/27/15	100%
South Dakota	11/9/15	100%
Tennessee	11/6/15	100%
Texas	3/14/16	100%
Utah	5/2/16	100%
Vermont	11/3/15	50%
Virginia	1/5/16	50%
West Virginia	8/12/16	100%
Wisconsin	11/2/15	100%

APPENDIX C

No Collateral States

State	Date of Approval