

**THIS DOCUMENT
REMAINS SUBJECT TO
FINAL AGREEMENT
WITH HM TREASURY**

DRAFT SUBJECT TO FINAL HM APPROVAL

**POOL RE
TREATY SCHEDULE**

Date: 1 April [YEAR]

Reinsured(s): [INSERT]

Reinsurer: Pool Reinsurance Company Limited

Underwriting Period: [00.00] 1 April [2025] to [23.59] 31 March [2026] inclusive

Premium: £[XXX]

Premium payment terms: Payable in four equal instalments due on:

- 1 April [2025]
- 1 July [2025]
- 1 October [2025]
- 1 January [2026]

[Where there is more than one Reinsured entity [each of the Reinsureds will be jointly and severally liable for payment of the Premium] / [the first named Reinsured shall be responsible for paying Premium on behalf of all Reinsureds]]

Retentions:

- Section 1 Retention (as defined in the Reinsurance Agreement) £[XXX] [XXX] in the annual aggregate:

Annual Aggregate Retention(s):

- Section 1 Retention sub-limited to [no less than 40% of the Section 1 Minimum Retention] in respect of the Class B Head of Cover.
- Section 2 Retention (as defined in the Reinsurance Agreement) £[XXX] in the annual aggregate:
 - Section 2 retention sub-limited to [no less than 40% of the Section 2 Minimum Retention] in respect of the Class B Head of Cover.

[Where there is more than one Reinsured entity [the Retentions above are combined Retentions which will apply to all of the Reinsureds collectively] / [there will be separate Retentions for each of the Reinsureds]]

Minimum Retentions

Wording: Per Pool Re Aggregate Excess of Loss Treaty Reinsurance Agreement wording [latest version as at date of inception]



**AGGREGATE EXCESS OF LOSS TREATY
REINSURANCE AGREEMENT**

CONTENTS

ARTICLE 1 - SCOPE.....	3
ARTICLE 2 - LIMITS OF INDEMNITY	3
ARTICLE 3 - PERIOD.....	3
ARTICLE 4 - TERRITORY	3
ARTICLE 5 - EXCLUDED LOSSES	4
ARTICLE 6 - COVERED LOSS.....	4
ARTICLE 7 - RELEVANT INSTRUMENTS	4
ARTICLE 8 - ULTIMATE NET LOSS	5
ARTICLE 9 - GENERAL CONDITIONS PRECEDENT	5
ARTICLE 10 - CLAIMS CO-OPERATION AND REPORTING.....	6
ARTICLE 11 - REINSURANCE WARRANTY	7
ARTICLE 12 - ACCOUNTS.....	10
ARTICLE 13 - CURRENCY.....	10
ARTICLE 14 - ERRORS AND OMISSIONS /MATERIAL CHANGE	11
ARTICLE 15 - PROVISION OF INFORMATION / INSPECTION OF RECORDS	12
ARTICLE 16 - ALTERATIONS.....	13
ARTICLE 17 - TERMINATION.....	14
ARTICLE 18 - NOTICES AND LANGUAGE.....	17
ARTICLE 19 - MEDIATION.....	18
ARTICLE 20 - ARBITRATION AND TRIBUNAL	18
ARTICLE 21 - JURISDICTION	19
ARTICLE 22 - CERTIFICATION AND TRIBUNAL	20
ARTICLE 23 - POOL RE DETERMINATION.....	20
ARTICLE 24 - COMPETITION LAW	22
ARTICLE 25 - THIRD PARTY RIGHTS.....	23
ARTICLE 26 – LLOYD'S SYNDICATES	23

ARTICLE 27 - NO DELEGATION 23

ARTICLE 28 - INSURANCE ACT 2015 – NO LIABILITY IN DAMAGES FOR
LATE PAYMENT OF A CLAIM BY REINSURER 24

ARTICLE 29 - GOVERNING LAW 24

SCHEDULE 1 DEFINITIONS 25

SCHEDULE 2 RETENTION: PRINCIPLES 40

SCHEDULE 3 THE ‘ADVERSE SELECTION’ PRINCIPLE 41

SCHEDULE 4 45

SCHEDULE 5 46

DRAFT SUBJECT TO FINAL HMT APPROVAL

AGGREGATE EXCESS OF LOSS TREATY
REINSURANCE AGREEMENT

THIS REINSURANCE AGREEMENT is made on the date set out in the Treaty Schedule
BETWEEN

- (1) **THE PERSON(S)** named as the Reinsured in the Treaty Schedule (“the Reinsured”);
and
- (2) **POOL REINSURANCE COMPANY LIMITED** whose registered office is at 7
Savoy Court, London WC2R 0EX (“the Reinsurer”).

ARTICLE 1 - SCOPE

- 1.1 This Reinsurance Agreement applies to Covered Loss.

ARTICLE 2 - LIMITS OF INDEMNITY

- 2.1 The Reinsurer hereby undertakes (subject to the provisions of this Reinsurance Agreement) to indemnify the Reinsured for the amount of the Reinsured’s Ultimate Net Loss which exceeds the applicable Retention(s) in respect of Covered Loss. The operation of the Retentions is addressed in Schedule 2.

ARTICLE 3 - PERIOD

- 3.1 This Reinsurance Agreement applies to the Underwriting Period specified in the Treaty Schedule.
- 3.2 Each twelve month period commencing 1 April shall be a separate Underwriting Period.
- 3.3 Unless terminated in accordance with the provisions of Article 17 or where notice is served by the Reinsured in accordance with Article 3.4, and provided that the Reinsured has complied with its obligations under Article 15.1, the Reinsurance Agreement will automatically renew on 1 April on the Reinsurer’s standard terms and conditions as at the date of renewal and subject to the Premium and Retentions determined by the Reinsurer unless an alternative Premium and Retentions are agreed between the Reinsured and the Reinsurer not less than 14 days prior to renewal.
- 3.4 The Reinsured may elect not to renew the Reinsurance Agreement by service on the Reinsurer of written notice of its intention not to renew the Reinsurance Agreement not less than 7 days before midnight on 31 March in the year in which the renewed Reinsurance Agreement is due to incept.

ARTICLE 4 - TERRITORY

- 4.1 This Reinsurance Agreement applies only to Property and/or premises located within the Territory.

- 4.2 Where a Relevant Instrument covers Property and/or premises both within and outside of the Territory, this Reinsurance Agreement will only apply to the Property and/or premises located within the Territory.

ARTICLE 5 - EXCLUDED LOSSES

- 5.1 The Reinsurer shall not be liable for any of the Excluded Losses set out in Schedule 1.

ARTICLE 6 - COVERED LOSS

- 6.1 "Covered Loss" in this Reinsurance Agreement means all losses under Relevant Instruments:

- (a) under any Class A Head of Cover, as a result of damage to or the destruction of Property in the Territory, the proximate cause of which is an Act of Terrorism that commences during the Underwriting Period; or
- (b) under the Class B Head of Cover, as a result of interruption or interference with the business of the Original Insured in consequence of:
 - (i) access to, exit from or use of any premises located within the Territory owned or occupied by an Original Insured being impaired or prevented due to the actions of the police, competent authority or any other statutory authority, the proximate cause of which is an Act of Terrorism that commences during the Underwriting Period; and/or
 - (ii) an Act of Terrorism that commences during the Underwriting Period in the vicinity of, but in no event further than one (1) mile from, any premises within the Territory owned or occupied by the Original Insured which results in the business carried on at such premises having a diminished attraction to customers and solely in consequence thereof, an identifiable reduction in the business of an Original Insured, but in no event shall the maximum period of indemnity for such interruption or interference with the business exceed three months.

ARTICLE 7 - RELEVANT INSTRUMENTS

- 7.1 A "Relevant Instrument" in this Reinsurance Agreement means a contract of General Cover underwritten by the Reinsured for a term not exceeding twelve calendar months in total, or part(s) thereof, that provides:

- (a) as a minimum, fire or explosion cover (but that can provide cover for other perils in addition) in respect of one or more of the Class A Head of Cover or the Class B Head of Cover; and
- (b) cover in respect of an Act of Terrorism on the same terms and conditions as the General Cover (save in respect of the premium).

- 7.2 Where a contract of direct insurance is effected on a continuous basis or for a period longer than twelve calendar months every additional period of twelve calendar

months in excess of the original twelve calendar months shall be deemed for the purposes of this Reinsurance Agreement to constitute a new Relevant Instrument incepting on the anniversary date of the original date of inception.

- 7.3 For the avoidance of doubt, the “same terms” in Article 7.1(b) includes, but is not limited to, the applicable sum(s) insured, limit(s) of indemnity and the deductible(s) applicable to the Original Insured.

ARTICLE 8 - ULTIMATE NET LOSS

- 8.1 In this Reinsurance Agreement “Ultimate Net Loss” means the total sum actually paid by the Reinsured in respect of Covered Loss, including litigation and other expenses reasonably incurred by the Reinsured in connection with the adjustment thereof, excluding office expenses and salaries of the Reinsured attributable thereto and after deduction of all salvage payments and/or recoveries (including recoveries due from all other reinsurances inuring for the benefit of the Reinsured whether collected or not, other than reinsurance purchased by the Reinsured in respect of any underwriting period commencing on or after 1st January 1993 (or in respect of the Class B Head of Cover, on or after 1st January 2019) to the extent that such reinsurance is specifically to limit the Reinsured’s exposure within the Retentions and other than recoveries due or received under Reinsurance to Close Contracts). Subject to Article 12.2, no liability shall be incurred by the Reinsurer to the Reinsured unless and until the Reinsured has made actual payment to the Original Insured or to its order under the original contract of direct insurance; subject to that proviso, however, nothing in this Article shall be construed to mean that recovery cannot be made by the Reinsured from the Reinsurer until the Reinsured’s Ultimate Net Loss has been finally ascertained and the Reinsured will be taken to have made actual payment for these purposes when it has complied with the requirements specified in Article 10 of this Reinsurance Agreement relating to the payment of a claim.
- 8.2 For the purposes of Article 8.1 all salvage, recoveries or payments recovered or received subsequent to any loss settlement hereunder shall be applied as if recovered or received prior to the aforesaid settlement and all adjustments as shall be necessary to reflect such changes shall be made by the Reinsurer and the Reinsured.
- 8.3 In the event that the Reinsured shall not, for any reason, have paid the Original Insured (or to its order) within 60 days of payment becoming due and payable, the Reinsurer may at its option pay directly to the Original Insured (or to its order) such amount as would have been due under this Reinsurance Agreement but for such non-payment; any such payment (if and when made by the Reinsurer) shall operate as a pro tanto discharge of the Reinsurer’s liability to the Reinsured.
- 8.4 The Reinsurer may set off any monies due to it from the Reinsured against any claim payable under this Reinsurance Agreement.

ARTICLE 9 - GENERAL CONDITIONS PRECEDENT

- 9.1 Notwithstanding anything contained to the contrary in this Reinsurance Agreement (with the exception of Article 14 to the provisions of which this Article is subject) it is a condition precedent to the Reinsurer’s liability that:

- (a) there has been no dishonest, fraudulent or criminal act or omission or involvement in any financial crime on the part of the Reinsured relating to the operation of this Reinsurance Agreement; and
- (b) the Reinsured will notify the Reinsurer in writing as soon as reasonably practicable of any of the events and/or circumstances which would entitle the Reinsurer to terminate this Reinsurance Agreement pursuant to Article 17.2 below.

ARTICLE 10 - CLAIMS CO-OPERATION AND REPORTING

10.1 Notwithstanding anything contained to the contrary in this Reinsurance Agreement (with the exception of Article 14 to the provisions of which this Article is subject) it is a condition precedent to the Reinsurer's liability that:

- (a) the Reinsured gives written notice to the Reinsurer as soon as reasonably practicable, or within such timeframe as the Reinsurer otherwise directs, after the Reinsured has:
 - (i) been notified of any claim against the Reinsured under a Relevant Instrument which may give rise to a claim against the Reinsurer;
 - (ii) become aware of circumstances which could give rise to a claim under a Relevant Instrument including any circumstances which the Reinsured considers might constitute an Act of Terrorism or where the Reinsured seeks certification of an Act of Terrorism in accordance with the process set out at Article 22; or
 - (iii) become aware of any claim by an Original Insured against the Reinsured that is, or has become, a Large Loss Claim;
- (b) the Reinsured furnishes the Reinsurer with all reasonable information in respect of claims or circumstances notified in accordance with (a) above and thereafter keeps the Reinsurer informed of developments as soon as practicable after they occur, including but not limited to providing the Reinsurer with a Claims Information Summary and any further information reasonably requested by the Reinsurer within 30 days of an event occurring which the Reinsured believes may constitute an Act of Terrorism;
- (c) the Reinsured if requested by the Reinsurer, and in any case in respect of a Large Loss Claim, co-operates fully with the Reinsurer and any other person or persons designated by the Reinsurer to oversee the investigation, adjustment and settlement of any claim notified to the Reinsurer relating to an event or events that is / are certified as an Act of Terrorism and the Reinsured shall not, if so requested by the Reinsurer, litigate or settle any such claim without obtaining the written consent of the Reinsurer or such person or persons;
- (d) the Reinsured must appoint a Loss Adjuster on all claims that have, or the Reinsured reasonably expects will have, a 100% gross reserve in excess of £100,000; and

- (e) save as otherwise provided in this Reinsurance Agreement or to the extent that the Parties and an Original Insured otherwise agree in writing, the total amount of the Reinsured's liability to an Original Insured in respect of the Covered Loss concerned has been finally determined either by judgment or award against the Reinsured made by a court or arbitration tribunal of competent jurisdiction.
- 10.2 Unless otherwise provided for in this Reinsurance Agreement or directed by the Reinsurer, and strictly in accordance with the other terms and conditions of this Reinsurance Agreement, the Reinsured may negotiate and settle any claims with a 100% gross reserve below £100,000 itself or delegate this function to third party contractors, provided it is the Reinsured's usual practice to adjust claims of this value in this manner and that such adjustment is undertaken in accordance with Article 11.1(d).
- 10.3 Where the Reinsured has complied with the terms of this Reinsurance Agreement, including this Article 10, all settlements entered into by the Reinsured in respect of Covered Loss shall be binding upon the Reinsurer and erode the relevant Retention(s) provided such settlements fall to be indemnified under the terms and conditions of the subject Relevant Instrument(s) and fall within the terms and conditions of this Reinsurance Agreement. For the avoidance of doubt, ex gratia payments do not fall within the terms and conditions of this Reinsurance Agreement.

ARTICLE 11 - REINSURANCE WARRANTY

- 11.1 The Reinsured hereby warrants and undertakes to the Reinsurer that:
- (a) if it offers to provide General Cover to a person in respect of any Class A Head of Cover or Class B Head of Cover, it shall also, if so requested by that person, offer to provide to that person insurance against Acts of Terrorism within the Territory in respect of the same Class A Head of Cover or Class B Head of Cover (as applicable), subject to Article 11.2;
 - (b) it shall not provide direct insurance against an Act of Terrorism within the Territory in respect of any Class A Head of Cover or Class B Head of Cover in respect of which it does not provide General Cover;
 - (c) it shall not provide reinsurance against the risk of Acts of Terrorism within the Territory unless either:
 - (i) the reinsurance is a Reinsurance to Close Contract; or
 - (ii) the cedant to which it provides such reinsurance maintains for its own account a significant proportion of such risk, and such reinsurance is not being provided to enable the Reinsured to circumvent a restriction which would have prevented it from accepting such risk by way of direct insurance or to avoid the requirement to cede such risk to the Reinsurer under this Reinsurance Agreement;

- (d) it will apply no lower standards of internal audit, systems and controls to the issue of cover, adjustment of claims and documentation generally than it applies to other aspects of its business. Such systems and controls must be at least broadly comparable with the standards laid down in the UK by the Prudential Regulation Authority and the Financial Conduct Authority.
- 11.2 Subject to Articles 11.3 and 11.4, the Reinsured shall procure that the obligations undertaken by it in paragraphs (a) to (d) inclusive of paragraph 11.1 of this Article shall also be observed by any Connected Person of the Reinsured either by procuring that such Connected Person:
- (a) (if eligible) provides to the Reinsurer the information and documents necessary to satisfy the criteria set out in sub-clause 3 of the Membership Agreement and signs an Accession Agreement pursuant to sub-clause 3.1 thereof; or
- (b) does not provide direct insurance against an Act of Terrorism in respect of any Class A Head of Cover or Class B Head of Cover in the Territory.
- 11.3 The obligation of the Reinsured in Article 11.2 shall not apply to the Reinsured during the period of three months following a third party becoming a Connected Person of the Reinsured where competition law prevents the Reinsured and the Connected Person from discussing whether the Connected Person should provide direct insurance against an Act of Terrorism pursuant to sub-clause 3.1 of the Membership Agreement.
- 11.4 If, following a merger, acquisition or other change in the group structure of the Reinsured (whether or not that transaction predated this Reinsurance Agreement) (in this Article, a “Relevant Transaction”) the Reinsured and its Ultimate Parent Undertaking (as defined in Schedule 5) shall prove to the satisfaction of the Reinsurer (acting in its sole discretion) that:
- (a) an entity which has become a Connected Person of the Reinsured as a result of such Relevant Transaction is de facto operationally independent of the Reinsured; and
- (b) as a result of that operational independence the Reinsured and/or its Connected Person would, if required to comply with Article 11.2, need to make changes to the operation of its business which:
- (i) are Commercially Impracticable; and
- (ii) if not implemented could lead to the termination of this Reinsurance Agreement in accordance with Article 17 resulting in severe hardship to the entity or entities in question and/or substantial adverse impact on the available market for direct insurance against any Class A Head of Cover or Class B Head of Cover,
- (c) the Reinsured shall be deemed to comply with Article 11.2 if and for so long as:

- (i) it delivers to the Reinsurer on dates no longer than a calendar year apart an undertaking in the form set out in Schedule 5 duly executed by the Reinsured and its Ultimate Parent Undertaking (as defined in Schedule 5); and
- (ii) both it and its Ultimate Parent Undertaking (as defined in Schedule 5) comply fully with that undertaking,

and any breach of either Article 11.4(c)(i) or (ii) above shall be deemed to be a breach of Article 11.2 and shall have the same consequences as such a breach.

For the purposes of this Article 11.4 a change (or the changes together) is/are “Commercially Impracticable” if it is (or they are) so expensive and/or burdensome that it or they would cause severe hardship to the entity which is required to make the change(s).

- 11.5 The Reinsured warrants and undertakes to the Reinsurer that it shall account and pay in full to the Reinsurer all Premium instalments by no later than the dates specified in the Treaty Schedule. The Reinsured may not offset claims under this Reinsurance Agreement against the Premium payable under this Reinsurance Agreement.
- 11.6 Where the Reinsured fails to pay one or more instalment(s) of the Premium by the date specified in the Treaty Schedule in breach of the warranty and undertaking set out in Article 11.5, the Reinsurer shall have no liability under this Reinsurance Agreement unless or until the Reinsured has paid in full all of the instalment(s) of the Premium that have become payable under Article 11.5.
- 11.7 The Reinsurance Agreement comprises this Reinsurance Agreement, the Treaty Schedule, Schedules 1, 2, 3, 4 and 5 and any variations thereto in accordance with the terms of the Reinsurance Agreement. If any provision of this Reinsurance Agreement is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this Reinsurance Agreement which will remain in full force and effect.
- 11.8 The Reinsured hereby warrants and undertakes to the Reinsurer that:
 - (a) In any Relevant Instrument, it shall ensure that there is no selection against the Reinsurer. For this purpose ‘no selection against’ the Reinsurer shall mean that where an Original Insured obtains insurance against Acts of Terrorism under a Relevant Instrument, it must do so in respect of all Property, premises and business for which it effects General Cover and which is so eligible save in respect of the Permitted Departures. Worked examples as to how this ‘Adverse Selection Principle’ applies in practice are set out at paragraph 1 of Schedule 3.
 - (b) Where the Reinsured becomes aware that an Original Insured has not complied with this Adverse Selection Principle and has no intention of doing so, the Reinsured must ensure that insurance against Acts of Terrorism is discontinued as soon as practicable.

- (c) It will reinsure with the Reinsurer such part(s) of all contracts of direct insurance under which the Reinsured provides insurance against Acts of Terrorism within the Territory in respect of any Class A Head of Cover or Class B Head of Cover save where the relevant risk falls within the Incidental Terrorism Exposure Policy exception or with the agreement of the Chief Underwriting Officer of the Reinsurer.

ARTICLE 12 - ACCOUNTS

12.1 Subject as provided in Schedule 2, amounts payable by the Reinsurer under Article 2.1 shall be paid within 30 days of the Reinsured providing to the Reinsurer the evidence and information as specified in Article 10 relating to the payment of the relevant claim and evidence that the applicable Retention(s) have been fully eroded.

12.2 Notwithstanding Article 8.1 above, upon:

- (a) written request by the Reinsured; and
- (b) submission of documentary evidence of (i) the amount to be paid under any original policy(ies) and (ii) the erosion of the applicable Retention(s), as specified from time to time by the Reinsurer, acting reasonably,

the Reinsurer may (at its sole discretion, acting reasonably) effect any payment due by it under this Reinsurance Agreement prior to or at the same time as the payment shall be made under the original policy(ies), on such terms and conditions as the Reinsurer considers necessary or appropriate.

12.3 In exercising its discretion pursuant to Article 12.2 the Reinsurer may take into account factors including (but not limited to):

- (a) the amount of the claims to be paid by the Reinsured under the original policy(ies);
- (b) the proportion of those claims to the applicable Retention(s) determined pursuant to Article 2.1; and/or
- (c) the Reinsured's overall financial position, including its ability to make payments under the original policy(ies) prior to payment by the Reinsurer under this Reinsurance Agreement.

ARTICLE 13 - CURRENCY

13.1 All payments made or accounts rendered hereunder shall be in the lawful currency of the United Kingdom from time to time. All claims by the Reinsured hereunder shall be in such currency, converted into such currency by the Reinsured from any other relevant currency at such rate as may be reasonably appropriate (subject to Article 13.2).

13.2 In the event that the lawful currency of the United Kingdom ceases to be sterling, then all monetary amounts provided for in sterling shall be converted into such currency at the official rate of exchange recognised by the central bank for the

conversion of that currency unit into the other, rounded up or down by the Reinsurer (acting reasonably).

ARTICLE 14 - ERRORS AND OMISSIONS / MATERIAL CHANGE

- 14.1 The Reinsured shall notify the Reinsurer as soon as reasonably practicable if it becomes aware of any material errors or omissions made in connection with this Reinsurance Agreement, including but not limited to, in respect of the provision of information and records to the Reinsurer prior to the Underwriting Period.
- 14.2 In the event that there was a material error in the information provided by the Reinsured prior to the Underwriting Period such that the Reinsurer would, had it been provided with accurate information, have materially increased or decreased (i) the Premium and/or (ii) the Minimum Retention(s) for the Underwriting Period, the Reinsurer shall at its discretion be entitled (but not obliged) to:
- (a) charge the Reinsured an additional or reduced Premium; and/or
 - (b) increase or decrease one or both of the Minimum Retention(s),
- to reflect the Premium and/or Minimum Retention(s) that would have been imposed by the Reinsurer had the Reinsured provided accurate information.
- 14.3 The Reinsured shall promptly notify the Reinsurer of any material change, or (to the extent consistent with law or regulation) of any proposed material change that the Reinsured has decided to make, in any information previously provided to the Reinsurer in relation to its risk exposure, authorisation, legal form and status, business, ownership and jurisdiction of incorporation or residence.
- 14.4 In the event that there is in the reasonable opinion of the Reinsurer a material change to the Reinsured's risk exposure before or during the Underwriting Period, the Reinsurer shall at its discretion be entitled (but not obliged) to:
- (a) charge the Reinsured an additional or reduced Premium; and/or
 - (b) increase or decrease one or both of the Minimum Retention(s),
- to reflect the material change in the Reinsured's risk profile.
- 14.5 The Reinsurer shall be entitled to vary the Minimum Retention and/or the Premium under Article 14.2 or Article 14.4 by notifying the Reinsured as to the details of the Minimum Retention and/or the Premium as so varied. In the event that the Minimum Retention(s), Retention(s) and/or the Premium are varied the Reinsurer will issue an updated Treaty Schedule setting out the revised Minimum Retention(s), Retention(s) and/or Premium information.
- 14.6 Any changes to the Minimum Retentions and/or Premium made under this Article 14 shall, to the extent reasonably practicable, be calculated in the same way as the original Minimum Retentions and/or Premium. If the Reinsured elects to terminate the Reinsurance Agreement in accordance with Article 17 after the Reinsurer has varied the Minimum Retentions and/or Premium under this Article 14, the Reinsured shall remain:

- (a) liable to pay the increased (or decreased) Premium; and
- (b) subject to the revised Retentions,

for the Underwriting Period up to the date of termination.

- 14.7 It is hereby understood and agreed that any inadvertent or immaterial delays, omissions or errors made in connection with this Reinsurance Agreement shall not (save to the extent that the Reinsured has persisted in making such delays, omissions or errors) be held to entitle the Reinsurer to exercise any right of termination or to relieve either of the Parties from any liability which would have attached to them hereunder if such delay, omission or error had not occurred provided that, if rectification is possible, it is made as soon as practicable upon discovery.
- 14.8 A failure by the Reinsured to pay an amount due to the Reinsurer which is less than £100 shall not entitle the Reinsurer to exercise any right of termination or relieve either of the Parties from any liability which would have attached to them if such failure had not occurred.

ARTICLE 15 - PROVISION OF INFORMATION / INSPECTION OF RECORDS

- 15.1 By 15 August prior to inception and /or renewal and at such further intervals as the Reinsurer may determine, the Reinsured shall provide to the Reinsurer such information as is required by the Reinsurer to assess the Reinsured's risk exposure. The information that the Reinsured is required to provide to the Reinsurer under this Article 15.1 shall be provided in an Annual Exposure Return and/or in such other format(s) as are notified to the Reinsured by the Reinsurer from time to time.
- 15.2 The Reinsured shall:
- (a) retain all records in relation to the direct insurance that it writes for at least the minimum legal requirement as set out by the relevant regulatory bodies and for no less than three years, from the date of expiry of the subject direct insurance, and for at least two years after the settlement and closure of a claim. These records should include, where a Permitted Departure is made, the written rationale for the Permitted Departure; and
 - (b) upon request by the Reinsurer and at the Reinsured's expense, make available at the Reinsured's head office or wherever the same may be located, for inspection at any reasonable time by such representatives as may be authorised by the Reinsurer for that purpose (being employees of the Reinsurer or a government body, or an independent person engaged for the purpose), all information relating to contracts of direct insurance reinsured hereunder (including, but not limited to, a breakdown of the gross written premium in respect of the contracts of direct insurance reinsured hereunder) and any claims thereunder in the Reinsured's possession or under its control and shall supply the Reinsurer with such copies of any of the records containing the aforesaid information as the Reinsurer may require and the

Reinsured shall reimburse to the Reinsurer all the Reinsurer's disbursements (if any) incurred by the Reinsurer in connection with such inspection.

15.3 The Reinsurer shall at all times (whether before or after the expiry or sooner determination of this Reinsurance Agreement) use its best endeavours to keep confidential (and to ensure that its officers, employees, agents, advisers or contractors shall keep confidential) any information which it (or any such person aforesaid) may acquire in relation to the business, assets or affairs of the Reinsured and/or its clients and shall not, without the written consent of the Reinsured, use or disclose such information or make such information available to any other person, unless disclosure of any of such information is information:

- (a) disclosed to HM Treasury;
- (b) which now or hereafter comes into the public domain otherwise than as a result of a breach of such undertaking of confidentiality;
- (c) which is required by law to be disclosed to any person who is authorised by law to receive the same;
- (d) which ought reasonably to be disclosed in order to enforce rights under any of the Membership Agreement, this Reinsurance Agreement, the Retrocession Agreements, or any agreement forming part of any of such agreements or entered into pursuant thereto;
- (e) required to be disclosed to a court, arbitrator or administrative tribunal in the course of proceedings before it to which the Reinsurer is a party in a case where such disclosure is required by such proceedings;
- (f) disclosed to any professional advisers to the Reinsurer who are bound to the Reinsurer by a duty of confidence which applies to any information disclosed; or
- (g) disclosed pursuant to the terms of this Reinsurance Agreement.

ARTICLE 16 - ALTERATIONS

16.1 Subject to Articles 16.2 and 16.3 below, no variation in this Reinsurance Agreement shall be effective unless in writing and duly signed on behalf of the Parties. Variations sent by instantaneous means of communication are also effective provided they are capable of being shown by means of permanent or retrievable record to have been agreed by both Parties.

16.2 The Reinsurer shall be entitled to amend the Retentions and/or the Premium in accordance with clauses 14.2, 14.4 and/or 14.5 without the agreement of the Reinsured.

16.3 The Reinsurer shall be entitled to make amendments to this Reinsurance Agreement as at and with effect from midnight on 31 March in any year by notifying the Reinsured as to the details of such amendments; provided that:

- (a) no amendment may be made which would, in the reasonable opinion of the Reinsurer, adversely affect the interests of reinsureds generally who have entered into agreements for reinsurance in substantially the same terms as this Reinsurance Agreement;
- (b) notice of any such amendments shall be given to the Reinsured not later than 1st March in the year that the Reinsurance Agreement incept; and
- (c) the Reinsured shall be entitled, following receipt of such notice, by not less than 7 days' notice expiring at midnight on 31 March in the year in which the changes are to take effect, to terminate this Reinsurance Agreement.

ARTICLE 17 - TERMINATION

17.1 This Reinsurance Agreement may be terminated by:

- (a) either Party giving to the other Party at any time not less than ninety (90) days' notice in writing; or
- (b) the Reinsured giving to the Reinsurer notice complying with paragraph (c) of Article 16.3 in the circumstances set out in Article 16.3.

17.2 The Reinsurer shall be entitled to terminate this Reinsurance Agreement immediately upon notice given to the Reinsured in the event that:

- (a) the performance of the whole or any part of this Reinsurance Agreement is either prohibited or rendered impossible de jure or de facto in particular and without prejudice to the generality of the preceding words in consequence of any law or regulation which is or shall be in force in any jurisdiction or in the event that any law or regulation in any jurisdiction shall prevent directly or indirectly the remittance of any payments due to or from either of the Parties. For the avoidance of doubt if:
 - (i) the relevant United Kingdom authority (or any other relevant Competition Authority) decides that any provision of the Pool Re Agreements infringes the Chapter 1 prohibition of the Competition Act 1998 (or, where relevant, any other applicable Competition Rules), or that the conclusion, performance or enforcement of any provision would constitute an abuse of a dominant position contrary to the Chapter II prohibitions of the Competition Act 1998 (or, where relevant, any other applicable Competition Rules),

then the Reinsurer shall be entitled to exercise its right of termination under this Article 17.2 (a) at any time after the date of such decision. If the Reinsurer elects to appeal against any such decision, then the Reinsurer may exercise its right of termination under this Article 17.2 (a) at any time during the currency of any appeal proceedings (including any further appeal proceedings against the decision of any body to which any initial appeal is made), or on or after the withdrawal of such appeal proceedings, or on or after the final disposition of such appeal proceedings;

- (b) the Reinsured (other than a Reinsured who is a member of a Lloyd's syndicate) or the managing agent of a Reinsured who is a member of a Lloyd's syndicate ceases to hold any licence or permission (whether it has been withdrawn by the relevant regulatory authorities or has terminated and not been renewed, or for any other reason) which results in the Reinsured (other than a Reinsured who is a member of a Lloyd's syndicate) or the managing agent of a Reinsured who is a member of a Lloyd's syndicate not having:
- (i) in the case of a Reinsured (other than a Reinsured who is a member of a Lloyd's syndicate), permission under Part 4A of the Financial Services and Markets Act 2000 ("FSMA") to effect and/or carry out contracts of insurance as principal within the classes of general business set out in paragraphs 3, 4, 7, 8, 9 and 16 of Part 1, Schedule 1 of FSMA (Regulated Activities) Order 2001; or
 - (ii) in the case of a managing agent appointed by a Reinsured who is a member of a Lloyd's syndicate, permission under Part 4A of the FSMA to carry out regulated activities in performance of its duties as a managing agent;
- (c) in the case of either paragraphs 17.2 (b) (i) or 17.2 (b) (ii) above, any other relevant authorisation from a relevant regulatory authority in the United Kingdom or any other country in which it carries on business as described in paragraphs 17.2 (b) (i) or 17.2 (b) (ii) above;
- (d) the 2025 Retrocession Agreement is terminated pursuant to Article 14 of that agreement;
- (e) the Reinsured has entered into a composition with its creditors, filed a petition for a suspension of payments, admitted in writing that it cannot pay its debts generally as they become due, initiated a proceeding in bankruptcy or insolvency, been the subject of an application for a write-down order, been adjudicated bankrupt or insolvent, ceased to carry on all or a substantial part of its business or commerce, applied for a moratorium of debts, has had an administrator or an administrative or other receiver or manager or other similar officer appointed in respect of the whole or any part of the business, assets or undertaking of the Reinsured, has been dissolved or entered into liquidation or be authorised by a vote of its supervisory board or board of directors, as the case may be, to commence proceedings to do any of the foregoing or any similar act or proceeding in any relevant jurisdiction has occurred, save that this paragraph (e) shall not apply to a Reinsured who is a member of a Lloyd's syndicate unless he is the sole member of such syndicate;
- (f) subject to Article 17.4, any person becomes a controller of the Reinsured (other than with the prior written consent of the Reinsurer);
- (g) the Reinsured shall have failed to comply with any of the terms and conditions of this Reinsurance Agreement;

- (h) any power of attorney granted or purported to be granted by the Reinsured in favour of the Reinsurer is or becomes revocable and is revoked by the Reinsured (other than with the prior written consent of the Reinsurer); or
- (i) where the Reinsured:
 - (i) is not a member of a Lloyd's syndicate, such Reinsured ceases to be a member of the Reinsurer in accordance with the Membership Agreement; or
 - (ii) is a Lloyd's syndicate, the managing agent of that Lloyd's syndicate ceases to be a member of the Reinsurer in accordance with the Membership Agreement and is not replaced as a member of the Reinsurer by a replacement Lloyd's managing agent duly authorised and appointed as managing agent of that Lloyd's syndicate within ninety days.

17.3 For the purpose of Articles 17.2 and 17.4:

“controller” has the meaning ascribed in section 422 of the FSMA.

17.4 The Reinsurer consents to any person becoming a controller of the Reinsured without the Reinsurer's specific prior written consent provided that:

- (a) the Reinsured notifies the Reinsurer immediately upon any person becoming a controller of the Reinsured;
- (b) the Reinsurer does not notify the Reinsured that it objects to such person becoming or continuing to be a controller of the Reinsured within 14 days of receiving the notification in paragraph (a) above; and
- (c) in the event that the Reinsurer notifies the Reinsured that it does object to any person becoming or continuing to be a director or controller of the Reinsured in accordance with paragraph (b) above, the Reinsured procures that such person ceases to be a controller of the Reinsured within 14 days of the Reinsurer giving such notification to the Reinsured and notifies the Reinsurer of such cessation immediately thereafter,

failing which the Reinsurer will be entitled to terminate the Reinsurance Agreement in accordance with Article 17.2(f).

17.5 The Reinsurer shall notify the Reinsured of termination pursuant to Article 17.2 failing which such termination shall not be effective but so that such notice may, in the absolute discretion of the Reinsurer, determine that termination shall be effective as from and including the date of the relevant event giving rise to the right to terminate, or as from such later date as the Reinsurer may determine.

17.6 On the termination of this Reinsurance Agreement the Reinsured shall automatically receive the benefit of run-off cover from the Reinsurer under the terms of an endorsement to this Reinsurance Agreement that provides the same scope of coverage as this Reinsurance Agreement for:

- (a) the remaining duration of Relevant Instruments inception or renewed during the Underwriting Period that remain in force at the date of termination of this Reinsurance Agreement; and
- (b) the in force period of all quotations for Relevant Instruments issued by the Reinsured during the Underwriting Period that cannot be withdrawn and that are outstanding on the date of termination of this Reinsurance Agreement,

in return for payment of an additional premium specified by the Reinsurer. If such additional premium is not paid within 14 days of notification to the Reinsured by the Reinsurer, the Reinsurer shall be entitled immediately upon notice to the Reinsured to terminate such automatic run-off cover.

17.7 The additional premium payable for run-off cover obtained under clause 17.6 shall reflect the benefit provided by such run-off cover for which Premium has not previously been paid or provided for under this Reinsurance Agreement and the Treaty Schedule and shall, to the extent reasonably practicable, be calculated in the same way as the original Premium.

17.8 For the avoidance of doubt, the run-off cover provided under Article 17.6 of this Reinsurance Agreement will not provide coverage for:

- (a) any Relevant Instruments entered into after the date of termination of the Reinsurance Agreement, unless Article 17.6(b) applies; or
- (b) any quotations issued by the Reinsured after the date of termination of this Reinsurance Agreement.

ARTICLE 18 - NOTICES AND LANGUAGE

18.1 A notice, approval, consent or other communication in connection with this Reinsurance Agreement:

- (a) must be in writing;
- (b) in the case of the Reinsurer, must be marked for the attention of the General Counsel and Company Secretary and sent to Equitable House, 47 King William Street, London EC4R 9AF or by email to generalcounsel@poolre.co.uk or such other address and/or email addresses as may be notified by the Reinsurer to the Reinsured from time to time in accordance with this Article 18;
- (c) in the case of the Reinsured, must be marked for the attention of the person named, and sent to the address or email address, specified in paragraph 1 of Schedule 4 or such other address and/or email address as may be notified by the Reinsured to the Reinsurer from time to time in accordance with this Article 18; and
- (d) must be left at the address of the addressee or sent by prepaid ordinary post (airmail if posted to or from a place outside the United Kingdom) to the address of the addressee or sent by email to the email address of the

addressee as specified above, or if the addressee notifies another address and/or email address then to that address and/or email address.

- 18.2 A notice, approval, consent or other communication shall take effect from the time it is received (or, if earlier, the time it is deemed to be received in accordance with Article 18.3) unless a later time is specified in it.
- 18.3 A letter or email is deemed to be received:
- (a) in the case of a posted letter, unless actually received earlier, on the third (seventh, if posted to or from a place outside the United Kingdom) day after posting; and
 - (b) in the case of email, at the time and date that the email was sent. This applies provided that the sender does not within one hour receive a delivery failure or delay notification in respect of the email address.
- 18.4 Each document, notice or other communication given, delivered or made by one Party to the other or to any other person under or in connection with this Reinsurance Agreement shall be in English or, if not in English, be accompanied by a certified English translation (and the Party or other person which receives such a translation shall be entitled to assume its accuracy and to rely upon it).

ARTICLE 19 - MEDIATION

- 19.1 If a dispute of any kind whatsoever (with the exception of a dispute in relation to whether there has been an Act of Terrorism (which shall be dealt with in accordance with the provisions of Article 22) or whether an Act of Terrorism is a Conventional Act of Terrorism or a Non-Conventional Act of Terrorism (which shall be dealt with in accordance with the provisions of Article 23)) arises between the Parties, then either Party shall notify the other in writing of the nature of the dispute and, following the date of such written notice, there shall be a period of forty (40) days during which the Parties shall use all reasonable endeavours to settle the dispute prior to the expiry of which neither Party shall be entitled to request arbitration pursuant to Article 20 below.

ARTICLE 20 - ARBITRATION AND TRIBUNAL

- 20.1 All matters of difference between the Parties arising under, out of or in connection with this Reinsurance Agreement, with the exception of a dispute in relation to whether there has been an Act of Terrorism (which shall be dealt with in accordance with the provisions of Article 22) or whether an Act of Terrorism is a Conventional Act of Terrorism or a Non-Conventional Act of Terrorism (which shall be dealt with in accordance with the provisions of Article 23), including formation and validity, and whether arising during or after the period of this Reinsurance Agreement, shall be referred to an arbitration tribunal in the manner hereinafter set out.
- 20.2 Unless the Parties appoint a sole arbitrator within 14 days of one receiving a written request from the other for arbitration, the claimant (the Party requesting arbitration) shall appoint its arbitrator and give written notice thereof to the respondent. Within 30 days of receiving such notice the respondent shall appoint its arbitrator and give

written notice thereof to the claimant, failing which the claimant may apply to the appointor hereafter named to nominate an arbitrator on behalf of the respondent.

- 20.3 Before they enter upon a reference the two arbitrators shall appoint a third arbitrator. Should they fail to appoint such a third arbitrator within 30 days of the appointment of the respondent's arbitrator then either of them or either of the Parties may apply to the appointor for the appointment of the third arbitrator. The three arbitrators shall decide by majority. If no majority can be reached the verdict of the third arbitrator shall prevail. He shall also act as chairman of the tribunal.
- 20.4 Unless the Parties otherwise agree the arbitration tribunal shall consist of persons (including those who have retired) with not less than ten years' experience at senior management level in the insurance industry itself or as lawyers or other professional advisers with relevant experience.
- 20.5 The arbitration tribunal shall, so far as is permissible under the law and practice of the place of arbitration, have power to fix all procedural rules for the holding of the arbitration including discretionary power to make orders as to any matters which it may consider proper in the circumstances of the case with regard to pleadings, discovery, inspection of the documents, examination of witnesses and any other matter whatsoever relating to the conduct of the arbitration and may receive and act upon such evidence whether oral or written strictly admissible or not as it shall in its discretion think fit.
- 20.6 The appointor shall be the Chairman for the time being of ARIAS (UK) or, if he is unavailable or it is inappropriate for him to act for any reason, such person as may be nominated by the Committee of ARIAS (UK).
- 20.7 All costs of the arbitration shall be determined by the arbitration tribunal who may, taking into account the law and practice of the place of arbitration, direct to and by whom and in what manner they shall be paid.
- 20.8 The seat of arbitration may be chosen by the Parties, but in default of such choice, the seat of arbitration shall be London, England.
- 20.9 The proper law of this Reinsurance Agreement shall be and its terms shall be construed in accordance with the laws of England and Wales.
- 20.10 The award of the arbitration tribunal shall be in writing and binding upon the Parties who consent to carry out the same.

ARTICLE 21 - JURISDICTION

- 21.1 In the event that Article 20 becomes or is found to be null, void or otherwise unenforceable for any reason, each Party irrevocably and unconditionally submits to the exclusive jurisdiction of the English Courts and each Party waives any right that it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.

- 21.2 Without preventing any other mode of service, any document in an action (including but not limited to any writ of summons or other originating process or any third or other party notice) may (in the event that paragraph 21.1 of this Article applies) be served on either Party by being delivered to or left for that Party in the case of the Reinsurer, at the address for service of notices under Article 18, and in the case of the Reinsured at its address in the United Kingdom for service of process specified in paragraph 2 of Schedule 4 or such other address in the United Kingdom as may be notified under Article 18.

ARTICLE 22 - CERTIFICATION AND TRIBUNAL

- 22.1 The Reinsurer shall notify HM Treasury if in its opinion or in the opinion of the Reinsured notified to the Reinsurer, there has been an Act of Terrorism and within 21 days of such notification to HM Treasury either:

- (a) HM Treasury will issue a certificate (a “Certificate”) certifying:
- (i) the event or events in question to have been (an) Act(s) of Terrorism; and
 - (ii) [the date on which the Act of Terrorism commenced,]

and in such event the Parties agree to be bound by the Certificate (and for the avoidance of doubt the Reinsured agrees to be bound by the Certificate in relation to any claim brought against the Reinsured by an Original Insured); or

- (b) if HM Treasury refuses to issue a Certificate, then the issue of whether there has been an Act of Terrorism will be resolved in accordance with the provisions of the 2025 Retrocession Agreement.

ARTICLE 23 - POOL RE DETERMINATION

- 23.1 Within 28 days of HM Treasury issuing a certificate certifying an event or events to be an Act of Terrorism in accordance with the process set out at Article 22.1(a), the Reinsurer will inform Members by way of service of written notice to each of the Members (the “Determination Notice”) as to whether the Act of Terrorism is:

- (a) a Conventional Act of Terrorism; or
- (b) a Non-Conventional Act of Terrorism.

- 23.2 The Reinsurer’s determination at Article 23.1 shall be made by the Reinsurer by assessing whether the Act of Terrorism, or a material element of it, was intended to be or was a Non-Conventional Act of Terrorism, by reference to the definitions contained in this Reinsurance Agreement.

- 23.3 In the event that a Member (a) disagrees with the Reinsurer’s determination under Article 23.1 and (b) reasonably believes that it has incurred or will incur Covered Loss in connection with the Act of Terrorism to which the Reinsurer’s determination under Article 23.1 relates, it shall be entitled to have the dispute referred to a King’s Counsel of not less than 20 years’ call with a practice predominantly focused on

insurance and/or reinsurance disputes (an "Insurance Silk") for a binding determination, on the basis that:

- (a) In order to refer a dispute to an Insurance Silk under this Article 23, a Member must serve on the Reinsurer written notice of its intention to refer the matter to an insurance silk (a "Referral Notice") within 28 days after service of the Determination Notice providing a brief explanation of the reasons for disputing the Determination Notice and nominating a minimum of three (3) Insurance Silk candidates available to adjudicate the dispute;
- (b) On receipt of a Referral Notice, the Reinsurer will within 7 days inform all Members of the referral;
- (c) The Member that has referred the dispute and the Reinsurer shall within 7 days of the Referral Notice agree on the appointment of an Insurance Silk. If the parties are unable to agree on an Insurance Silk within seven days of the Referral Notice, either Party shall then be entitled to request that the Bar Council appoint an Insurance Silk;
- (d) If the Insurance Silk becomes unwilling to act or incapable of acting, the referring Member and the Reinsurer may proceed to appoint a replacement Insurance Silk in accordance with the process set out above in Article 21.3(c), save that the 7 day timescale will run from the date the Member or Reinsurer first becomes aware that the Insurance Silk is unwilling or incapable of acting;
- (e) Upon appointment of the Insurance Silk they shall be empowered to (i) give directions as to the procedure to be followed to determine the dispute within 42 days of their appointment (or such other period as agreed between the Reinsurer and referring Member); and (ii) determine whether the Act of Terrorism is a Conventional Act of Terrorism or a Non-Conventional Act of Terrorism by assessing whether the Act of Terrorism, or a material element of it, was intended to be or was a Non-Conventional Act of Terrorism, by reference to the definitions contained in this Reinsurance Agreement;
- (f) Save where Article 23.1(d) applies, there may only be one referral to an Insurance Silk under this Article 23 in respect of an Act of Terrorism. If more than one notice is served on the Reinsurer under Article 23.1 in respect of an Act of Terrorism, the first Member to serve the notice will be entitled to take part in the appointment of the Insurance Silk in accordance with Article 23.1;
- (g) All Members that reasonably believe that they have incurred or will incur Covered Loss in connection with the Act of Terrorism shall be entitled to make written submissions to the Insurance Silk within a period set by the Insurance Silk;

- (h) The determination of the Insurance Silk shall be final and binding on all Members and the Reinsurer, save in the case of fraud or a material failure of the Insurance Silk to follow the agreed procedure;
- (i) Each Party shall act reasonably and co-operate to give effect to the provisions of this Article and otherwise do nothing to hinder or prevent the Insurance Silk from reaching their determination;
- (j) The Member(s) that have made written submissions in respect of the determination and the Reinsurer will bear their own costs of the determination;
- (k) The Insurance Silk shall have the power to make a binding determination as to how the costs the Insurance Silk should be borne by the parties on the basis that:
 - (i) If the Member(s) successfully challenge(s) the Reinsurer's determination such that the Insurance Silk makes a different determination to the Reinsurer as to whether the Act of Terrorism is a Conventional Act of Terrorism or a Non-Conventional Act of Terrorism, the costs of the Insurance Silk will be borne by the Reinsurer;
 - (ii) If the Insurance Silk makes the same determination as the Reinsurer as to whether the Act of Terrorism is a Conventional Act of Terrorism or a Non-Conventional Act of Terrorism, the costs of the Insurance Silk will be borne jointly and severally by the Member that referred the matter for a determination and each of the Members that made written submissions contrary to the Reinsurer's determination.

23.4 For the avoidance of doubt, once 28 days have elapsed after service of the Determination Notice, the Members will not be able to challenge the Reinsurer's determination under Article 23.1, which shall be final and binding.

ARTICLE 24 - COMPETITION LAW

24.1 If the relevant UK authority or the Competition and Markets Authority or any other Competition Authority issues a legally binding decision to the effect that the Pool Re Agreements (or any provision of any of them) infringes the Chapter I prohibition of the Competition Act 1998 (or, where relevant, any other applicable Competition Rules), or that the conclusion, performance or enforcement of the Pool Re Agreements (or any provision of any of them) infringes the Chapter II prohibition of the Competition Act 1998 (or, where relevant, any other applicable Competition Rules), then the Parties shall use all reasonable endeavours to amend the Pool Re Agreements (or shall execute new agreements) so as to ensure that the objectives of the Pool Re Agreements are achieved and that the Pool Re Agreements as so amended (or any such new agreements) will not infringe the Chapter I prohibition of the Competition Act 1998 (or, where relevant, any other applicable Competition Rules) and that the conclusion, performance and enforcement of the Pool Re

Agreements as so amended (or those new agreements) by any party thereto will not infringe the Chapter II prohibition of the Competition Act 1998 (or, where relevant, any other applicable Competition Rules) and, save to the extent that it is reasonable to do so, and/or it is no longer possible to achieve the objectives of the Pool Re Agreements or to amend the Pool Re Agreements or enter into new agreements which do not give rise to an infringement of the Chapter I or Chapter II prohibitions of the Competition Act 1998 (or, where relevant, any other applicable Competition Rules), no Party shall withhold its consent (to the extent to which it is required) to the making of any such amendment or the execution of any such new agreement.

24.2 In this Article 24 and Article 17.2 “Pool Re Agreements” means:

- (a) the Memorandum and Articles of Association of the Reinsurer;
- (b) the Membership Agreement (and each Accession Agreement executed pursuant thereto);
- (c) each Reinsurance Agreement to which the Reinsurer is or becomes party; and
- (d) the 2025 Retrocession Agreement,

each as from time to time amended or supplemented.

ARTICLE 25 - THIRD PARTY RIGHTS

25.1 No term of this Reinsurance Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a Party.

ARTICLE 26 – LLOYD'S SYNDICATES

26.1 Where this Reinsurance Agreement is in effect as an agreement with the members of a Lloyd's syndicate as constituted for two or more years of account, it shall be treated as providing reinsurance separately to each year of account, as though it had been executed separately, in two or more documents, on behalf of the relevant members of each year of account.

ARTICLE 27 - NO DELEGATION

27.1 The Reinsured understands and agrees that:

- (a) its responsibilities cannot be delegated;
- (b) its obligation to comply with the requirements of the Reinsurance Agreement cannot be delegated to a third party; and
- (c) lineslip and binder declarations to be reinsured by the Reinsurer shall use the same underwriting principles and practices set out in this Reinsurance Agreement, as if they were individual risks.

27.2 The Reinsurer shall not be deemed to provide cover and shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover,

payment of such claim or provision of such benefit would expose the Reinsurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, the United Kingdom or the United States of America. For the avoidance of doubt, the Reinsurer shall not be obliged to make any payment to the Reinsured where such payment would be unlawful in accordance with any applicable law.

ARTICLE 28- INSURANCE ACT 2015 – NO LIABILITY IN DAMAGES FOR LATE PAYMENT OF A CLAIM BY REINSURER

- 28.1 Unless otherwise expressly provided for in this Reinsurance Agreement, no term of this Reinsurance Agreement is intended to limit or affect the statutory rights or obligations of any of the parties to this contract under the Insurance Act 2015.
- 28.2 The Reinsurer shall have no liability to pay damages to the Reinsured for late payment of a claim under this Reinsurance Agreement unless the Reinsurer fails deliberately or recklessly to pay such claim within a reasonable time. For the avoidance of doubt, any delay caused by HM Treasury shall not constitute a deliberate or reckless failure on the part of the Reinsurer for the purpose of this Article.

ARTICLE 29 - GOVERNING LAW

- 29.1 This Reinsurance Agreement is governed by and is to be construed in accordance with English law.

SCHEDULE 1
DEFINITIONS

1. In the Reinsurance Agreement of which this Schedule 1 forms part the following definitions are used and shall have the respective meanings appearing alongside them:

“2022 Retrocession Agreement” means the retrocession agreement dated 5 May 2022 between the Reinsurer and HM Treasury;

“2025 Retrocession Agreement” means the retrocession agreement dated [xx][Month][2025] between the Reinsurer and HM Treasury;

“Act of Terrorism” means acts of persons acting on behalf of, or in connection with, any organisation which carries out activities directed towards the overthrowing or influencing, by force or violence, of His Majesty’s government in the United Kingdom or any other government de jure or de facto;

"Adverse Selection Principle" has the meaning given in paragraph 1.2 of Schedule 3;

"Annual Exposure Return" means the form prepared by the Reinsurer, as amended from time to time, setting out the information required from the Reinsured to assess the Reinsured's risk exposure;

“Bar Council” means the General Council of the Bar, being the representative body for barristers in England and Wales;

“Biological” means any biological component, system or pathogen(s) that cause disease, harm or damage to humans, animals, flora or property;

“Certificate” means the Certificate issued by HM Treasury (whether in the form of correspondence or otherwise) certifying an event or events to have been an Act of Terrorism and the date the Act of Terrorism commenced;

“Chemical” means any chemical compound, agent or material(s) that cause, in any way whatsoever, lethal, injurious, destructive or

	damaging effects upon humans, animals, flora or property;
“Claims Information Summary”	means a claims schedule providing details of every claim notified to the Reinsured in a form specified by the Reinsurer from time to time;
“Class A Head of Cover”	means any of the following four types of direct insurance cover: <ul style="list-style-type: none"> (a) Buildings and Completed Structures; (b) Other property (including contents, engineering, contractors and computers); (c) Business Interruption; and (d) Book Debts; provided always that each Class A Head of Cover shall be deemed to be a separate head of cover whether the item insured is insured under separate policies, under separate terms of a policy or under separate sections of combined or package policies;
“Class B Head of Cover”	means any direct Non-Damage Business Interruption insurance cover regardless of whether the item insured is insured under separate policies, under separate terms of a policy or under separate sections of combined or package policies;
"Competition Authority"	means any national, supra-national or regional, state, municipal, government or governmental, quasi-governmental, statutory, regulatory or investigative body, administrative agency, court or tribunal, in any jurisdiction, responsible for the investigation, prosecution or determination of any matters relating to antitrust, competition, mergers, unfair competition, consumer protection, anti-competitive agreements, practices or behaviour or any similar matter;
"Competition Rules"	means any applicable legislation, law, regulation or administrative provision in any jurisdiction relating to antitrust, competition,

	mergers, unfair competition, consumer protection, anti-competitive agreements or practices or behaviour or any similar matter or for any other reason;
“Computer System”	means a computer or other equipment or component or system or item which processes, stores, transmits, or receives Data;
“Connected Person”	means any person wherever domiciled who controls, is controlled by, or is under common control with, the Reinsured; control for this purpose meaning the ability of a person, whether by the holding of shares, or by agreement or by any other means, to ensure that another person’s affairs are carried out in accordance with the wishes of the first mentioned person;
“Contingency Policies”	means contracts of contingency insurance unless written as an integral component of General Cover;
“Conventional Act of Terrorism”	means any Act of Terrorism that is not a Non-Conventional Act of Terrorism;
“Covered Loss”	has the meaning given in Article 6.1;
“Cyber Terrorism”	means the use of disruptive activities against a Computer System by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s), committed with the intention to cause harm, further social, ideological, religious, political or similar objectives, or to intimidate any person(s) in furtherance of such objectives, by using activities perpetrated electronically or otherwise that are directed towards the destruction, disruption or subversion of communication and information systems, infrastructure, computers, the internet, telecommunications or electronic networks and/or its content thereof or sabotage and/or threat therefrom;
	Cyber Terrorism does not include any such activities which are part of or in support of any use of military force or war and cover will only be provided to the extent that loss arising from the Cyber Terrorism falls within

the Proviso to Exclusion (c) in the definition of Excluded Losses;

“Data”

means data of any sort whatever, including without limitation tangible or intangible data, and any programs or software, bandwidth, cryptographic keys, databases, documents, domain names or network addresses or anything similar, files, interfaces, metadata, platforms, processing capability, storage media, transaction gateways, user credentials, websites, or any information whatsoever;

“Denial of Service Attack”

means any actions or instructions constructed or generated with the ability to damage, interfere with or otherwise affect the availability or performance of networks, network services, network connectivity or Computer Systems. Denial of Service Attacks include, but are not limited to, the generation of excess traffic into network addresses, the exploitation of system or network weaknesses, the generation of excess or non-genuine traffic between and amongst networks and the procurement of such actions or instructions by other Computer Systems;

"Determination Notice"

has the meaning given in Article 23.1;

“Eligible Original Insured”

means an Original Insured that is:

- (a) an incorporated corporate entity or a public body such as a local authority;
- (b) a sole trader or trustees, but only where the Property insured under the Relevant Instrument is not solely occupied as the private residence of the sole trader or of either a trustee or a beneficiary of the trust; and
- (c) an individual but only where the Property insured:
 - (i) is of sole commercial use; or
 - (ii) is of mixed residential and commercial usage and the

commercially occupied proportion of the property exceeds 20% (either by area or on the basis of the number of days that the Property is open to public);

“Excluded Losses”

means any loss or damage whatsoever:

- (a) occasioned by riot, civil commotion, war, invasion, act of foreign enemy, hostilities (whether war be declared or not) civil war, rebellion, revolution, insurrection or military or usurped power;
- (b) arising under:
 - (i) Marine, Aviation, and Transit Policies (and the term ‘Marine Policy’ shall for these purposes mean marine policies and all marine business wherever written and in whatever form of policy);
 - (ii) Motor Insurance Policies;
 - (iii) Any form of reinsurance policy or agreement whatsoever provided by the Reinsured;
 - (iv) Bankers Blanket Bond Policies; or
 - (v) Contingency Policies;
- (c) directly or indirectly caused by contributed to by or arising from or occasioned by or resulting from:
 - (i) damage to or the destruction of any Computer System; or
 - (ii) any alteration, modification, distortion, erasure or corruption of Data, and

in each case whether the property of the Original Insured or not, where

such loss is directly or indirectly caused by or contributed to by or arising from or occasioned by or resulting from Virus or Similar Mechanism or Hacking or Phishing or Denial of Service Attack;

Proviso to Exclusion (c)

Save that Covered Loss for the Class A Head of Cover (this Proviso does not apply to the Class B Head of Cover) otherwise falling within this Exclusion (c) will not be treated as excluded by this Exclusion (c) solely to the extent that such Covered Loss:

- (i) results directly (or, solely as regards (ii)(c) below, indirectly) from fire, explosion, flood, escape of water from any tank, apparatus or pipe (including any sprinkler system), impact of aircraft or any aerial devices or articles dropped from them, impact of any sea-going or water-going vessel or of any vehicle whatsoever or of any goods or cargo carried in or on such vessel or vehicle, destruction of, damage to or movement of buildings or structures, plant or machinery other than any Computer System; and
- (ii) comprises:
 - (a) the cost of reinstatement, replacement or repair in respect of damage to or destruction of Property insured by the Original Insured; or
 - (b) the amount of business interruption loss suffered directly by the Original Insured itself by way of loss of or reduction in profits, revenue or turnover or increased cost of working and not by way of liability to any third party as a direct result of

either damage to or destruction of Property insured by that Original Insured or as a direct result of denial, prevention or hindrance of access to or use of the Property insured by that Original Insured by reason of an Act of Terrorism causing damage to other property within one mile of the Property insured by that Original Insured to which access is affected; or

- (c) the amount of loss caused by the cancellation, abandonment, postponement, interruption, curtailment or relocation of an event as a result of damage to or destruction of Property and any additional costs or charges reasonably and necessarily paid by the Original Insured to avoid or diminish such loss;

and

- (iii) is not proximately caused by an Act of Terrorism in relation to which the relevant organisation or any persons acting on behalf of or in connection with that organisation are controlled by, acting on behalf of or part of any de jure or de facto government of any nation, country or state;

- (iv) the meaning of “Property” for the purposes of this Proviso shall (additionally to those exclusions in the definition of “Property” below) exclude:

- (a) any money (including “Money” as defined in any direct insurance policy reinsured in whole or part

under this Reinsurance Agreement), currency, electronic cryptographic or virtual currency including bitcoin or anything similar, negotiable or non-negotiable instruments, financial securities or any other financial instrument of any sort whatever; and

(b) any Data;

(v) notwithstanding the exclusion of Data from Property, to the extent that damage to or destruction of Property within the meaning of sub-paragraph (ii) above indirectly results from any alteration, modification, distortion, erasure or corruption of Data, because the occurrence of one or more of the matters referred to in sub-paragraph (i) above results directly or indirectly from any alteration, modification, distortion erasure or corruption of Data, that shall not prevent cost or business interruption loss directly resulting from damage to or destruction of such Property and otherwise falling within sub-paragraphs (i) and (ii) above from being recoverable under this Reinsurance Agreement. In no other circumstances than the previous sentence, however, will any loss or losses directly or indirectly caused by, contributed to by or arising from or occasioned by or resulting from any alteration, modification, distortion, erasure or corruption of Data be recoverable under this Reinsurance Agreement;

(vi) for the avoidance of doubt, the burden of proof shall be on the Reinsured to prove or establish all the matters referred to in sub-paragraphs (i) to (ii) above;

“General Cover”	means direct insurance cover (not taking account of cover in respect of an Act of Terrorism) relating to losses falling under any Class A Head of Cover in respect of any Property in the Territory or the Class B Head of Cover in respect of any premises in the Territory;
“Hacking”	means unauthorised access or legitimate access resulting in unauthorised acts to any Computer System by whatever means, whether the property of the Original Insured or not;
“HM Treasury”	means The Lords Commissioners of His Majesty’s Treasury;
“Incidental Terrorism Exposure Policy”	means: <ul style="list-style-type: none"> (a) Policies written on a global basis where the Class A Head of Cover or Class B Head of Cover insured in the Territory comprise less than 10% of the total sum insured under the Class A Head of Cover and Class B Head of Cover , however defined by the policy (but does not include policies where one or more of the Class A Head of Cover and Class B Head of Cover are split out from the global policy and insured under a locally admitted policy). (b) Policies for political violence or political risks under which terrorism is one of a number of perils written and where the Class A Head of Cover and Class B Head of Cover insured in the Territory comprise less than 10% of the total sum insured under the Class A Head of Cover and Class B Head of Cover (however defined by the policy);
“Large Loss Claim”	means a claim by an Original Insured against the Reinsured reserved at or above 50% of the lower of the Reinsured's Minimum

	Retention(s) or such other amount notified to the Reinsured by the Reinsurer;
“Loss Adjuster”	means a person or company who is a certified member of the Chartered Institute of Loss Adjusters;
“Members”	means the persons whose names and addresses are set out in Schedule 1 of the in force Membership Agreement;
“Membership Agreement”	means the agreement dated 1 April 2025 between the Reinsurer and its Members;
“Minimum Retention(s)”	means the minimum permitted amount of the Section 1 Retention and/or the minimum permitted amount of the Section 2 Retention (as applicable) determined by the Reinsurer for each Member for each Underwriting Period;
“Non-Conventional Act of Terrorism”	means an Act of Terrorism by means of Nuclear and Radiological, Chemical, Biological and/or Cyber Terrorism;
“Nuclear and Radiological”	means: <ul style="list-style-type: none"> (a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel; (b) the radioactive, toxic, explosive, or other hazardous or contaminating properties of any nuclear installation, reactor, or other nuclear assembly or nuclear component thereof; (c) any weapon or other device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; and/or (d) the radioactive, toxic, explosive, or other hazardous or contaminating properties of any radioactive matter;
“Nuclear Installation”	means any installation of such class or description as may be prescribed by regulations made by the relevant Secretary of

State from time to time by statutory instrument, being an installation designed or adapted for:

- (a) the production or use of atomic energy;
- (b) the carrying out of any process which is preparatory or ancillary to the production or use of atomic energy and which involves or is capable of causing the emission of ionising radiations; or
- (c) the storage, processing or disposal of nuclear fuel or of bulk quantities of other radioactive matter, being matter which has been produced or irradiated in the course of the production or use of nuclear fuel;

“Nuclear Reactor”

means any plant (including any machinery, equipment or appliance, whether affixed to land or not) designed or adapted for the production of atomic energy by a fission process in which a controlled chain reaction can be maintained without an additional source of neutrons;

“Original Insured”

means the policyholder of a contract of direct insurance, any part of which is reinsured under this Reinsurance Agreement;

“Parties”

means the Reinsurer and the Reinsured and “Party” shall be construed accordingly;

"Permitted Departure"

means a permitted departure from the Adverse Selection Principle. The Permitted Departures are set out at paragraph 2 of Schedule 3;

“Phishing”

means any access or attempted access to Data or a Computer System made by means of misrepresentation or deception whether effected by or to a human, a Computer System, an AI System or by whatever means;

“Premium”

means the sum specified in the Treaty Schedule. The Reinsurer shall be entitled in respect of each Underwriting Period to

receive the Premium specified in the Treaty Schedule;

“Property”

means all property whatsoever, but excluding:

- (a) any land or building which is occupied as a private residence or any part thereof which is so occupied, unless:
 - (i) insured under the same contract of direct insurance as the remainder of the building which is not a private residence; or
 - (ii) insured by an Eligible Original Insured; and/or
- (b) any Nuclear Installation or Nuclear Reactor and all fixtures and fittings situated thereon and attached thereto and all pipes wires cables drains or other conduits or service media of any description which are affixed or connected to or in any way serve such Nuclear Installation or Nuclear Reactor;

“Reinsurance to Close Contract”

means:

- (a) an agreement under which the members of a Lloyd’s syndicate as constituted for a year of account (the “reinsured members”) agree with the members of a later year of account of that syndicate or with the members of another Lloyd’s syndicate (the “reinsuring members”) that the reinsuring members will discharge, or procure the discharge of, or indemnify the reinsured members against, all known and unknown insurance business liabilities of the reinsured members arising out of the insurance business carried on by the reinsured members in respect of that year of account of that syndicate; or

	(b) a similar reinsurance agreement or arrangement that has been approved by the Council of Lloyd's as a reinsurance to close;
"Referral Notice"	has the meaning given in Article 23.3(a);
"Relevant Instruments"	has the meaning given in Article 7.1;
"Retentions"	means the Section 1 Retention and the Section 2 Retention;
"Retrocession Agreements"	means the 2022 Retrocession Agreement and the 2025 Retrocession Agreement;
"Section 1 Retention"	means the amount(s) to be borne by a Reinsured in an Underwriting Period in respect of Covered Loss arising from Non-Conventional Acts of Terrorism before indemnity may be obtained from the Reinsurer in accordance with Article 2, such amount being an annual aggregate retention, as determined by the Reinsurer from time to time in accordance with the principles set out in Schedule 2 and as specified in the Treaty Schedule;
"Section 2 Retention"	means the amount(s) to be borne by a Reinsured in a Underwriting Period in respect of Covered Loss arising from Conventional Acts of Terrorism before indemnity may be obtained from the Reinsurer in accordance with Article 2, such amount being an annual aggregate retention, as determined by the Reinsurer from time to time in accordance with the principles set out in Schedule 2 and as specified in the Treaty Schedule;
"Territory"	means the land mass of England and Wales and Scotland (including the Channel Tunnel up to the frontier with the Republic of France) but not: <ul style="list-style-type: none"> (a) the territorial seas adjacent thereto as defined by the Territorial Sea Act 1987; (b) the Channel Islands;

- (c) Isle of Man;
- (d) Northern Ireland; or
- (e) the Republic of France;

"Treaty Schedule"

means the schedule setting out the applicable Premium and Retentions for a Member for an Underwriting Period and which forms part of this Reinsurance Agreement (including any amended Treaty Schedule issued by the Reinsurer under the terms of this Reinsurance Agreement);

"Underwriting Period"

means the twelve month period identified in the Treaty Schedule commencing on 1 April in any year or such lesser period as is appropriate in circumstances of termination pursuant to Article 17;

"Virus or Similar Mechanism"

means program code, programming instruction or any set of instructions constructed with the purpose and ability, or generated or operated by an AI System, or purposely used, to damage, interfere with, adversely affect, infiltrate or monitor computer programs, Computer Systems, Data or operations, whether involving self-replication or not. The definition of Virus or Similar Mechanism includes but is not limited to trojan horses worms and logic bombs and the exploitation of bugs or vulnerabilities in a computer program to damage, interfere with, adversely affect, infiltrate or monitor as above.

2. In this Reinsurance Agreement of which this Schedule 1 forms part, save where the context otherwise requires:
- (a) words in the singular shall include the plural, and vice versa, and references to any gender shall include references to the other genders;
 - (b) a reference to a person shall include a reference to a firm, a body corporate, an unincorporated association or to a person's executors or administrators;
 - (c) a reference to an agreement or other document shall be to that agreement or document as the same has been, or may be, amended, replaced or supplemented from time to time;

- (d) if a period of time is specified and dates from a given day or the day of an act or event, it shall be calculated exclusive of that day and both time and date shall be determined by reference to that prevailing in Great Britain at the relevant time;
- (e) references to any English legal term for any action, remedy, method or judicial proceedings, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England and Wales be deemed to include what most nearly approximates in that jurisdiction to the English legal term;
- (f) references to writing shall include any modes of reproducing words in a legible and non-transitory form;
- (g) the headings in this Reinsurance Agreement are for convenience only and shall not affect the interpretation of any provision of this Reinsurance Agreement;
- (h) a reference to a paragraph, Article or schedule shall be a reference to a paragraph, Article or schedule (as the case may be) of or to this Reinsurance Agreement; and/or
- (i) reference in this Reinsurance Agreement to any statute or statutory instrument shall (where the subject or context admits) be deemed to be reference to that statute or statutory instrument as from time to time amended or re-enacted or substituted.

SCHEDULE 2
RETENTION: PRINCIPLES

1. *Application*

- 1.1 The Section 1 Retention and the Section 2 Retention are the amounts to be borne by the Reinsured in an Underwriting Period before indemnity may be obtained from the Reinsurer in accordance with Article 2, and in accordance with the principles set out in this Schedule 2.
- 1.2 The Section 1 Retention and the Section 2 Retention are each annual aggregate retentions that will apply in relation to an Underwriting Period.
- 1.3 The Section 1 Retention and the Section 2 Retention applicable to an Underwriting Period will be the amounts specified in the Treaty Schedule.
- 1.4 For each of the Section 1 Retention and the Section 2 Retention, there will be an aggregate sub-limited retention in respect of the Class B Head of Cover, as specified in the Treaty Schedule.

2. *Minimum amount for Retention*

- 2.1 The Section 1 Retention and the Section 2 Retention will not be less than the applicable Minimum Retention(s) as determined by the Reinsurer.
- 2.2 The sub-limited retention in respect of the Class B Head of Cover will be no less than 40% of the Reinsured's applicable Minimum Retention.
- 2.3 The Reinsurer has the right to increase one or both of the Minimum Retention(s) during the Underwriting Period in the circumstances set out in Article 14.

3. *Interaction between the Retentions and worked examples*

- 3.1 The higher of the Section 1 Retention and the Section 2 Retention shall be the maximum amount to be borne by the Reinsured in respect of all Covered Loss occurring in the Underwriting Period. For example, if there is a Section 1 Retention of £90m and a Section 2 Retention of £100m, the maximum amount to be borne by the Reinsured in respect of Covered Loss will be £100m irrespective of the levels of Covered Loss incurred by the Reinsured and the extent to which such Covered Loss arises from a (Section 1) Non-Conventional Act of Terrorism or (Section 2) Conventional Act of Terrorism.

SCHEDULE 3
THE 'ADVERSE SELECTION' PRINCIPLE

1. Adverse Selection

- 1.1 Pursuant to Article 11.8 of the Reinsurance Agreement, the Reinsured warrants and undertakes to the Reinsurer that in any Relevant Instrument, it shall ensure that there is no selection against the Reinsurer.
- 1.2 For this purpose 'no selection against' the Reinsurer shall mean that where an Original Insured obtains insurance against Acts of Terrorism under a Relevant Instrument, it must do so in respect of:
- 1.2.1 all Property for which it effects General Cover and which is so eligible; and
- 1.2.2 all premises and business for which it effects General Cover and which is so eligible,
- save in respect of the Permitted Departures. This is known as the "Adverse Selection Principle".
- 1.3 In paragraph 1.2.1 above, "all Property" means the Property of all Original Insured entities including subsidiary companies regardless of how the direct insurances are arranged, and irrespective of the number of direct insurance policies and/or insurers.
- 1.4 Where an Original Insured insures Property under a direct insurance policy that is eligible for cession under this Reinsurance Agreement with one or more insurer(s) that are not Members and the relevant Property is not insured as a layered programme or co-insured programme, this would be a breach of the Adverse Selection Principle.
- 1.5 Where an Original Insured obtains insurance against Acts of Terrorism under a Relevant Instrument in respect of property damage for all Property for which it effects General Cover, business interruption and book debts reinsurance is also available from the Reinsurer. If the Original Insured elects to insure Acts of Terrorism for business interruption and/or book debts under a direct insurance policy with one or more insurer(s) that are not Members, this would be a breach of the Adverse Selection Principle.
- 1.6 Where an Original Insured obtains insurance against Act of Terrorism for rent on a material damage basis of settlement whereby the loss ceases at the date restoration is complete, it would not be a breach of the Adverse Selection Principle for the Original Insured not to obtain insurance against Acts of Terrorism for the business interruption Class A Head of Cover or the Class B Head of Cover in respect of the risk.
- 1.7 It shall not be a breach of the Adverse Selection Principle if an Original Insured obtains insurance against Acts of Terrorism in respect of all Property for which it effects General Cover save for its flats and houses, or if the Original Insured elects to obtain insurance against Acts of Terrorism for its flats and houses with one or more insurer(s) that are not Members. If the Original Insured elects to exclude all of its flats and houses from the insurance against Acts of Terrorism, it will not be a breach of the Adverse Selection Principle if it also elects to exclude from its insurance

against Acts of Terrorism any Landlord's Contents, Artwork and similar property. This paragraph 1.7 does not apply to flats and houses of mixed residential and commercial occupation that are eligible for cession under this Reinsurance Agreement.

- 1.8 If Property is insured on a composite basis, each individual Original Insured is deemed to have a separate contract of insurance with the Reinsured. The Reinsured is required to treat each individual Original Insured in its own right and to treat Property accordingly. For example, if housing stock is insured under a direct insurance policy in the names of both a local authority and leaseholder on a composite basis, each party is deemed to have a separate contract of insurance with the insurer. The local authority is an Original Insured in its own right and the Member should treat the housing stock as Property. In order to comply with the Adverse Selection Principle, the local authority is required to effect insurance against Acts of Terrorism for the remainder of its Property for which it effects General Cover which is eligible for cession under this Reinsurance Agreement.
- 1.9 Where there is joint insurable interest in a direct insurance policy or a joint direct insurance policy, the Reinsurer will treat such insurance policy as a single contract of direct insurance.

2. Permitted Departures from the Adverse Selection Principle

2.1 The following are permitted departures from the Adverse Selection Principle. Where a Permitted Departure is made, the Reinsured should ensure that a record of its rationale is maintained in accordance with Article 15.2.

2.2 Where an Original Insured is:

- 2.2.1 responsible as a tenant for insuring a building;
- 2.2.2 required by the mortgagee to insure a building;
- 2.2.3 responsible as contractor or employer for insuring contract works and/or other property; or
- 2.2.4 party to a similar legally binding contractual agreement, not of their own drafting, and is required under the terms of the contract to effect insurance against Acts of Terrorism (either explicitly or implicitly),

such insurance is permitted without requiring insurance against Acts of Terrorism to be effected on other Property belonging to the Original Insured, provided that the Original Insured purchases insurance against Acts of Terrorism for all such contractual obligations, and not only for selected ones.

2.3 Joint venture companies should be treated as companies in their own right and the Adverse Selection Principle will not apply to the participating companies involved in the joint venture. However, if a company decides to insure its exposures in a joint

venture operation and has no contractual obligation to do so, then the company concerned is subject to the Adverse Selection Principle.

- 2.4 Management companies and trustees will not be subject to the Adverse Selection Principle other than for Property they own. However, the owners of the Property that they manage will continue to be subject to the principle. For example, a management company, ABC Property Managers insures 20 properties on behalf of 18 different Original Insureds, one of which is ZZZ Ltd, which owns two properties. ABC Property Managers may elect to insure one or more of the Properties for Acts of Terrorism without contravening the Adverse Selection Principle, but if ZZZ Ltd were to insure one Property for Acts of Terrorism, it must insure the other eligible Properties. The same principles apply to trust properties within a trustee's portfolio.
- 2.5 The Adverse Selection Principle does not apply to a company and its pension fund as related companies. A pension fund is regarded as a separate entity in law and therefore may make decisions to purchase insurance against Acts of Terrorism independent of its company. For the avoidance of doubt, each entity is subject to the Adverse Selection Principle in its own right.
- 2.6 Where a party holds a Property on lease and:
 - 2.6.1 under the terms of that lease is required to insure the buildings (and rent) against fire and/or explosion damage arising from terrorist activity with a named insurer;
 - 2.6.2 the named insurer is a Member; and
 - 2.6.3 the Landlord has effected insurance against Acts of Terrorism with a Member on all Properties for which the Landlord is responsible for arranging such insurance against Acts of Terrorism under the lease,the Property will be reinsured by Pool Re notwithstanding that the lessee has elected not to obtain insurance against Acts of Terrorism on its other assets (in which it has an insurable interest) with a Member.
- 2.7 Diplomatic premises are eligible for cession under the Reinsurance Agreement. Where an Original Insured has a portfolio of premises which include diplomatic premises and the tenant is relying on their ability to recover for an Act of Terrorism under the terms of the Vienna Convention, and is refusing to pay the premium under its insurance against Acts of Terrorism, the Reinsurer would not consider the Original Insured to be in breach of the Adverse Selection Principle if such premises were not insured for Acts of Terrorism.
- 2.8 Where a subsidiary company is ultimately owned by the same parent or holding structure and it can be shown to the satisfaction of the Reinsurer that there is no central control of insurance matters and that each subsidiary has control over its own insurance arrangements, it is accepted that each subsidiary is not constrained by the

decisions of another and will therefore not fall foul of the Adverse Selection Principle should they choose not to purchase insurance against Acts of Terrorism.

- 2.9 Where it can be shown that a composite Original Insured has only a financial interest in the contract and is not effecting ownership, control, nor having an interest in the day-day operational element of the risk, it is permitted for the composite Original Insured not to obtain insurance against Acts of Terrorism for its other assets. Where the composite Original Insured does exercise greater control than simply providing the loan facility, it is required to adhere to the Adverse Selection Principle.

DRAFT SUBJECT TO FINAL HMT APPROVAL

SCHEDULE 5

THIS AGREEMENT is made on

20[]

BETWEEN

- (1) [INSERT THE NAME OF THE REINSURED] whose registered office is at [INSERT ADDRESS] (“the Reinsured”); and
- (2) [INSERT NAME OF THE ULTIMATE PARENT UNDERTAKING OF THE REINSURED’S GROUP OF COMPANIES] whose registered office is at [INSERT ADDRESS] (“the Ultimate Parent Undertaking”); and
- (3) POOL REINSURANCE COMPANY LIMITED whose registered office is at 7 Savoy Court, London WC2R 0EX (“the Reinsurer”).

WHEREAS:

- (A) The Reinsured is a party to an excess of loss reinsurance agreement with the Reinsurer (the “Reinsurance Agreement”).
- (B) One of the terms of the Reinsurance Agreement is to the effect that the Reinsured shall ensure that its Connected Persons reinsure all their relevant GB terrorism risks with the Reinsurer (the “cede all business rule” or “**CAB Rule**”, which expression when used in this Agreement refers to the entirety of Article 11.2 of the Reinsurance Agreement).
- (C) In consideration of the Reinsurer waiving the CAB Rule for the period commencing on the date on which this undertaking is signed by the last of the parties to sign and expiring on [INSERT DATE THAT IS ONE CALENDAR YEAR AFTER THE DATE OF SIGNING], the Reinsured and the Ultimate Parent Undertaking (together, the “Undertaking Parties”) will provide the undertakings contained in this Agreement.

IT IS AGREED AS FOLLOWS:

3. DEFINITIONS

- 3.1 Terms defined in the Reinsurance Agreement have the same meaning in this Agreement:
- 3.2 “Sub-group” means a group of Connected Persons operating as a single business unit, for example: [INSERT NAMES OF THE CONNECTED PERSONS ACTING AS A SINGLE BUSINESS UNIT IF APPLICABLE]:
- 3.3 “Ultimate Parent Undertaking” means (in relation to the Reinsured) such parent undertaking from time to time of the Reinsured that is not itself a subsidiary undertaking of another undertaking, where “parent undertaking”, “subsidiary undertaking” and “undertaking” have the same meanings as in the Companies Act 2006.

4. UNDERTAKING

4.1 Each of the Undertaking Parties hereby undertakes as follows:

4.1.1 each of the Connected Persons and the Reinsured shall conduct its direct insurance business in such a way as to avoid any direct or indirect co-ordination or communication between them in relation to their business planning as regards insurance against Covered Losses, their decisions as to the terms on which they will each offer such insurance, and/or the market segments/customers to whom they will offer such insurance, PROVIDED that this undertaking shall not extend to the internal discussions of a single Connected Person or Sub-group;

4.1.2 each Connected Person shall not directly or indirectly recommend or suggest to customers that they should choose to deal with the Connected Person instead of the Reinsured in relation to the purchase of General Cover and/or insurance against an Act of Terrorism in respect of any Class A Head of Cover or the Class B Head of Cover, nor vice versa; and

4.1.3 each Undertaking Party shall co-operate with the Reinsurer from time to time to enable the Reinsurer, acting reasonably, to satisfy itself that those persons subject to the undertaking are complying with it.

4.2 The obligations in this Agreement shall not apply where (and for so long as) a Connected Person provides insurance against Covered Losses only as part of a policy:

4.2.1 covering losses arising under one or more of the Class A Head of Cover as a result of damage to or the destruction of Property located in multiple jurisdictions (including the Territory); or

4.2.2 no separate premium is explicitly or implicitly referable to the Property located within the Territory,

and in either case where the Property located within the Territory represents less than 10 per cent by sum insured of the overall insured Property portfolio under that policy.

4.3 Each of the Undertaking Parties shall immediately inform the Reinsurer of the full circumstances on becoming aware of any breach of the terms of this Agreement.

4.4 The Undertaking Parties understand, acknowledge and agree that, the purpose of this Agreement being to be a complete substitute in each and every respect for the obligations of the Reinsured under Article 11.2 of the Reinsurance Agreement, this Agreement is to be construed for all purposes as if it were a warranty and undertaking given under the Reinsurance Agreement and the consequences of any breach of this Agreement shall be the same as the consequences of a breach of warranty and undertaking under the Reinsurance Agreement.

4.5 If any or all of the Undertaking Parties are in breach of the undertakings in this Agreement, the Reinsurer's waiver shall immediately fall away without any action on the part of the Reinsurer and the CAB Rule shall be reinstated.

5. GENERAL

- 5.1 Entire agreement and variation: Each Party confirms that this Agreement (together with the Reinsurance Agreement) represents the entire understanding, constitutes the whole agreement, and supersedes any previous agreement between the parties in relation to the compliance of the Reinsured Parties with the CAB Rule, and excludes any warranty, condition or other undertaking implied at law or by custom, usage or course of dealing. Each Party confirms that in entering into this Agreement it has not relied on any representation, warranty or undertaking which is not expressly set out in this Agreement. No variation of this Agreement will be effective unless it is in writing signed by the parties.
- 5.2 No waiver: A failure to exercise or delay in exercising any right or remedy provided by this Agreement or by law does not constitute a waiver of that or any other right or remedy, and no single or partial exercise of a right or remedy will preclude any further exercise of any such right or remedy.
- 5.3 Severability: If any part (including any paragraph or sub-paragraph) of this Agreement is void or unenforceable due to any applicable law, it shall be deemed to be deleted and the remaining parts of this Agreement will continue in full force and effect.
- 5.4 Costs: Each Party will be responsible for all costs incurred by it or on its behalf in connection with this Agreement.
- 5.5 Counterparts: This Agreement may be executed by the parties in separate counterparts, which shall together constitute one Agreement.
- 5.6 Third party rights: No term of this Agreement is enforceable by a person who is not a party to this Agreement under the Contracts (Rights of Third Parties) Act 1999.
- 5.7 Remedies: Without prejudice to any other rights or remedies that any party may have, the Undertaking Parties acknowledge and agree that damages alone would not be an adequate remedy for any breach by the Undertaking Parties of the provisions of this Agreement, and that the remedies of injunction and specific performance as well as any other equitable relief for any threatened or actual breach by the Undertaking Parties or their Connected Persons would be more appropriate remedies. The Undertaking Parties agree to indemnify and keep indemnified the Reinsurer against any costs, claims, demands, losses or liabilities whatsoever arising directly or indirectly out of any breach by the Undertaking Parties or their Connected Persons of their obligations under this Agreement.
- 5.8 Governing law and jurisdiction: This Agreement and any dispute or claim arising out of or in connection with it (whether contractual or non-contractual in nature) is governed by, and is to be construed in accordance with, English law. The courts of England shall have exclusive jurisdiction in relation to any claim or dispute which may arise out of or in connection with this Agreement and accordingly any proceedings arising out of or in connection with this Agreement are to be brought in the courts of England.

IN WITNESS whereof the Parties hereto have set their hands the day and year written below.

SIGNED:

[Insert name]
for and on behalf of [Insert name of the Reinsured]

DATED:

SIGNED:

[Insert name]
for and on behalf of [Insert name of the Ultimate Parent
Undertaking]

DATED:

SIGNED:

[Insert name]
for and on behalf of Pool Reinsurance Company Limited

DATED:

DRAFT SUBJECT TO FINAL HMT APPROVAL

DRAFT SUBJECT TO FINAL HMT APPROVAL