NEXUS

Reinsurance Company

The Captive Risk Pooling Specialist

Nexus Reinsurance Company (Nexus Re) was established in 1998 to provide a unique risk pooling service to captives of U.S. parent companies.

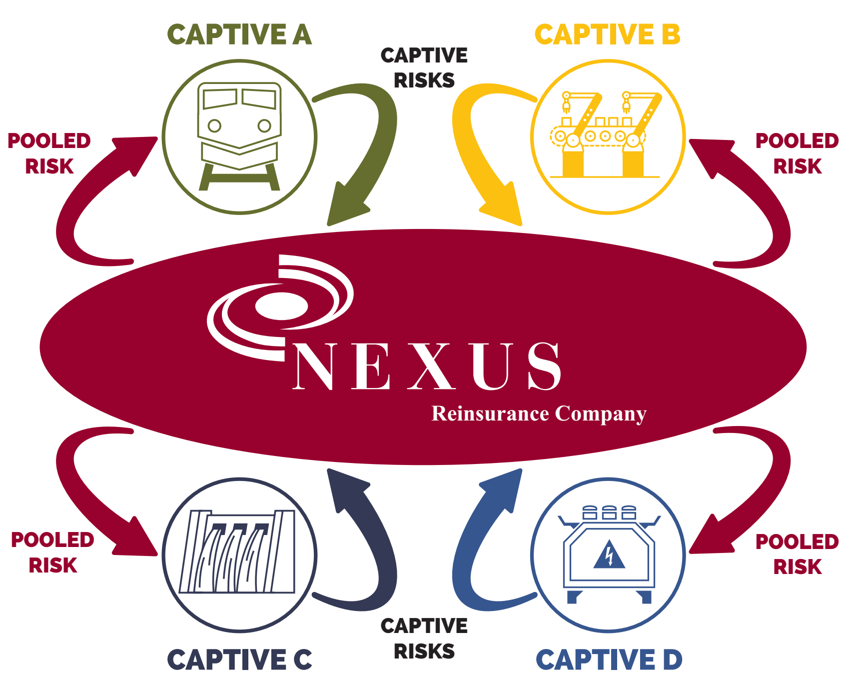
About Nexus Re

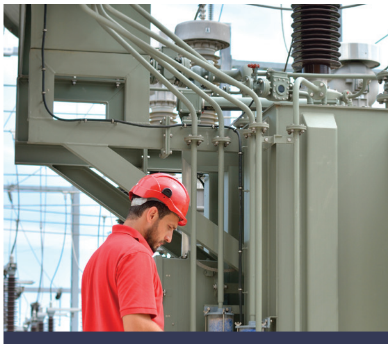
Nexus Re works specifically with captives of U.S. parent companies including Fortune 100 companies. In each case, the insured cedes their loss fund to their captive in exchange for an insurance policy. As a means to reduce the volatility of their parent company's individual risk, the captive converts its 1st party premium into 3rd party premium by ceding the premium into the Nexus Re risk pool through a **Facultative Reinsurance Agreement**. Nexus Re then cedes a **Retrocession Treaty Agreement** with the captive. The captive serving its U.S. parent company now offers improved financial stability and less volatility due to claims from its parent.

This risk pooling enables captives to transfer their individual risks to Nexus Re as a third party and, in return, share these risks within a much larger pool of similar risks. Participating in this larger pool creates a smoothing effect for captives created by the "law of large numbers," a fundamental insurance principle. As a result of participating in unrelated risk, the captive can qualify as an insurance company by means of the third party risk and still retain control of its loss funds.

How Risk Pooling Works

- The insured U.S. parent company cedes loss fund to its captive
- Captive sends 1st Party Individual Risk to Nexus Re and receives Facultative Reinsurance Agreement
- Risk pool converts 1st party risk to 3rd party risk
- Nexus Re returns 3rd party pooled risk to captive via a Retrocession Treaty
- Captive pays parent company's claims






Security Features

- **Improved Security** – In the event a captive defaults on its obligation, participants benefit from the protection of collateral posted to Nexus Re.
- **Pooling Safeguards** – Aggregate losses of participants are limited to 135% of premium in any one year.
- **Contractually Safer** –Nexus Re is a reinsurance company with Facultative Reinsurance and Retrocession Treaty agreements in place with all participants.
- **Clear & Flexible** – All agreements are transparent and require no change of renewal date(s) of underlying policies.

Risk Pooling Benefits

- **3rd Party Risk** – Provides captive owners with non-affiliated business to better qualify as an insurer.
- **Smoothing Effect** – Lowers volatility for participants by spreading risk with Nexus Re vetted companies.
- **Multi-Line** – Accepts Auto, General and Products Liability with or without Workers' Compensation or FELA.
- **Assurance** – Nexus Re reviews premium, claims and collateral of each participant to ensure stability and compliance with pool.
- **Vested** – United Insurance Company maintains a material interest by assuming 5% of premium and subsequent losses.

Getting Started

You will want to speak with a Nexus Re risk pooling expert about your captive. Please have the following available:

1. A captive in place (or to be formed) to serve as the "insurance company"
2. Your willingness to participate in third party business in a controlled environment
3. The lines of insurance business with at least a $2m loss pick (i.e. WC, AL, FELA, or GL)
4. The name of the For Profit parent and whether it is currently making profit or paying tax (to determine the potential for accelerated tax benefit)

Nexus Re is a wholly owned subsidiary of United Insurance Company and is domiciled and regulated in the Cayman Islands, the second largest offshore insurance domicile in the world.

The per occurrence loss limit will vary by participant and is dependent upon the historical loss experience and the level at which losses are predictable. Most participants cede up to the first $500,000 to Nexus Re, with available capacity up to $1.5 million if losses are sufficiently stable and predictable.

For more information on Nexus Re, please contact:

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