

RISK TRANSFER – CASE STUDY

Contract # X75-03

REINSURED: Seaport Indemnity Company

BUSINESS COVERED: Business classified by the Company as Personal Automobile

EFFECTIVE: For losses occurring during the period January 1, 2003 through December 31, 2003 on "inforce", "new", and "renewal" policies issued by the Company

RETENTION: The Company will retain 50% of its net retained liability up to a maximum loss ratio of 60%. The Company will also retain 50% of its net retained liability when the loss ratio exceeds 70% up to a maximum of 80%. The Company will retain 100% of its net retained liability when the loss ratio exceeds 60% up to a maximum of 70% and when the loss ratio exceeds 80%.

<u>LOSS RATIO RANGE</u>	<u>RETENTION</u>
0% - 60%	50%
60% - 70%	100%
70% - 80%	50%
80% +	100%

LIMIT: The Reinsurer will indemnify the Company for its proportion of losses on the business covered up to a maximum loss ratio of 60%. In addition the Reinsurer will indemnify the Company for its proportion of losses on business covered when the loss ratio exceeds 70% up to a maximum of 80%.

<u>LOSS RATIO RANGE</u>	<u>LIMIT</u>
0% - 60%	50%
60% - 70%	0%
70% - 80%	50%
80% +	0%

PREMIUM: The Company will pay to the Reinsurer 50% of the net written premium for the business covered. 4% of the net written premium will be paid by the Company to the Reinsurer in cash, the balance will be retained by the Company in a funds withheld account. Interest will be credited to the funds withheld account at a rate of 5% per annum.

COMMISSION: Provisional Ceding Commission at 35%
Sliding up at a rate of 1% for each 1% of loss ratio below 60%

COMMUTATION: The Company may elect to commute this agreement at any time after December 31, 2003 by notifying the reinsurer. In the event of commutation, the present value of the reinsurers remaining obligations will be actuarially determined. In the event that the funds withheld account balance exceeds this amount, one half of the excess will be remitted by the Company to the Reinsurer. In the event that the funds withheld account balance does not exceed this amount, the Reinsurer will pay to the Company the amount by which the actuarially determined present value exceeds the funds withheld account balance.

OTHER To be Agreed

ALASKA RE Ref: X75-03 100% 15-Dec-02
