



Tower Hill Insurance

REINSURANCE PROGRAM SUMMARY

As of July 2013

TOWER HILL SELECT INSURANCE COMPANY has finalized its reinsurance program for the 2013/2014 treaty year. We are very pleased with the level of protection this year's program provides. Tower Hill Select purchased catastrophe reinsurance in excess of its projected probable maximum loss (PML), using the more conservative near-term model. Demand surge and secondary uncertainty switches are incorporated into this model.

As a part of its catastrophe excess reinsurance program, Tower Hill Select chose the 90% reimbursement plan option for its mandatory Florida Hurricane Catastrophe Fund (FHCF) layer. We declined the optional Temporary Increase in Coverage (TICL) component offered by the FHCF.

In addition to and in conjunction with the mandatory FHCF coverage, Tower Hill Select purchased open market reinsurance that provides protection up to its 100-year PML level. The open market reinsurance was purchased with a pre-paid reinstatement feature that provides the company additional protection in the event of multiple catastrophes. The net result of the 2013/2014 reinsurance program is a 9.35% retention in the first event and a 9.35% retention in the second event relative to its December 31, 2012 policyholders' surplus of \$19.2 million.

Additionally Tower Hill Select has entered into a quota share reinsurance treaty as an additional means of managing its net catastrophe exposure. Tower Hill Select will cede a percentage of its premium and losses to a panel of quota share reinsurers. A partial listing of these reinsurers is included below, along with their current Financial Strength Rating (FSR) from A.M. Best Company (www.ambest.com).

Reinsurer	A.M. Best FSR
Arch Reinsurance Ltd.	A+ (Superior)
DaVinci Reinsurance Ltd.	A (Excellent)
Endurance Specialty Insurance Ltd.	A (Excellent)
Montpelier Reinsurance Ltd.	A (Excellent)
Partner Reinsurance Company of the U.S.	A+ (Superior)
Renaissance Reinsurance Ltd.	A+ (Superior)
Validus Reinsurance Ltd.	A (Excellent)

Tower Hill Select Insurance Company currently has a Financial Stability Rating® (FSR) of A (Exceptional) from Demotech, Inc. (www.demotech.com).