



Rent-a-Captives

An Overview of
ACE Group Capabilities

Simplicity out of complexity

ACE Rent-a-Captive Capabilities

Managing your own risks just got simpler.

In recent years, increasing regulation has led to a level of complexity and cost that has made it difficult for insurance buyers who want to participate in their own insurance programs to do so. As a result, buyers are looking for alternative risk solutions that will achieve their aims but not expend resources unnecessarily.

ACE has the answer.

To assist our clients, the ACE Group has formed two new rent-a-captive insurance companies:

Paget Reinsurance Ltd (Paget Re) - a Bermuda registered Class 3 segregated account company

Pembroke Reinsurance Inc (Pembroke Re) - a Delaware licensed protected cell company

Both Paget Re and Pembroke Re are wholly owned by subsidiaries of The ACE Group. These facilities provide the benefits of an owned captive insurance company without the Insured bearing the administrative, capital and governance costs and responsibilities.

The advantages of managing your own risks

Managing your own risks through Paget Re or Pembroke Re will enable you to gain greater control over your insurance programs. You should be able to:

Reduce your overall risk costs

Insure your uninsured risks

Participate in underwriting results

Access the reinsurance markets

Benefit from investment income





What could be simpler?

To simplify the process we have structured both Paget Re and Pembroke Re so that :

- *Capital is not required*
- *No new subsidiary or legal entity required*
- *No start up costs (legal, advisory, incorporation)*
- *Annual costs generally are lower than wholly owned captives*
- *No shareholding required*
- *No legal entity to run-off in the event strategies or risk appetite changes*
- *Minimal governance burdens*
- *Compliance requirements are handled by the ACE Rent-a-Captive management team*
- *No statutory financial filings required for each participant*
- *Assets are invested in conservative instruments*
- *The assets and liabilities of each client are legally segregated from all other participants.*

The ACE Advantage – Picking the right partner

Selecting one of these ACE owned facilities provides participants with a number of additional advantages, including:

ACE's ability to effectively manage global insurance programs

ACE is a licensed insurer in over 50 countries

Access to ACE's claims management services

ACE Group standards of quality and experience

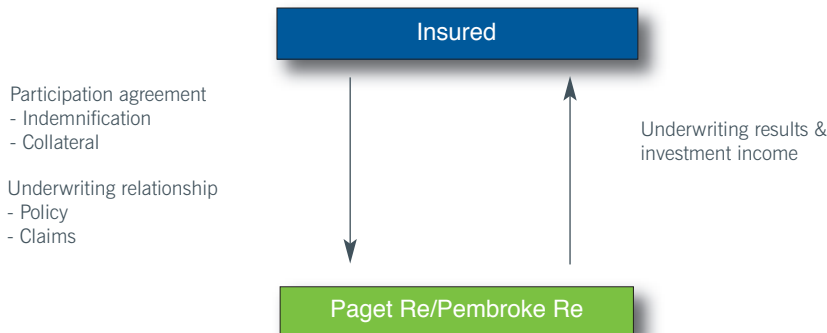
ACE is one of the strongest and most respected global insurers

How does it work?

The relationship between Paget Re or Pembroke Re and our client is governed by one agreement. This agreement sets out the services that will be provided and describes how all the significant issues will be handled including funding, distribution of profits and investments. There is a requirement that the risk gap, defined as the difference between ceded premium and the maximum projected loss must be fully collateralized.

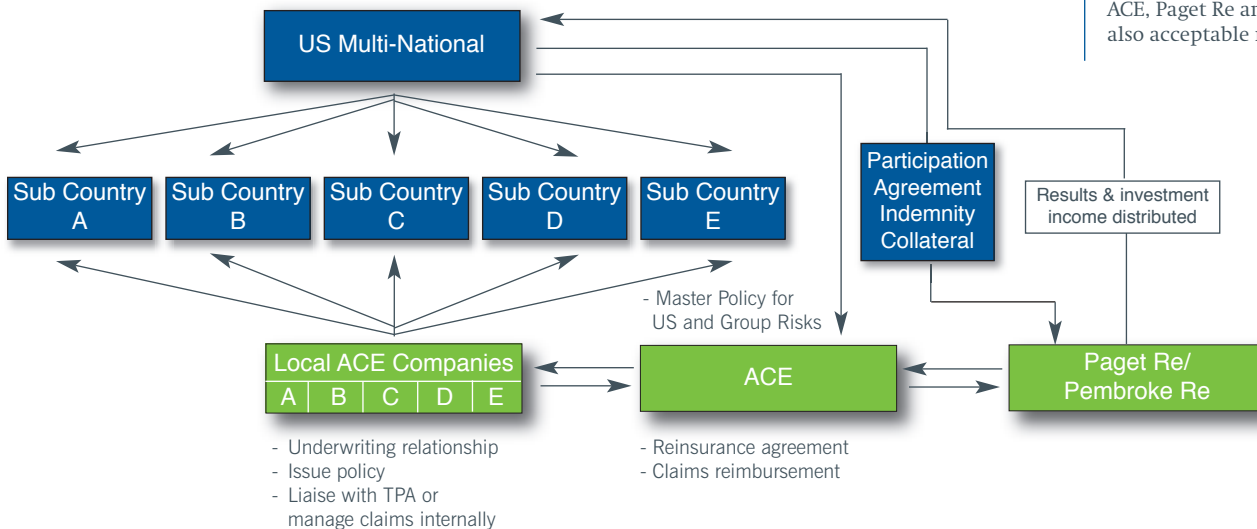


Direct Program



When it is legally possible for a rent-a-captive to issue a direct insurance contract, this structure may prove to be the most efficient.

Multi-National Program



In this example ACE local Companies can issue policies in the five countries that the multi-national operates. ACE, Paget Re and Pembroke Re are also acceptable reinsurers.

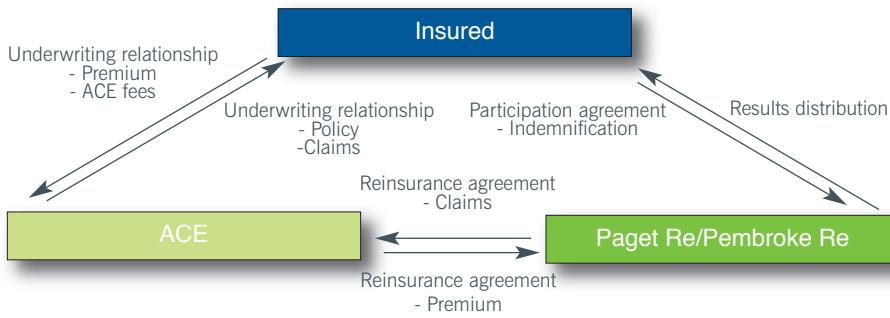
Is Paget Re or Pembroke Re right for you?

Paget Re and Pembroke Re are licensed to write all lines of insurance. The clients participating in these programs tend to have certain factors in common, such as:

- Programs with good loss experience
- Programs with predictable losses
- Financially secure owners
- Long-term commitment to risk management

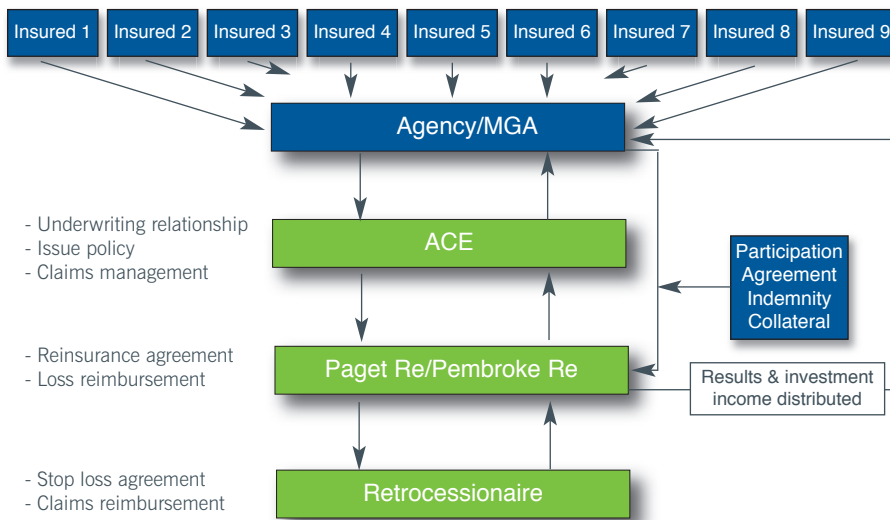


ACE Fronted & Reinsured Program



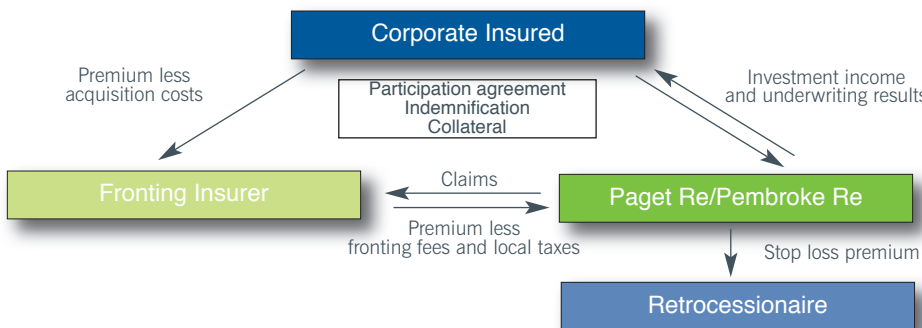
This is a very common structure where ACE fronts the program and reinsures the chosen share to Paget Re or Pembroke Re.

Agency/MGA Program



This diagram describes a program where a Managing General Agent, writing a historically profitable book of business with ACE, takes a quota share participation in the program they manage.

Non ACE Fronted & Reinsured Program



Paget Re and Pembroke Re benefit from being a member of the ACE Group, however ACE is not always the best fit for all insureds' risks. Paget Re and Pembroke Re are able to work with insurers and reinsurers outside the ACE family of companies. This flow chart highlights this fact.

The diagrams set forth above are for illustrative purposes only. The actual structure of a rent-a-captive program will depend on the details of each program and, as such, may vary from the diagrams set forth above.

For further information contact:

Paget Reinsurance Ltd & Pembroke Reinsurance Inc.

ACE Building
17 Woodbourne Avenue
Hamilton HM08
Bermuda

Telephone: +1 (441) 295-5200
E-mail: info@pagetre.com
Website: www.acerentacaptive.com



Paget Reinsurance Ltd and Pembroke Reinsurance Inc. are members of The ACE Group of Companies.

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