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## Schedule 4 Terms and Conditions of the Notes

*The following are the terms and conditions of the Notes which will be endorsed on the Notes in definitive form (if issued).*

The issue of the U.S.\$70,000,000 Senior Unsecured Floating Rate Notes due 2028 (the “Notes”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition ~~17~~18 and forming a single series with the Notes) of RANDALL & QUILTER INVESTMENT HOLDINGS LTD., an exempted company duly organized and validly existing under the laws of Bermuda (the “Issuer”) and guaranteed by ACCREDITED HOLDING CORPORATION, a corporation duly organized and validly existing under the laws of the State of Florida in the United States of America (the “Guarantor”), are constituted by a trust deed (the “Trust Deed”) dated on or about the Issue Date (as amended by a deed of amendment on 27 March 2019) entered into between the Issuer, the Guarantor and Deutsche Trustee Company Limited (the “Trustee”, which expression shall include all Persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below) of the Notes.

The statements set out in these Terms and Conditions (the “Conditions”) are summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Notes. The Noteholders are entitled to the benefit of, and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are entitled to the benefit of, and are bound by, and deemed to have notice of those provisions applicable to them of (i) the Paying and Transfer Agency Agreement dated on or about the Issue Date (the “Agency Agreement”) relating to the Notes between the Issuer, the Guarantor, the Trustee, Deutsche Bank AG, London Branch (the “Principal Paying and Transfer Agent” and “Agent Bank”, which expression shall include any successor as Principal Paying and Transfer Agent or Agent Bank, as the case may be, under the Agency Agreement), the Paying and Transfer Agents for the time being (such Persons, together with the Principal Paying and Transfer Agent, being referred to below as the “Paying and Transfer Agents”, which expression shall include their successors as Paying and Transfer Agents under the Agency Agreement) and Deutsche Bank Luxembourg S.A., in its capacity as registrar (the “Registrar”, which expression shall include any successor as registrar under the Agency Agreement) and (ii) the Subordination Deed. By subscribing for, purchasing or otherwise acquiring any Notes, each Noteholder is deemed to have instructed and consented to the Trustee entering into the Subordination Deed on its behalf. Copies of the Trust Deed, the Agency Agreement and the Subordination Deed are available for inspection during normal business hours at the specified office for the time being of the Principal Paying and Transfer Agent.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Trust Deed unless the context otherwise requires or unless otherwise stated or defined in Condition ~~20~~22.

### 1 Form, Denomination

The Notes are in registered form, serially numbered, in principal amounts of U.S.\$100,000 and integral multiples of US\$1,000 in excess thereof (“Authorized Denominations”). On the Issue Date the Notes will initially be represented by the Global Note registered in the name of a nominee for, and deposited with a common depository for Euroclear and Clearstream, Luxembourg.

### 2 Status of the Notes and Guarantee

#### (a) The Notes

The Notes constitute ~~direct, unconditional, unsecured, unsubordinated obligations~~ Tier 3 Ancillary Capital of the Issuer and ~~rank and~~;

(i) \_\_\_\_\_ will at all times rank ~~(i)~~ (ii) *pari passu* without any preference among themselves;  
~~(iii)~~

- (ii) will at all times rank *pari passu* with all claims of holders of other unsecured and unsubordinated obligations of the Issuer and the Guarantor; (other than obligations required to be preferred by law); ~~(iii)~~ (the “Parity Securities”);
- (iii) in accordance with the Subordination Deed, will at all times rank junior to all amounts owed to the Senior Finance Parties under the Senior Finance Documents; ~~(iv)~~
- (iv) will at all times rank senior to the claims of holders of subordinated obligations of the Issuer and the Guarantor expressed to be subordinated to the Notes; ~~and (v)~~ (the “Junior Securities”);
- (i)(v) will at all times rank senior to the claims of holders of all classes of share capital of the Issuer and the Guarantor, claiming in their capacity as such; ~~and~~
- (vi) are contractually subordinated in right of payment to any existing and future liabilities of the Issuer’s subsidiaries (other than the Guarantor, which, for the avoidance of doubt, will at all times rank *pari passu* with all claims of holders of other obligations of the Guarantor) including liabilities owed to any policyholders of any Subsidiary of the Issuer (and, for the avoidance of doubt, the claims of policyholders shall include all amounts to which any such policyholder would be entitled in its capacity as policyholder under any applicable legislation or rules relating to a bankruptcy or liquidation of insurance companies to reflect any right to receive, or expectation of receiving, policyholder benefits which policyholders may have);

(b) *The Guarantee*

The payment of all amounts payable in respect of the Notes and all other moneys payable under or pursuant to the Trust Deed and the due and punctual performance by the Issuer of all its other obligations under the Trust Deed and the Notes have been unconditionally and irrevocably guaranteed on a joint and several basis by the Guarantor in the Trust Deed (the “**Guarantee**”). The obligations of the Guarantor under its Guarantee are direct, unconditional, unsubordinated and unsecured obligations of such Guarantor and (save for certain obligations required to be preferred by law) rank:

- (i) equally with all other present and future unsecured and unsubordinated obligations of the Guarantor from time to time outstanding; ~~and (ii)~~
- (i)(ii) in accordance with the Subordination Deed, junior to all amounts owed to the Senior Finance Parties under the Senior Finance Documents; ~~and~~
- (iii) are structurally subordinated in right of payment to any existing and future liabilities of the Guarantor’s subsidiaries including liabilities owed to any policyholders of any Subsidiary of the Guarantor (and, for the avoidance of doubt, the claims of policyholders shall include all amounts to which any such policyholder would be entitled in its capacity as policyholder under any applicable legislation or rules relating to a bankruptcy or liquidation of insurance companies to reflect any right to receive, or expectation of receiving, policyholder benefits which policyholders may have).

(c) *The Subordination Deed*

The Trustee is a party to the Subordination Deed. The Subordination Deed provides, amongst other things, that: (i) the Notes and the Guarantee are subordinated to the amounts owed to the Senior Finance Parties under the Senior Finance Documents; and (ii) that certain payments in respect of the Notes may only be made with the consent of the Senior Finance Parties. Each Noteholder, by subscribing to, purchasing or otherwise acquiring a Note, will be deemed to have agreed (i) to be bound by the provisions of the Subordination Deed and to have irrevocably appointed the Trustee to act on its behalf and enter into and comply with the provisions of the Subordination

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Deed; and (ii) -not to, individually or collectively, take any action to enforce their rights under the Subordination Deed; and (ii) -to act only through the Trustee.

### 3. Registration, Title and Transfer of Notes

(a) *Registration*

The Issuer will cause a register (the “**Register**”) to be kept at the specified office of the Registrar in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions “**Holder**” of a Note means the Person in whose name such Note is for the time being registered in the Register and “**Noteholder**” shall be construed accordingly. A certificate (each a “**Note Certificate**”) will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) *Title.*

Title to the Notes passes only by registration in the Register. The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as appropriate) or anything written on it or on the certificate representing it (other than a duly executed transfer thereof) and no Person will be liable for so treating the holder.

(c) *Transfer*

Notes may, subject to the terms of the Agency Agreement and to Conditions 3(d) and 3(e), be transferred in whole or in part in an Authorised Denomination by lodging the relevant Note (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the Specified Office of the Registrar or any Paying and Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Noteholder may not require the transfer of a Note unless: (i) the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes are not transferred are Authorised Denominations, (ii) the transferee of such Note is a Qualified Investor. Where not all of the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the Transferor.

Each new Note Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Paying and Transfer Agent of the duly completed form of transfer endorsed on the relevant Note Certificate, be mailed by uninsured mail at the risk of the Holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition, business day shall mean a day on which banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Notes in respect of which a Note Certificate is issued are to be transferred a new Note Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Paying and Transfer Agent of the original Note Certificate, be mailed by uninsured mail at the risk of the Holder of the Notes not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

No transfer of a Note will be valid unless and until entered on the Register. A Note may be registered only in the name of, and transferred only to, a named Person (or Persons, not exceeding four in number).

(d) *Formalities Free of Charge*

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Such transfer will be effected without charge subject to (i) the Person making such application for transfer paying or procuring the payment of or the giving of an indemnity against any taxes, duties and other governmental charges in connection therewith and the Registrar being satisfied with the documents of title and/or identity of the Person making the application.

(e) *Closed Periods*

Neither the Issuer nor the Registrar will be required to register the transfer of any Note (or part thereof) (i) during the period of 15 days immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Notes pursuant to Condition 5(b) or 5(c); (ii) in respect of which a Noteholder has exercised its right to require redemption pursuant to Condition 5(e); and (iii) during the period of 15 days ending on (and including) any Interest Payment Date in respect of any payment of interest on the Notes.

(f) *Regulations.*

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Trust Deed. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

#### 4 Interest

(a) The Notes bear interest on their outstanding principal amount from ~~—~~28 December 2018 (the "**Issue Date**"). [Subject to Condition 5 \(Deferral of Interest\) interest](#) shall be payable on 31 March, 30 June, 30 September and 31 December in each year (each, an "**Interest Payment Date**") in accordance with Condition 7 (*Payments*); *provided, however, that* if any Interest Payment Date would otherwise fall on a date which is not a Business Day, it will be postponed to the next Business Day unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding Business Day; *provided, further, that* the first Interest Payment Date shall be 31 March 2019 (the "**First Interest Payment Date**"). Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

(b) *Interest Accrual*

Each Note will cease to bear interest from and including the due date for redemption thereof ([which due date shall, in the case of deferral of a redemption date in accordance with Condition 7\(b\) \(Deferral of Redemption Date\), be the latest date to which redemption of the Notes is so deferred](#)) unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 4 (*Interest*) (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Rate of Interest*

The rate of interest applicable to the Notes (the "**Rate of Interest**") will be determined by the Agent Bank on the following basis:

(i) subject to (c)(ii) and (d) below, with respect to the rate of interest for each Interest Period, the Agent Bank will determine LIBOR which appears on the display page designated LIBOR01 on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as

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of 11.00 a.m. (London time) (the “**Interest Determination Time**”) on the second London Banking Day (as defined below) before the first day of the relevant Interest Period (the “**Interest Determination Date**”);

- (ii) with respect to any period of time for which interest is payable that
  - (A) begins on (and includes) the Issue Date and ends on (but excludes) the First Interest Payment Date; or
  - (B) begins on (and includes) the Interest Payment Date immediately preceding the Maturity Date and ends on (but excludes) the Maturity Date (which shall also be regarded as an Interest Payment Date),

the rate of interest shall be calculated by the Agent Bank by linear interpolation as if both periods in (A) and (B) above were Interest Periods and by reference to two rates which appear on the display page designated LIBOR01 on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of the Interest Determination Date where:

- (X) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (Y) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period,

*provided, however, that* any such rate, which would otherwise be negative, shall instead be zero;

- (iii) if such rate does not appear on that page, then a substitute rate will be mutually agreed upon between the Issuer and the Noteholders pursuant to an Extraordinary Resolution; and
- (iv) if fewer than two such quotations are provided as requested, the Agent Bank will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in New York City, selected and obtained by the Issuer, at approximately 11.00 a.m. (New York City time) on the first day of the relevant Interest Period for loans in U.S. dollars to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time, *provided, however, that* such arithmetic mean shall not be less than zero,

and, subject to (c)(v) below, - the Rate of Interest for such Interest Period shall be:

(1) for the period from the Issue Date and continuing up to but excluding the fifth anniversary date of the Issue Date shall be the sum of:

- (A) the Margin; and
- (B) the lower of (y) the rate so calculated or (as the case may be) the arithmetic mean so determined (“**the Floating Rate**”); and (z) 3.65%; and

(2) for the period beginning (and including) the fifth anniversary date of the Issue Date and until the Maturity Date, shall be the sum of:

- (A) the Margin; and
- (B) the Floating Rate;

*provided, however, that* if the Agent Bank is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period

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will be the sum of the Margin and the rate or (as the case may be) arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(v) Immediately upon the occurrence and continuance of an Event of Default, the Rate of Interest shall be the sum of:

(A) the Default Rate Margin; and

(b) the Floating Rate;

*provided, however, that if the Agent Bank is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Default Rate Margin and the rate or (as the case may be) arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.*

(d) *Replacement of Benchmark*

If a LIBOR Replacement Date shall have occurred prior to the Interest Determination Date for any determination of LIBOR in accordance with (b)(i) above, a replacement benchmark (the "**Replacement Benchmark**") shall be selected by agreement between the Issuer and the Trustee (acting on the instructions of the Noteholders in accordance with Condition 4.3.14 (*Meetings of Noteholders, Modification and Waiver*) and pursuant to an Extraordinary Resolution) and such determination and all subsequent determinations pursuant to (b)(i) above will be made using the Replacement Benchmark as of the Interest Determination Date for such Replacement Benchmark.

(e) *Calculation of Interest Amount*

The Agent Bank will, as soon as practicable after the Interest Determination Date in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the actual number of days in such Interest Period divided by 360, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Note divided by the Calculation Amount.

(f) *Publication*

The Agent Bank will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, to be notified to the Issuer and the other Agents and any quotation system (if any) as soon as practicable after such determination but in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Agent Bank will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the Authorised Denomination, the Agent Bank shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Authorised Denomination.

(g) *Notifications etc.*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Issuer or the Agent Bank will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agents and the Noteholders and (subject as aforesaid) no liability to any such Person will attach to the Agent Bank in



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connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(h) *Calculation Amount*

Interest shall be calculated per U.S.\$100 in principal amount of the Notes (the "**Calculation Amount**").

(i) *Agent Bank*

The Issuer shall procure that, so long as any of the Notes remains outstanding, there is at all times an Agent Bank for the purposes of the Notes and the Issuer may, subject to the prior written approval of the Trustee, terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the Rate of Interest and the Interest Amount for any Interest Period, the Issuer shall, subject to the prior written approval of the Trustee, appoint the London office of another major bank engaged in the London interbank market to act in its place.

## 5 Deferral of Interest

(a) **Regulatory Deficiency Deferral of Interest:** Payment of interest on the Notes by the Issuer will be mandatorily deferred on each Regulatory Deficiency Interest Deferral Date. The Issuer shall notify the Noteholders and the Trustee of any Regulatory Deficiency Interest Deferral Date in accordance with Condition 5(e)5 (*Notice of Deferral*).

A certificate signed by two Authorised Signatories confirming that:

- (i) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made; or
- (ii) a Regulatory Deficiency Interest Deferral Event has ceased to occur and/or payment of interest on the Notes would not result in a Regulatory Deficiency Interest Deferral Event occurring.

shall be treated and accepted by the Issuer, the Noteholders and all other interested parties as correct and sufficient evidence thereof, and shall be binding on all such persons.

(b) **No default:** Notwithstanding any other provision in these Conditions the deferral by the Issuer of any payment of interest on a Regulatory Deficiency Interest Deferral Date in accordance with Condition 5(a) (*Regulatory Deficiency Deferral of Interest*) will not constitute a default by the Issuer and will not give Noteholders any right to accelerate repayment of the Notes or take any enforcement action under the Notes.

(c) **Arrears of Interest and Additional Interest Amounts:** Any interest on the Notes not paid on an Interest Payment Date as a result of the obligation of the Issuer to defer such payment of interest pursuant to Condition 5(a) (*Regulatory Deficiency Deferral of Interest*) shall (without double counting), to the extent and so long as the same remains unpaid, constitute "**Arrears of Interest**."

Each amount of Arrears of Interest shall bear interest (as if it constituted the principal of the Notes) at the Rate of Interest from time to time applicable to the Notes (an "**Additional Interest Amount**"). Any Additional Interest Amounts which are not paid on the Interest Payment Date at the end of the applicable Interest Period shall become Arrears of Interest and bear interest accordingly.

(d) **Payment of Arrears of Interest and Additional Interest Amounts:** Any Arrears of Interest and Additional Interest Amounts may (subject to the satisfaction of the Regulatory Clearance Condition) be paid by the Issuer in whole or in part at any time upon the expiry of not less than 14 days' notice to such effect given by the Issuer to the Trustee and the Noteholders in accordance with Condition 17 (*Notices*) and in any event

will become due and payable by the Issuer in whole (and not in part) upon the earliest of the following dates:

- (i) the next Interest Payment Date which is not a Regulatory Deficiency Interest Deferral Date;
  - (ii) the date on which the Issuer pays any dividend or other distribution on any shares in its capital;
  - (iii) the date on which the Issuer makes a payment of interest on, or redeems purchases, cancels, reduces or acquires, any Junior Securities or Parity Securities (save where the Issuer is not able to defer, pass or eliminate the relevant payment or other obligation in accordance with the terms of the relevant Junior Securities or Parity Securities);
  - (iv) the date on which a bankruptcy or liquidation of the Issuer occurs; or
  - (v) the date fixed for any redemption of the Notes pursuant to Condition 6 (*Redemption and Purchase*) (subject to any deferral of such redemption date pursuant to Condition 6(i) (*Deferral of redemption date*)) or Condition 9 (*Events of Default*).
- (e) **Notice of Deferral:** The Issuer shall notify the Trustee and the Noteholders in writing in accordance with Condition 16 (*Notices*) not less than 5 Business Days prior to an Interest Payment Date which is a Regulatory Deficiency Interest Deferral Date, specifying that interest will not be paid because a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made on such Interest Payment Date, *provided that* if a Regulatory Deficiency Interest Deferral Event occurs less than 5 Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 17 (*Notices*) as soon as reasonably practicable following the occurrence of such event.

## 6 **Redemption and Purchase**

(a) *Final Redemption*

~~Unless~~ Subject to Condition 6(i) (*Deferral of Redemption Date*) and 6(k) (*Preconditions to redemption and purchases*) unless previously purchased and cancelled or redeemed, the Notes will be redeemed at their principal amount on the Final Maturity Date. The Notes may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition ~~5~~6(b) or Condition ~~5~~6(c).

(b) *Redemption at the Option of the Issuer*

i. **At any time prior to the date that is the third anniversary of the Issue Date - as to redemption in whole but not in part:**

~~The~~ Subject to Condition 6(i) (*Deferral of Redemption Date*) and 6(j) (*Preconditions to redemption and purchases*), the Notes may be redeemed in whole, but not in part at the option of the Issuer on any Interest Payment Date falling prior to (but excluding) the third anniversary of the Issue Date, at a redemption price equal to 103 per cent. of the principal amount of the Notes, together with any accrued and unpaid interest (including any Additional Amounts) to (but excluding) the date of redemption, and provided that the Issuer has given not less than 30 nor more than 60 days' notice to the Noteholders (in accordance with Condition ~~16~~17 (*Notices*)), the Trustee and the Agents setting forth the proposed relevant Interest Payment Date for such redemption in whole (the "**Optional Redemption Date**") (an "**Optional Redemption Notice**").



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- ii. **At any time on or after the date that is the third anniversary date of the Issue Date but that is prior to the date that is the fourth anniversary date of the Issue Date - as to redemption in whole but not in part:**

The Subject to Condition 6(i) (Deferral of Redemption Date) and 6(j) (Preconditions to redemption and purchases), the Notes may be redeemed in whole, but not in part at the option of the Issuer on any Interest Payment Date falling on or after the third anniversary of the Issue Date and prior to (but excluding) the fourth anniversary of the Issue Date, at a redemption price equal to 102 per cent. of the principal amount of the Notes, together with any accrued and unpaid interest (including any Additional Amounts) to (but excluding) the date of redemption, provided that the Issuer has given an Optional Redemption Notice specifying the proposed Optional Redemption Date.

- iii. **At any time on or after the date that is the fourth anniversary date of the Issue Date but that is prior to the date that is the fifth anniversary date of the Issue Date, - as to redemption in whole but not in part:**

The Subject to Condition 6(i) (Deferral of Redemption Date) and 6(j) (Preconditions to redemption and purchases), the Notes may be redeemed in whole, but not in part at the option of the Issuer on any Interest Payment Date falling on or after the fourth anniversary of the Issue Date and prior to (but excluding) the fifth anniversary date of the Issue Date, at a redemption price equal to 101 per cent of the principal amount of the Notes, together with any accrued and unpaid interest (including any Additional Amounts) to (but excluding) the date of redemption provided that the Issuer has given an Optional Redemption Notice specifying the proposed Optional Redemption Date.

- iv. **At any time that is on or after the date that is the fifth anniversary date of the Issue Date of the Notes - as to redemption in whole but not in part:**

The Subject to Condition 6(i) (Deferral of Redemption Date) and 6(j) (Preconditions to redemption and purchases), the Notes may be redeemed in whole, but not in part at the option of the Issuer on any Interest Payment Date falling on or after the fifth anniversary of the Issue Date, at a redemption price equal to 100 per cent of the principal amount of the Notes, together with any accrued and unpaid interest (including any Additional Amounts) to (but excluding) the date of redemption provided that the Issuer has given an Optional Redemption Notice specifying the proposed Optional Redemption Date.

- (c) **Redemption for Taxation Reasons**

The Subject to Condition 6(i) (Deferral of Redemption Date) and 6(j) (Preconditions to redemption and purchases), the Notes may be redeemed in whole but not in part at the option of the Issuer on any Interest Payment Date for a redemption price equal to 100 per cent. of the principal amount of the Notes plus accrued and unpaid interest (including any Additional Amounts) to, but excluding, the date fixed for redemption (the “**Tax Redemption Date**”), provided that the Issuer has given not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Noteholders (in accordance with Condition ~~4~~617 (Notices)), the Trustee and to the Agents, if the Issuer determines that as a result of (i) any change in or amendment to the laws, or any regulations or rulings promulgated under the laws of a Relevant Jurisdiction, as defined below, or (ii) any change in official position regarding the application or interpretation of the laws, regulations or rulings referred to above (including a holding by a court of competent jurisdiction), which change or amendment becomes effective or, in the case of a change in official position, is announced on or after the Issue Date, the Issuer or the Guarantor, as the case may be, is or will become obligated to pay Additional Amounts with respect to the Notes pursuant to Condition 7; *provided* such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it (including, in the case of the Guarantor, if the Guarantor could

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provide funds to the Issuer and the Issuer could make payment without Additional Amounts).

No Tax redemption Notice shall be given earlier than 60 days prior to the earliest date on which the Issuer or the Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to giving the notice of the redemption of the Notes pursuant to the foregoing, the Issuer will deliver or procure that there is delivered to the Trustee (a) a certificate signed by two duly authorised officers of the Issuer, and/or the Guarantor, as the case may require, stating that the Issuer is entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem have occurred, and (b) an opinion of independent legal counsel of nationally or internationally recognised standing with respect to such matters to that effect based on the statement of facts. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the circumstances referred to in (i) and (ii) above, in which event they shall be conclusive and binding on the holders of the Notes.

The term “**Relevant Jurisdiction**” as used herein means the United Kingdom or the United States of America and specifically the State of Florida, or any political subdivision or taxing authority thereof or therein, as the case may be, or any other jurisdiction in which the Issuer or the Guarantor is resident for tax purposes or any political subdivision or taxing authority thereof or therein.

(d) *Optional Redemption Notices and Tax Redemption Notices*

Any Optional Redemption Notice or any Tax Redemption Notice shall each be irrevocable and shall oblige the Issuer to redeem the Notes on the relevant Interest Payment Date specified in such redemption notice at the principal amount of the Notes so stated in such redemption notice together with any other accrued and unpaid interest to but excluding the relevant optional redemption date stated in such redemption notice.

(e) *Redemption on the Occurrence of a Put Event*

If, at any time while any of the Notes remains outstanding (as defined in the Trust Deed), a Put Event (as defined below) occurs, ~~and subject to Condition 6(i) (Deferral of Redemption Date) and 6(k) (Preconditions to redemption and purchases)~~, then, unless at any time the Issuer shall have given a notice under Condition 5(b) or (c) in respect of the Notes, in each case expiring prior to the Put Date (as defined below), each Noteholder will, upon the giving of a Put Event Notice (as defined below), have the option to require the Issuer to redeem any Notes held by such Noteholder on the applicable Put Date at a redemption price equal to 100 per cent. of their principal amount together with any other accrued and unpaid interest and other amounts due thereon, if any (including Additional Amounts) up to, but excluding, the Put Date.

The “Put Date” is the date which is 60 days after the date of the Put Event Notice.

A “Put Event” occurs if

- i. there is a Change of Control; or
- ii. a Disposal occurs without the prior written consent of the Noteholders obtained pursuant to the written consent of the Requisite Holders; or
- iii. ~~the Group Senior Debt to Capital~~ exceeds ~~the Additional Indebtedness Limitation~~ 20% for more than four consecutive Test Dates without the prior written consent of the Requisite Holders,

~~iii~~.iv. Senior Debt to Capital exceeds 30% on any Test Date without the prior written consent of the Requisite Holders;

v. Total Debt to Capital exceeds 50% on any Test Date without the prior written consent of the Requisite Holders;

~~iv~~.vi. a Change in Law occurs; or

~~v~~.vii. an Event of Default shall occur and continue and the Noteholders shall have approved the declaration of a Put Event pursuant to the written consent of the Requisite Holders.

provided that in the case of paragraphs iii to v above (inclusive) the Issuer shall be permitted to incur Indebtedness that results in the relevant ratio being exceeded if such Indebtedness is to be applied, and is applied within 30 calendar days of incurrence, to redeem the Notes.

Promptly upon becoming aware that a Put Event has occurred, including without limitation as to a Change of Control, a Disposal or an Additional Indebtedness Limitation, and in any event not later than 14 days after the day on which the Issuer or the Guarantor becomes so aware of such Put Event, the Issuer or the Guarantor shall give notice (a "**Put Event Notice**") to the Noteholders, the Trustee and each Paying and Transfer Agent in accordance with Condition ~~16~~17, specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 5(e).

Promptly upon a Change in Law or an Event of Default, and in any event not later than 14 days after (i) the date on which the Noteholders shall approve the declaration of an Event of Default pursuant to the written consent of the Requisite Holders, or (ii) the Holders of the Notes are subject to a Change in Law, the Holders of the Notes may deliver a Put Event Notice to the Trustee, and the Issuer in accordance with Condition ~~16~~17, specifying the Put Event.

To exercise the option to require the Issuer to redeem a Note under this Condition 5(e), a Noteholder must deliver at the specified office of any Agent on any Business Day (as defined in Condition 6(e)) falling within 45 days following the date on which a Put Event Notice is given a duly signed and completed notice of exercise in the form (for the time being current and which may, if the Notes are held in a clearing system, be any form acceptable to the clearing system delivered in a manner acceptable to the clearing system) obtainable from any specified office of any Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this paragraph accompanied by the Definitive Note for such Notes or evidence satisfactory to the Agent concerned that the Definitive Note for such Notes will, following the delivery of the Put Notice, be held to its order or under its control. A Put Notice given by a holder of any Note shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice.

~~(f)~~g) *Cancellation*

All Notes which are redeemed and all Notes purchased and surrendered for cancellation by the Issuer, the Guarantor or any Subsidiary of the Issuer will be cancelled and may not be reissued or resold.

~~(g)~~h) *Multiple Notices*

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If more than one notice of redemption is given pursuant to this Condition 5, the first of such notices to be given shall prevail.

(h) Subordination Deed.

All redemptions in accordance with this Condition 5 shall be subject to the terms of the Subordination Deed, and in the event of a conflict between the terms of this Condition 5 and the Subordination Deed, the Subordination Deed will prevail.

6(i) Deferral of Redemption Date.

(i) No Notes shall be redeemed on the Maturity Date pursuant to Condition 6(a) (Scheduled redemption), or Condition 6(e) (Redemption on the Occurrence of a Put Event), or prior to the Maturity Date pursuant to Condition 6(c) (Redemption for Taxation Reasons), unless the Regulatory Clearance Condition has been complied with or if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption is made pursuant to this Condition 6.

(ii) The Issuer shall notify the Trustee and the Noteholders in accordance with Condition 16 (Notices) no later than 5 Business Days prior to any date set for redemption of the Notes if such redemption is to be deferred in accordance with this Condition 6(i), provided that if a Regulatory Deficiency Redemption Deferral Event occurs less than 5 Business Days prior to the date set for redemption, the Issuer shall give notice of such deferral in accordance with Condition 16 (Notices) as soon as reasonably practicable following the occurrence of such event.

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(iii) If redemption of the Notes does not occur on the Maturity Date as a result of Condition 6(i) (Deferral of redemption date), the Issuer shall (subject to satisfaction of the Regulatory Clearance Condition) redeem such Notes at their principal amount together with any Arrears of Interest (together with all corresponding Additional Interest Amounts) and any other accrued and unpaid interest upon the earliest of:

(1) the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless on such 10<sup>th</sup> Business Day a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Notes on such date would result in a Regulatory Deficiency Redemption Deferral Event occurring, in which case the provisions of Condition 6(i)(i) (Deferral of redemption date) and this Condition 6(i)(iii) will apply mutatis mutandis to determine the due date for redemption of the Notes); or

(2) the date falling 10 Business Days after the BMA has agreed to the repayment or redemption of the Notes; or

(3) the date on which a bankruptcy or liquidation occurs.

(iv) A certificate signed by two Authorised Signatories confirming that (A) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if redemption of the Notes were to be made or (B) a Regulatory Deficiency Redemption Deferral Event has ceased to occur and/or redemption of the Notes would not result in a Regulatory Deficiency Redemption Deferral Event occurring, shall be treated and accepted by the Issuer, the Noteholders and all other interested parties as correct and sufficient evidence thereof, shall be binding on all such persons.

(v) Notwithstanding any other provision in these Conditions, the deferral of redemption of the Notes in accordance with this Condition 6(i) will not constitute a default by the Issuer and will not give Noteholders any right to accelerate the Notes or take any enforcement action under the Notes.

(k) **Preconditions to redemption and purchases:**

- (i) In addition, prior to the publication of any notice of redemption or any purchase of the Notes, no Regulatory Deficiency Redemption Deferral Event shall have occurred and be continuing, and in the case of any redemption or purchase prior to the date which is three years after the Second Amendment Effective Date, the Issuer will be required to have complied with the Regulatory Clearance Condition.
- (ii) The Issuer shall not redeem any Notes or purchase any Notes unless at the time of such redemption or purchase and no Regulatory Deficiency Redemption Deferral Event has occurred and is continuing.

**7** **Payments**

(a) *Principal*

*Principal and interest*

Payment of principal and interest will be made by transfer to the registered account of the Noteholder or by U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars mailed to the registered address of the Noteholder if it does not have a registered account. Payments of principal and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Notes due on an Interest Payment Date will be paid to the Holder shown on the Register at the close of business on the date (the “**Record Date**”) being the fifteenth day before the relevant Interest Payment Date.

For the purposes of this Condition, a Noteholder's registered account means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars details of which appear on the register of Noteholders at the close of business, in the case of principal, on the second business day (as defined below) before the due date for payment and, in the case of interest, on the relevant Record Date, and a Noteholder's registered address means its address appearing on the Register at that time.

(b) *Other Amounts*

Payments of all amounts other than as provided in Condition 6(a) will be made as provided in these Conditions.

(c) *Payments subject to fiscal laws*

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7.8) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Delay in payment*

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the Noteholder is late in surrendering the relevant Note (if required to do so).

(e) *Business Days*

In these Conditions, “**business day**” and “**Business Day**” means any day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for

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business in London and New York City and, in the case of presentation or surrender of a Note, in the place of the specified office of the Registrar or relevant Paying and Transfer Agent, to whom the relevant Note is presented or surrendered.

(f) *Agents*

The Issuer reserves the right under the Agency Agreement at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying and Transfer Agent or the Registrar and appoint additional or other Paying and Transfer Agents or another Registrar, provided that it will maintain (i) a Principal Paying and Transfer Agent, (ii) a Registrar with a specified office outside of the United Kingdom, and (iii) an Agent Bank. Notice of any change in the Paying and Transfer Agents or the Registrar or their specified offices will promptly be given by or on behalf of the Issuer to the Noteholders in accordance with Condition ~~16~~17 and to the Trustee.

(g) *Fractions*

When making payments to Noteholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest such unit.

(h) *Partial Payments*

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest in fact paid.

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**Taxation**

All payments made in respect of the Notes or the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdiction or any jurisdiction through which payment is made (together with Relevant Jurisdictions, a “**Relevant Taxing Jurisdiction**”), unless such withholding or deduction is required by law. In that event, the Issuer or (as the case may be) the Guarantor, in each case including any successor entity of the Issuer or of the Guarantor, shall pay such additional amounts (“**Additional Amounts**”) so as to result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required.

However, the obligation to pay Additional Amounts shall not apply to:

- (a) any present or future tax, assessment or other governmental charge that would not have been so imposed but for:
  - (i) the existence of any present or former connection between the Noteholder or beneficial owner of such Note and the Relevant Taxing Jurisdiction other than merely holding such Note, or receiving of amounts in respect of the Note or Guarantee, or enforcing the Note or Guarantee; or
  - (ii) the presentation by the Noteholder of any Note, where presentation is required, for payment on a date more than 30 days after the later of the date on which payment became due and payable or the date on which payment thereof is duly provided for, except to the extent that the Noteholder would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period; or
  - (iii) the failure of the Noteholder or beneficial owner to comply with a timely request of the Issuer or the Guarantor, as the case may be, to provide information to the Issuer or the Guarantor, as the case may be, concerning the nationality, residence or identity of the holder or beneficial owner of that Note, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would otherwise have been payable to such holder or beneficial owner; or



- (iv) the presentation of any Note for payment, where presentation is required, where the payment can be made without such withholding or deduction by the presentation of the Note for payment to at least one other paying agent;
- (b) any estate, inheritance, gift, sales, transfer, capital gains, excise or personal property tax or any similar tax, assessment or governmental charge;
- (c) any tax, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments on or in respect of any Note or Guarantee;
- (d) -any combination of the items listed above; or
- (e) any payment to a Noteholder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of a payment to the extent that such payment would be required by the laws of the Relevant Taxing Jurisdiction (or any political subdivision thereof) to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in a limited liability company or a beneficial owner who would not have been entitled to the Additional Amounts had that beneficiary, settlor, member or beneficial owner been the holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on or in respect of, any Note or under the Guarantee, such mention shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

In no circumstances shall any clearing system, any Agent or the Trustee, be responsible for:

- (A) verifying or confirming to the Issuer that any accountholder who holds a beneficial interest in any Note is a Person to whom the Issuer is entitled to pay free and clear or withholding or deduction for any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within any Relevant Taxing Jurisdiction;
- (B) passing on or otherwise facilitating any communication between the Issuer and any accountholder regarding tax matters; or
- (C) facilitating or administering any deduction or withholding.

To the extent that the Issuer would not be obliged to pay an accountholder Additional Amounts pursuant to Condition 78, the Issuer shall nonetheless ensure that the Principal Paying and Transfer Agent receives the full amount of any payments due in respect of the Notes or Guarantee, and any arrangements to adjust the amount paid to that accountholder shall be made between the Issuer and the accountholder directly.

## **89** Events of Default

The Trustee at its discretion may, but shall not be bound, unless (i) it shall have been directed by an Extraordinary Resolution of the Noteholders, or (ii) so requested in writing by the Requisite Holders, and it shall have been indemnified and/or secured and/or prefunded to its satisfaction, to give notice to the Issuer that the Notes are, and they shall accordingly thereby immediately become, due and repayable at their principal amount together with accrued interest if any of the following events (each an “**Event of Default**”) shall have occurred and be continuing:

### (a) *Non-payment*

~~The Issuer or the Guarantor fails to pay any principal, interest or Additional Amounts in respect of the Notes when due and payable;~~ [For the avoidance of doubt, no amount shall be due from the Issuer in circumstances where payment of such amount is deferred in accordance with Condition 5\(a\) \(Regulatory Deficiency Deferral of Interest\) or 6\(j\) \(Deferral of redemption date\).](#); or

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- (b) *Breach of Covenants, Representations and Warranties and Other Obligations*
- (i) The Issuer or the Guarantor does not perform or comply with any one or more of the covenants (other than in respect of non-payment or financial covenants) in this Trust Deed where such failure is capable of remedy and is not remedied within 10 Business; or
  - (ii) Any representation or warranty of the Issuer is or proves to have been incorrect or misleading when made or deemed to have been made and, if capable of remedy, the facts or circumstances giving rise to such misrepresentation or misstatement have not been remedied within 10 Business Days of the earlier of (A) the Trustee, giving notice to the Issuer (at the request of the Requisite Holders), and (B) the Issuer becoming aware of such misrepresentation or misstatement; or
  - (iii) Any other obligations, representations or warranties or covenants of the Issuer or the Guarantor under the Notes or the Trust Deed (other than any obligation for the payment of any interest or any other amount in respect of the Notes or any breach of Condition 2), is defaulted or breached and such default or breach is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 10 Business Days of the earlier of (i) the Trustee giving notice to the Issuer and/or the Guarantor (at the request of the Requisite Holders), and (ii) the Issuer or the Guarantor becoming aware of such default or breach; or
- (c) *Material Adverse Effect*
- Any event or circumstance has occurred that has had or could reasonably be expected to have a material adverse effect on the Issuer or the Guarantor or their respective business or operations; or
- (d) *Cross-Default*
- An Event of Default occurs and continues under the Facilities Agreement and has not been remedied or waived within 45 days (in the case of non-payment Event of Default under the Facilities Agreement) or 90 days in all other cases of the Issuer becoming aware of its occurrence; or
- (e) *Insolvency*
- (i) The Issuer or the Guarantor or any Insurance Subsidiary is unable to or admits inability to pay its debts as they fall due (by reason of financial difficulties), suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with any one or more classes of its creditors with a view to the general readjustment or rescheduling of its indebtedness which, could reasonably be expected to have a material adverse effect on the ability of the Issuer or the Guarantor taken as a whole to meet the payment obligations under the Notes; or
  - (ii) The fair value of the assets of the Issuer or the Guarantor or any Insurance Subsidiary is less than its liabilities (taking into account contingent and prospective liabilities) which could reasonably be expected to have a material adverse effect on the ability of the Issuer or the Guarantor taken as a whole, to meet the payment obligations under the Notes; or
  - (iii) A moratorium is declared in respect of any indebtedness of the Issuer or the Guarantor or any Insurance Subsidiary; or
  - (iv) An order is made or an effective resolution passed for the winding-up, liquidation or dissolution of the Issuer or the Guarantor or any Insurance Subsidiary, and such order or resolution is not stayed or discharged within 45 days, except for any such order or resolution made or requested for the purposes of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved in writing by the Requisite Holders; or

(f) *Insolvency Proceedings*

Any corporate action, legal proceedings or other similar procedure is taken in relation to:

- (i) the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer, the Guarantor, or any Insurance Subsidiary; or
- (ii) a composition, compromise, assignment or arrangement with any creditor or class of creditors of any the Issuer, the Guarantor, or any Insurance Subsidiary; or
- (iii) the appointment of a liquidator, receiver, administrator, administrative receiver, judicial manager, compulsory manager or other similar officer in respect of the Issuer, the Guarantor, or any Insurance Subsidiary or any of their assets; or

(g) *Governmental Intervention*

By or under the authority of any government:

- (i) the management of the Issuer or the Guarantor or any Insurance Subsidiary is wholly or partially displaced or the authority of such company in the conduct of its business is wholly or partially taken over by, or at the instigation of, a regulator or other governmental authority; or
- (ii) all or a majority of the issued shares of the Issuer or the Guarantor or any Insurance Subsidiary or material part of its revenues or assets is seized, nationalised, expropriated or compulsorily acquired; or

(h) *Unlawfulness*

It is or becomes unlawful for the Issuer or the Guarantor to perform any of its obligations under the Notes or the Trust Deed or such obligations cease to be legal, valid, binding or enforceable obligations.

(i) *Breach of certain provisions of the Subordination Deed*

A Senior Finance Party or Overdraft Party (as such terms as defined in the Subordination Deed) accedes to the Subordination Deed in circumstances which do not comply with Clause 17.9 (Refinancing) of the Subordination Deed.

**910 Consolidation, Amalgamation or Merger**

The Issuer will not consolidate with, merge or amalgamate into or transfer its properties and assets substantially as an entirety to any corporation or convey or transfer its properties and assets substantially as an entirety to any Person (the consummation of any such event, a “**Merger**”), unless:

- (i) the corporation formed by such Merger or the Person that acquired such properties and assets shall expressly assume, by a supplemental trust deed in form and substance satisfactory to the Trustee, all obligations of the Issuer under the Trust Deed and the Notes and the performance of every covenant and agreement applicable to it contained therein;
- (ii) immediately after giving effect to any such Merger, no Event of Default or Potential Event of Default (as defined in the Trust Deed) shall have occurred or be continuing or would result therefrom as confirmed to the Trustee by (i) a certificate of two authorised signatories of the Issuer and (ii) a certificate of two authorised signatories of the corporation that would result from such Merger; and
- (iii) the corporation formed by such Merger, or the Person that acquired such properties and assets, shall expressly agree not to redeem the Notes pursuant to Condition 5(c) as a result of it becoming obliged to pay any Additional Amounts as provided or referred to in Condition 78 arising solely as a result of such Merger.

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## **~~10~~11 Undertaking**

The Issuer will, save with the written approval of the Requisite Holders:

- (i) procure that the Issuer shall not become domiciled or resident in or subject generally to the taxing authority of any jurisdiction (other than the Issuer's Territory) unless the Issuer would not thereafter be required pursuant to then current laws and regulations to withhold or deduct for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of such jurisdiction or any political subdivision thereof or therein having power to tax in respect of any payment on or in respect of the Notes unless the Issuer provides a written undertaking to pay such taxes, duties, assessments or governmental charges of whatever nature imposed or levied so as to result in the receipt of any amounts to such party of such amounts as would have been received by such party if no such withholding or deduction had been required; and
- (ii) file all reports required to be filed under the U.S. Securities Exchange Act, as amended.

## **~~11~~12 Prescription**

Claims against the Issuer and the Guarantor for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of such payment and thereafter any principal, interest or other sums payable in respect of such Notes shall be forfeited and revert to the Issuer or the Guarantor, as the case may be.

Claims in respect of any other amounts payable in respect of the Notes shall become void unless made within 10 years following the due date for payment thereof.

## **~~12~~13 Replacement of Notes**

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar for the time being subject to all applicable laws, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

## **~~13~~14 Meetings of Noteholders, Modification and Waiver**

### *(a) Meetings of Noteholders*

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Subordination Deed and the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more Persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more Persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, unless the business of such meeting includes consideration of Reserved Matters, in which case the necessary quorum will be one or more Persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed and whether or not they voted on the resolution).

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An “**Extraordinary Resolution**” is a resolution in respect of which not less than sixty-six and two-thirds (66 2/3) per cent of the votes cast shall have been in favour at a meeting of Noteholders duly convened and held in accordance with the Trust Deed.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than sixty-six and two-thirds (66 2/3) per cent in principal amount of the Notes then outstanding shall for all purposes be as valid as an Extraordinary Resolution passed at a meeting of Noteholders convened and held in accordance with the provisions of the Trust Deed. Such resolution in writing may be in one document or several documents in like form each signed by or on behalf of one or more of the Noteholders.

(b) *Modification and Waiver*

The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Subordination Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Notes, or these Conditions which in the Trustee’s opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Subordination Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Notes, or these Conditions (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Notes, the Guarantee or these Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders.

(c) *Entitlement of the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers or discretions for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other Person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 7.8 and/or any undertaking given in addition to, or in substitution for, Condition 7.8 pursuant to the Trust Deed.

The Trust Deed contains provisions permitting the Trustee to agree in circumstances, subject to such amendment to the Trust Deed and such other conditions as are set out in the Trust Deed, but without the consent of the Noteholders, to the substitution of the Issuer’s successor in business, transferee or assignee or any Subsidiary of the Issuer or its successor in business, transferee or assignee or the Guarantor or its successor in business, transferee or assignee or any Subsidiary of the Guarantor or its successor in business, transferee or assignee in place of the Issuer or Guarantor (or of any previous substitute under this sub-clause) as the principal debtor or guarantor under this Trust Deed and the Notes.

**14.15 Enforcement**

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Subordination Deed, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes and the Subordination Deed unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or (ii) so

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requested in writing by the Requisite Holders, and it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, (i) fails so to do within 30 days of becoming so bound or (ii) is unable to do so by reason of an order of court of competent jurisdiction, and the failure or inability shall be continuing.

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any Person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

#### **1516 The Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

The Trustee is entitled to enter into business transactions with the Issuer and/or the Guarantor and any entity related to the Issuer and/or the Guarantor and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor and/or any of the Issuer's and/or Guarantor's other Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee may rely without liability to Noteholders on a report, confirmation or certificate of any accountants, financial advisers or investment bank, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

#### **1617 Notices**

All notices to the Noteholders will be valid if mailed to them by first class mail or (if posted to an address overseas) by airmail to the holders (or the first of any joint named holders) at their respective addresses in the Register. Any such notice will be deemed to have been given on the day after being so mailed.

So long as the Notes are represented by a global note and such global note is held on behalf of a clearing system, notices to Noteholders shall be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders.

#### **1718 Further Issues**

Subject to the Additional Indebtedness Limitation, the Issuer may from time to time without the consent of the Noteholders create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Notes) (or in all respects except for the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Notes)) or upon such terms as to interest, premium, redemption and otherwise as the Issuer may determine at the time of



their issue. Any further notes, bonds or debentures forming a single series with the outstanding notes, bonds or debentures of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other notes, bonds or debentures may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes, bonds or debentures of other series in certain circumstances where the Trustee so decides.

#### **1819 Contracts (Rights of Third Parties) Act 1999**

No Person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

#### **1920 No Rights of Set-off; No Encumbrances.**

The Notes will not in any way give rise to any rights of set-off, recoupments or counterclaims against any claims and obligations of the Company or the Guarantor or any of the Guarantor's regulated operating subsidiaries to any Person in whose name the Notes are registered or any creditor of the Company or the Guarantor or any of the Guarantor's regulated operating subsidiaries. By acquiring the Notes, each Noteholder is deemed to agree and acknowledge that no security or encumbrance of any kind is, or will at any time be, provided by the Company or the Guarantor or any of their affiliates to secure the rights of Noteholders.

#### **21 Governing Law and Jurisdiction**

(a) *Governing Law*

The Trust Deed, the Agency Agreement, the Subordination Deed and the Notes, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

(b) *Jurisdiction*

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Agency Agreement, the Subordination Deed, and the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Notes ("**Proceedings**") may be brought in such courts. The Issuer and each Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of the Trustee and each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Waiver of Trial by Jury*

WITHOUT PREJUDICE TO CONDITION 1920(b) THE ISSUER AND THE GUARANTOR EACH WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH THE NOTES. THESE CONDITIONS MAY BE FILED AS A WRITTEN CONSENT TO A BENCH TRIAL.

(d) *Agent for Service of Process*

The Issuer and the Guarantor has, pursuant to the Trust Deed, appointed R&Q Central Services Limited, 71 Fenchurch Street (Ground Floor), London EC3M 4BS, England as its agent in England to receive service of process in any Proceedings in England. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.

#### **2022 Definitions**

*In these Conditions (unless the context otherwise requires):*

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“**Additional Amounts**” has the meaning provided in Condition [7](#)8;

“**Additional Interest Amounts**” has the meaning provided in Condition [5\(c\)](#)

“**Additional Indebtedness Limitation**” means the consolidated Indebtedness of the Group exceeds £[216,750,000] (being 150% of the consolidated Borrowings of the Group as at the Issue Date after giving effect to the issue of the Notes) at any time. For the purposes of determining compliance of the Additional Indebtedness Limitation for Condition 5(e)(iii) amounts borrowed in other currencies shall be converted into sterling (i) if incurred on or prior to the Issue Date, as at the Issue Date; or (ii) if incurred after the Issue Date, as at the date of incurrence, in each case using the spot rate of exchange on that date at a bank in London selected by the Issuer;

“**Affiliate**”- means, in relation to any Person, a Subsidiary of that Person or a Holding Company of that Person or any other Subsidiary of the Holding Company.

“**Agency Agreement**” has the meaning in the Preamble;

“**Agent Bank**” has the same meaning given to such term in the Paying Agency Agreement;

“**Arrears of Interest**” has the meaning given in Condition [5\(c\)](#) (*Arrears of Interest and Additional Interest Amounts*);

“**Authorized Denomination**” has the meaning in Condition 1;

“**Authorized Signatory**” means any Director or other person authorised to bind the Issuer;

“**BMA**” means the [Bermuda Monetary Authority \(or any successor which carries on the role of regulator of financial services companies generally in Bermuda\)](#);

“**Calculation Amount**” has the meaning in Condition 4(h);

“**Code**” has the meaning in Condition 6(c);

“**Change in Law**” means a change in any relevant law or regulation or any political authority having jurisdiction over the Issuer or the Noteholders with respect to holding of the Notes, or any change in the official application or interpretation of such law or regulation, that becomes effective after the Issue Date that results in it being unlawful for the Noteholders to hold the Notes which shall be conclusively determined to have occurred if a Noteholder delivers an opinion of independent legal advisers of nationally or internationally recognized standing as to such Change in Law;

“**Change of Control**” means any Person or group of Persons acting in concert gains direct or indirect “Control” of the Issuer. For purposes of this definition, (A) “*acting in concert*” means, a group of Persons who, pursuant to an agreement or understanding (whether form or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate Control of the Issuer, in each case to the extent that following such transaction, the holders of equity interests in the Issuer immediately prior to such transaction own fifty percent (50%) or less of the equity securities of the surviving entity; and (B) “*Control*” means (a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to: (i) cast, or control the casting of, more than 50% of the maximum number of votes that might be cast at a general meeting of the Issuer; (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of the Issuer; or (iii) give directions with respect to the operating and financial policies of the Issuer with which the directors or other equivalent officers of the Issuer are obliged to comply; or (iv) the holding beneficially of more than 50% of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital);

“**Clearing System Business Day**” means a day on which the clearing system for which the ~~Subordinated~~ Notes are being held is open for business;

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“**Conditions**” has the meaning in the preamble;

“**Default Rate Margin**” means 7.10 per cent per annum;

“**Disposal**” means that the Issuer or any other member of the Group selling, leasing, transferring or otherwise disposing of their interest in Accredited Insurance (Europe) Limited (formerly known as R&Q Insurance (Malta) Limited) or Accredited Surety & Casualty Company, Inc. (Florida), (each an “Insurance Subsidiaries” and together the “Insurance Subsidiaries”) without the prior written consent of the Requisite Holders (provided that a grant of security over the Issuer’s or other Group’s members interest in an Insurance Subsidiary in favour of the Senior Finance Parties shall not be regarded as a disposal);

“**Enhanced Capital Requirement**” means the ["enhanced capital requirement" as defined in the Relevant Rules](#);

“**Event of Default**” has the meaning in Condition [89](#);

“**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended;

“**Final Maturity Date**” means the 10<sup>th</sup> anniversary of the Issue Date;

“**Finance Lease**” means any lease or hire purchase contract which would, in accordance with applicable accounting principles, be treated as a finance or capital lease;

“**First Interest Payment Date**” has the meaning in Condition 4(a);

“**Floating Rate**” has the meaning in Condition 4(c);

“**Group**” means the Issuer and its Subsidiaries and Affiliates;

“**Guarantee**” has the meaning in Condition 2(b);

“**Guarantor**” has the meaning in the preamble;

“**Holding Company**” means, in relation to a Person, any other Person in respect of which it is a Subsidiary.

“**Indebtedness**” means, in relation to any member of the Group for the purposes of Condition 5(e):

- (1) moneys borrowed and debit balances at banks or other financial institutions;
- (2) any acceptance under any acceptance credit or bill discounting facility (or dematerialized equivalent);
- (3) any note purchase facility or the issue of bonds, notes, debentures, loan stock or similar instrument;
- (4) any Finance Lease;
- (5) receivables sold or discounting (other than any receivables to the extent they are sold on a non-recourse basis and meet any requirements for de-recognition under applicable accounting principles);
- (6) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of:
  - (a) an underlying liability of an entity which is not a member of the Group which liability would fall within one of the other paragraphs of this definition; or

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(b) any liabilities of any member of the Group relating to any post-retirement benefit scheme;

(7) any amount raised by the issue of shares which are redeemable (other than at the option of the Issuer) before the Final Maturity Date or are otherwise classified as borrowings under applicable accounting principles

(8) any amount of any liability under an advance or deferred purchase agreement if:

(a) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question;

(b) the agreement is in respect of the supply of assets or services and payment is due more than 90 days after the date of supply;

(9) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under applicable accounting principles; or

(10) any Treasury Transaction (and when calculating the value of that Treasury Transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);

(11) without double counting, the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (1) to (10) above;

[“Insurance Act” means the Bermuda Insurance Act 1978, as amended from time to time;](#)

“**Insurance Subsidiary**” means each of Accredited Insurance (Europe) Limited (formerly known as R&Q Insurance (Malta) Limited), and Accredited Surety & Casualty Company, Inc. (Florida), and collectively, “**Insurance Subsidiaries**,”

“**Interest Amount**” has the meaning in Condition 4(e);

“**Interest Determination Date**” has the meaning in Condition 4(c);

“**Interest Determination Time**” has the meaning in Condition 4(c);

“**Interest Payment Date**” has the meaning in Condition 4(a).

“**Interest Period**” has the meaning in Condition 4(a);

“**Interpolated Period**” with respect to LIBOR means the period determined by interpolating on a linear basis between: (1) LIBOR for the longest period (for which LIBOR is available) that is shorter than 3 months and (2) LIBOR for the shortest period (for which LIBOR is available) that is longer than 3 months;

“**Issue Date**” has the meaning in Condition 4(a);

“**Issuer**” has the meaning in the preamble;

“**LIBOR**” means the London interbank offered rate for deposits in U.S. dollars for three months;

“**LIBOR Discontinuance Event**” means the occurrence of one or more of the following events with respect to LIBOR:

(1) a public statement or publication of information by or on behalf of the administrator of

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LIBOR announcing that such administrator has ceased or will cease to provide LIBOR, permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide LIBOR;

(2) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR, the central bank for the currency of LIBOR, an insolvency official with jurisdiction over the administrator for LIBOR, a resolution authority with jurisdiction over the administrator for LIBOR or a court or an entity with similar insolvency or resolution authority over the administrator for LIBOR, which states that the administrator of LIBOR has ceased or will cease to provide LIBOR permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide LIBOR;

(3) LIBOR is not published by the administrator of LIBOR for five consecutive business days and such failure is not the result of a temporary moratorium, embargo or disruption declared by the administrator of LIBOR or by the regulatory supervisor for the administrator of LIBOR and LIBOR cannot be determined by reference to an Interpolated Period;

(4) a public statement or publication of information by the administrator of LIBOR that it has invoked or will invoke, permanently or indefinitely, its insufficient submissions policy; or

(5) a public statement by the regulatory supervisor for the administrator of LIBOR announcing that LIBOR is no longer representative or may no longer be used;

**“LIBOR Replacement Date”** means:

(1) for purposes of clauses (1) and (2) of the definition of “LIBOR Discontinuance Event,” the later of:

- (a) the date of such public statement or publication of information; and
- (b) the date on which the administrator of LIBOR permanently or indefinitely ceases to provide LIBOR,

(2) for purposes of clause (3) of the definition of “LIBOR Discontinuance Event,” the first business day following such five consecutive business days,

(3) for purposes of clause (4) of the definition of “LIBOR Discontinuance Event,” the later of:

- (a) the date of such public statement or publication of information and:
- (b) the date such insufficient submissions policy is invoked, and

(4) for purposes of clause (5) of the definition of “LIBOR Discontinuance Event,” the later of:

- (a) the date of such public statement; and
- (b) the date as of which LIBOR may no longer be used (or, if applicable, is no longer representative).

If a LIBOR Replacement Date occurs on the same day as, but earlier than, the Interest Determination Time for any determination, the LIBOR Replacement Date will be deemed to have occurred prior to the Interest Determination Time for such determination and such determination will be made using the applicable Replacement Benchmark;

**“Margin”** means 6.35 per cent per annum;

**“Merger”** has the meaning in Condition [9.10](#);

**“Noteholder”** and **“Holder”** has the meaning in Condition 3(a);

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“Notes” has the meaning in the preamble;

“Optional Redemption Date” has the meaning in Condition 5(b);

“Optional Redemption Notice” has the meaning in Condition 5(b);

“Person” means any individual, corporation, partnership, joint venture, association, limited liability company, joint stock company, trust, unincorporated organisation or government or any agency or political subdivision thereof;

“Principal Paying and Transfer Agent” has the meaning in the preamble;

“Proceedings” has the meaning in Condition ~~19~~20;

“Purchase Agreement” means the Purchase Agreement entered into between the Issuer and the Investors party thereto dated as of ~~\_\_\_\_\_~~28 December 2018;

“Put Event Notice” has the meaning in Condition 5(e);

“Put Notice” has the meaning in Condition 5(e);

~~“Qualified Investor”~~ means a Person:

- (a) who is an “Accredited Investor” as defined in Regulation D of the United States Securities Act 1933 (the “Securities Act”);
- (b) who is a “Qualified Institutional Buyer” as defined in the Securities Act;
- (c) who is a “Qualified Participant” as defined in section 9(2) of the Bermuda Investment Funds Act 2006;
- (d) to whom the offering of Notes could lawfully be communicated by virtue of section 21(1) of the Financial Services and Markets Act 2000;
- (e) who is a “Professional Client” or an “Eligible Counterparty” as defined by the Markets in Financial Instruments Directive, as amended; or
- (f) in any other jurisdiction who would satisfy the requirements of any of paragraphs (a) to (h) above if they were subject to the securities laws of such jurisdictions;

“Rate of Interest” has the meaning in Condition 4(c);

“Record Date” has the meaning in Condition 6(a);

“Redemption Date” means, when used with respect to any Note to be redeemed, the date fixed for such redemption by or pursuant to the Trust Deed;

~~“Register”~~ has the meaning in Condition 3(a);

~~“Registrar”~~ has the meaning in the preamble;

“Regulatory Clearance Condition” means, in respect of any proposed act on the part of the Issuer, the Issuer having notified the BMA, and obtained the consent or non-objection of the BMA, in relation to such act (in any case only if and to the extent required by the BMA and/or pursuant to the Relevant Rules);

“Regulatory Deficiency Deferral Event” means a Regulatory Deficiency Interest Deferral Event or a Regulatory Deficiency Redemption Deferral Event;



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**"Regulatory Deficiency Interest Deferral Date"** means each Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made on such Interest Payment Date;

**"Regulatory Deficiency Interest Deferral Event"** means any event which causes the Enhanced Capital Requirement applicable to the Issuer to be breached and such breach is an event which, under the Relevant Rules, would require the Issuer to defer a payment of interest in respect of the Notes;

**"Regulatory Deficiency Redemption Deferral Event"** means any event which causes the Enhanced Capital Requirement applicable to the Issuer to be breached and such breach is an event which, under the Relevant Rules, would require the Issuer to defer or suspend a scheduled repayment or redemption of the Notes;

**"Relevant Date"** means, in respect of any Note, whichever is the later of (i) the date on which payment in respect of it first becomes due and (ii) if any amount of the money payable is improperly withheld or refused, the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition ~~4~~6.17 that, upon further presentation of the Note, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made upon such presentation;

**"Relevant Rules"** means the Insurance Act, and the rules and regulations promulgated thereunder, and any other legislation, rules or regulations of Bermuda or of the BMA from time to time relating to the characteristics, features or criteria of own funds or capital resources and which are, at such time, applicable to the Issuer;

**"Relevant Jurisdiction"** has the meaning in Condition 5(c);

**"Relevant Taxing Jurisdiction"** has the meaning in Condition 7.8;

**"Replacement Benchmark"** has the meaning in Condition 4(d);

**"Requisite Holders"** means the Holders representing a majority of the principal amount of the Notes for the time being outstanding;

**"Reserved Matters"** means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity including a collection of a replacement benchmark;
- (b) to change the currency in which amounts due in respect of the Notes are payable;
- (c) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution;
- (d) to amend this definition; or
- (e) to vote or address any matters under the Subordination Deed;

**"Second Amendment Effective Date"** means the date of which the second amendment of the Notes becomes effective.

**"Senior Debt"** means:

- (a) all amounts outstanding pursuant to the Senior Facilities Agreement;
- (b) the outstanding balance of the Notes;

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(c) any Indebtedness owed to any other unsubordinated creditors of the Issuer (whether secured or unsecured); and

(d) any Indebtedness falling due within the next 12 months.

**"Senior Debt to Capital Ratio"** means the ratio of: (i) the Issuer's Senior Debt to; (ii) the aggregate of the Issuer's Total Debt and the Issuer's Total Adjusted Equity, each as set out in the consolidated quarterly unaudited financial statements of the Issuer and the annual audited consolidated financial statements of the Issuer, as applicable, as delivered to the Trustee in accordance with the terms of the Trust Deed<sup>1</sup>:

**"Senior Facilities Agreement"** means the Term and Revolving Facilities Agreement entered into between the Issuer and The Royal Bank of Scotland plc originally entered into on 3 July 2014 and variously amended thereafter, as such facilities agreement may be restated, replaced or refinanced pursuant to any other senior secured facilities agreement or agreements;

**"Senior Finance Documents"** means: (i) the Senior Facilities Agreement and (ii) the agreements relating to the Issuer's operational facilities (including hedging and overdraft facilities) with The Royal Bank of Scotland plc, each as amended, restated or refinanced pursuant to any other similar agreements;

**"Senior Finance Parties"** means the parties to the Senior Finance Documents other than the Issuer and its Subsidiaries;

**"Subordination Deed"** means the Subordination Deed dated as of the date hereof, as amended from time to time, by and among the Issuer, the Guarantor, the Trustee, The Royal Bank of Scotland plc, in its capacity as security trustee for the Secured Parties (as defined therein) and National Westminster Bank plc, in its capacity as overdraft bank;

**"Subsidiary"** means, an entity of which a Person:

- (a) has direct or indirect control; or
- (b) owns directly or indirectly more than fifty per cent. (50%) of the share capital or similar right of ownership; or
- (c) is entitled to receive more than fifty per cent. (50%) of the dividends or distributions,

and any entity (whether or not so controlled) treated as a Subsidiary in the latest financial statements of that person from time to time and disregarding, for the purpose of this definition, the fact that any shares in that entity may be held by way of security, that the beneficiary of the security (or its nominee) may be registered as a member of the relevant undertaking and/or that such beneficiary of the security (or its nominee) may be entitled to exercise voting powers and rights with respect to those charged shares.

**"Tax Redemption Date"** has the meaning provided in Condition 5(c);

**"Tax Redemption Notice"** has the meaning provided in Condition 5(c);

**"Tier 3 Ancillary Capital"** means capital which is treated as a constituent of ancillary Tier 3 under the Relevant Rules or under any analogous rules in any other relevant jurisdiction.

**"Test Date"** means 31 March, 30 June, 30 September and 31 December in each calendar year.

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<sup>1</sup> Supplemental Trust Deed to include provision for delivery of quarterly financial statements with 90 days of the quarter end.

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**"Total Debt"** means the "Amounts owed to credit institutions" as set out in the Issuer's most recent consolidated quarterly unaudited financial statements or annual audited consolidated financial statements, as applicable;

**"Total Debt to Capital Ratio"** means the ratio of: (i) the Issuer's Total Debt to; (ii) the aggregate of the Issuer's Total Debt and the Issuer's Total Adjusted Equity, each as set out in the consolidated quarterly unaudited financial statements and the annual audited consolidated financial statements of the Issuer, as applicable, as delivered to the Trustee in accordance with the terms of the Trust Deed;

**"Total Adjusted Equity"** means the "Total Equity" less "Accumulated Other Comprehensive Income" each as set out in the Issuer's most recent consolidated quarterly unaudited financial statements or annual audited consolidated financial statements, as applicable;

**"Treasury Transaction"** means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

**"U.S. dollar" and "U.S.\$"** means the lawful currency of the United States of America.