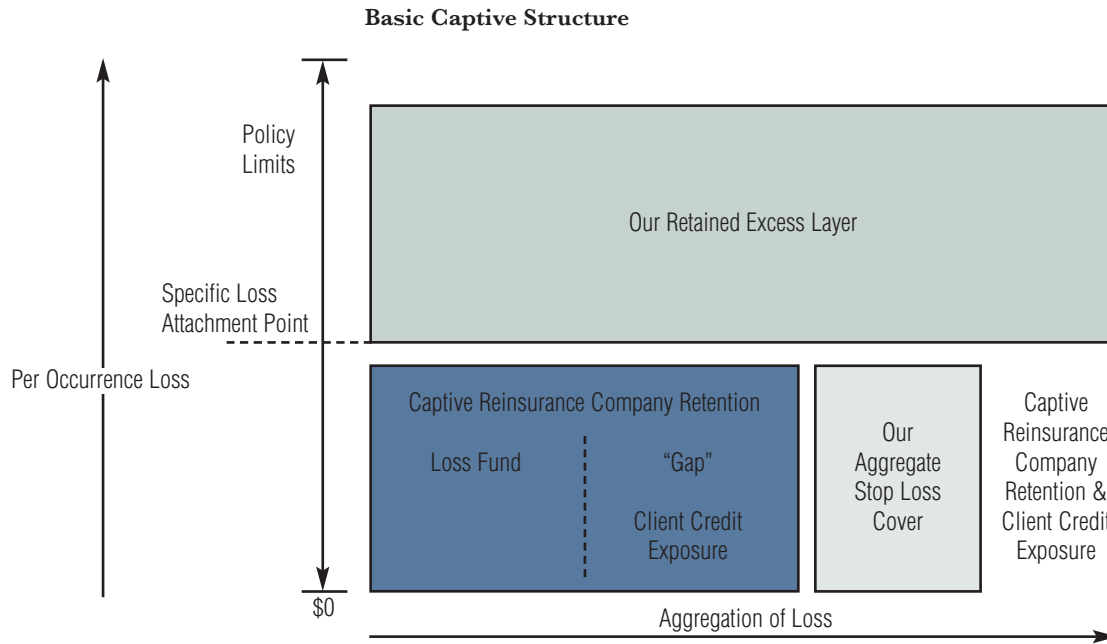


Discover Re Captive Programs



- 1.) Discover Re issues insurance policies to insureds for full policy limits
- 2.) Discover Re receives premiums, retains the Excess and Aggregate loss layers for a Premium, pays insurance company expenses, and cedes the Loss Fund to the Captive
- 3.) Captive's retained risk includes Loss Fund, Gap and losses in excess of the Aggregate Stop Loss Cover