

# REINSURANCE POOL

Established at NAMICO's inception in 1986, the NAMICO Reinsurance Facility (the Pool) was formed to reinsure the company and facilitate the offering of adequate limits of liability to policyholders. The Pool is comprised of NAMICO insurance company policyholders having an A.M. Best's Rating of B+ or higher, or a Demotech Rating of A' or higher, and a minimum surplus of \$3M.

## Pool Year

- A new pool is formed each calendar year and the Interest & Liability Agreement is signed annually.
- A pool year includes policies written by NAMICO prior to but effective during any portion of that calendar pool year. Exceptions may apply for policies with January 1st effective dates.
- The size of the Pool depends on participation for the pool year.

## Participation

- Participation in the Pool is required for NAMICO insurance company policyholders that meet eligibility.
- A pool member's participation amount is calculated using the lesser of either:
  - 0.5% of the policyholder's surplus amount; or
  - 50% of the policyholder's General Liability per claim net retention.
- A pool member's participation rate is calculated by dividing the member's participation amount by the total of all member participation amounts.

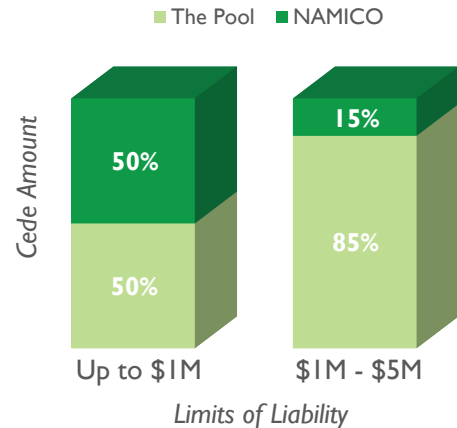
## Ceding to the Pool

- For the first \$1 million layer: NAMICO retains 50% of the premium and losses and 50% is ceded to the Pool.
- For the \$1 million to \$5 million layer: NAMICO retains 15% of the premium and losses and 85% is ceded to the Pool.

## Profit Distribution

- Profit distribution from the Pool to its members are based on the member's participation rate, pool year profitability, and the maturity of the pool year.
- Beginning in 1991, profit distributions to Pool members have totaled nearly \$61 million, with distributions in 31 of 35 calendar years, averaging approximately \$1.73 million per year.

## SHARING OF PREMIUM & LOSSES



- NAMICO premiums for limits up to \$5M (except Cyber) fund the Pool. There is no additional cost to the policyholder to participate.
- Pool members receive distributions after the close of a profitable pool year.
- No additional contributions have been required of any pool participant since the Pool's inception. *Note: past performance does not guarantee future results.*

**WHY  
JOIN**

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