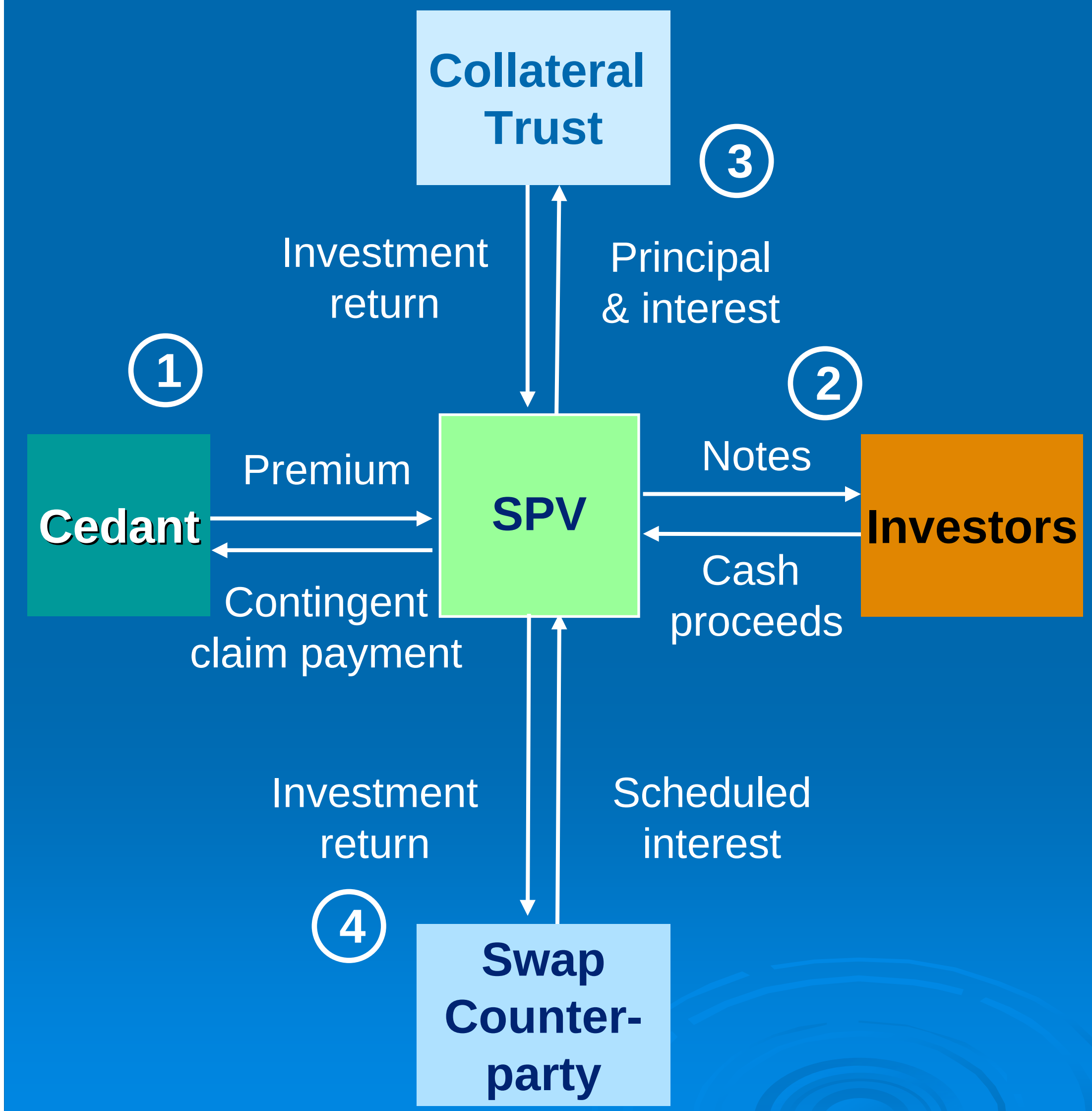
Typical structure (pre-2008)



1. **Cedant buys a reinsurance contract from a Special Purpose Vehicle (SPV)**
2. **The SPV sells notes to investors in the capital markets**
3. **Proceeds from the notes offering are invested and held in a collateral trust**
4. **Investment returns are swapped to a LIBOR-based rate by the Swap Counterparty**