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To Whom It May Concern:

In October 2018, Liberty Mutual received approval from the Internal Revenue Service for an election under Internal Revenue Code Section 953(d) ("IRC 953(d)") to treat Ironshore Insurance Ltd. ("IIL") - now operating as Liberty Specialty Markets Bermuda Limited, as a U.S. domestic insurance company for all purposes of the Internal Revenue Code, including the Federal Excise Tax ("FET") provisions, retroactive to May 2, 2017. The election causes FET to be inapplicable on premiums related to U.S. risks under §4371 of the Internal Revenue Code since IIL is no longer considered to be a foreign insurer or reinsurer for U.S. tax purposes (i.e., IIL is a domestic insurer pursuant to the IRC 953(d) election).

Please note that IIL's change in status may impact the FET liability on certain insurance or reinsurance arrangements where premiums are paid on an instalment or multi-period basis. In these instances, the liability for tax shall attach at the time the premium payment is transferred to the foreign insurer or reinsurer. Since IIL ceased to be foreign reinsurer for US tax purposes on May 2, 2017, premiums transferred to IIL from May 2, 2017 are not subject to FET.

In addition, the 953(d) election will allow the states of the U.S. to consider IIL as a domestic insurer. This will alleviate additional requirements on the broker of record as many states place additional requirements on brokers which are conducting business with a foreign insurer. These additional requirements may include the filing of insurer financial statements, investment ratings etc.