Realising Value

Enstar Group Limited

Industry need for restructuring mechanisms

NAIC Presentation

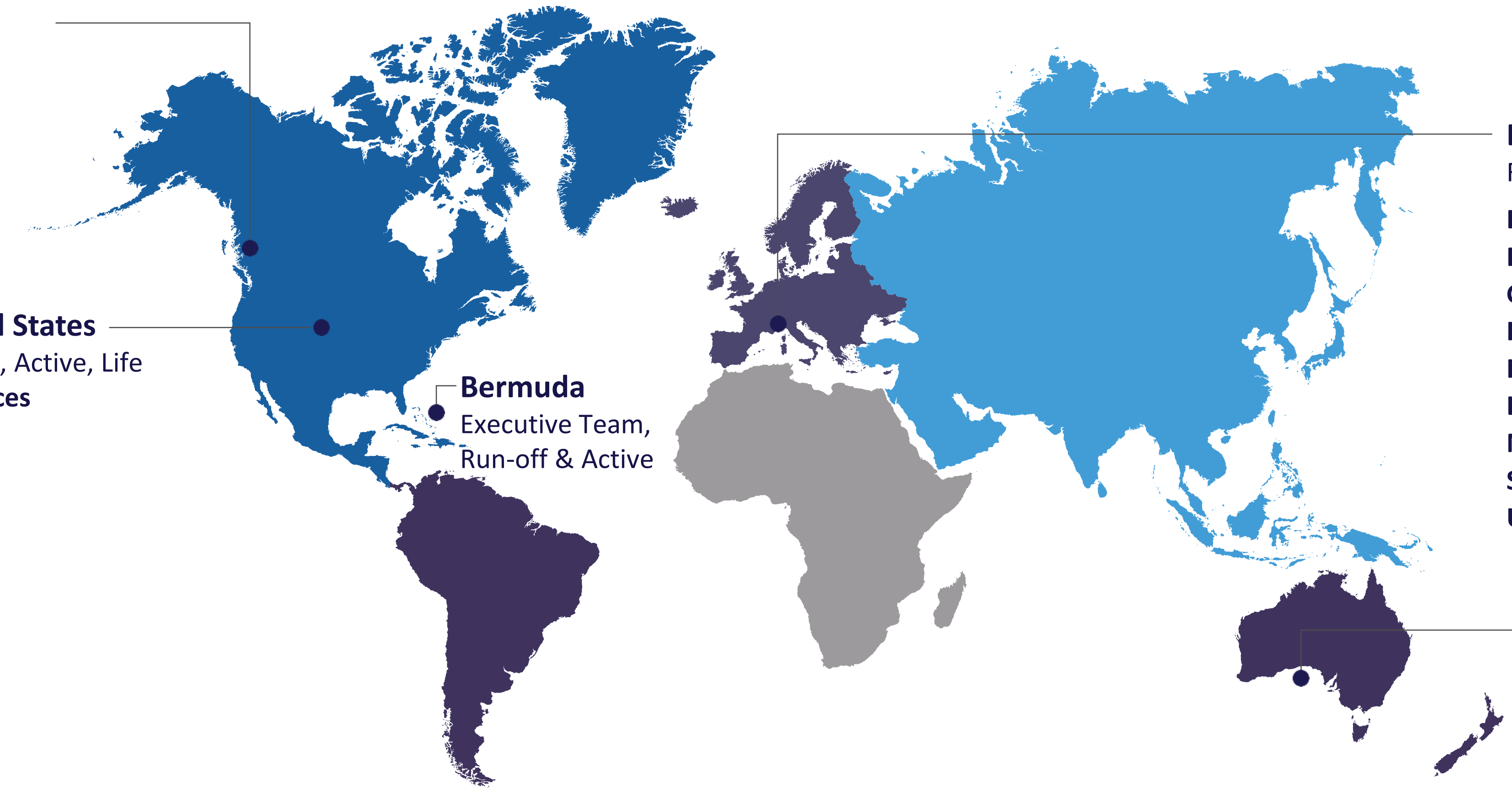
August 4th, 2019

ENSTARGROUP.COM

About Enstar
A Global Group

ENSTAR

With 35 offices across 15 countries, and 1,300+ staff Enstar Group offers global solutions



ENSTAR | ATRIUM | CRANMORE THE PROFESSIONAL APPROACH | PALADIN Managed Care Services Part of the Enstar Group | STARSTONE

About Enstar
Company Overview

Enstar Group Limited, formed in 2001, is a Bermuda-based holding company, listed on NASDAQ:

- Common Shares (ESGR)
- Preferred Shares (ESGRO, ESGRP)

Enstar is a multi-faceted insurance group that provides:

- Innovative risk transfer solutions
- Specialty underwriting capabilities

Enstar's core segment, Non-Life Run-Off, acquires and manages run-off insurance and reinsurance liabilities

$18.1bn
Assets
March 31, 2019

$3.8bn
Market Capitalization
(Common Shares)
May 3, 2019

$4.3bn
Shareholders' Equity
March 31, 2019

$13.8bn
Investable Assets [1]
March 31, 2019

$22.8bn
Over $22bn Gross Reserves
Acquired Since Inception

20.5%
Debt to Capital Ratio[3]
March 31, 2019

$10.2bn
Total Reserves[2]
March 31, 2019

$358.8m
Net Earnings *(Three Months)*
March 31, 2019

Credit Ratings
Long-term Issuer Ratings
S&P BBB (stable)
Fitch BBB- (positive)

[1] Includes total investments, cash and cash equivalents, restricted cash and cash equivalents and funds held

[2] Reflects losses and loss adjustment expenses for non-life run-off and active underwriting and policy benefits for life contracts

[3] Total capital attributable to Enstar includes shareholders' equity and debt obligations and excludes noncontrolling interest and redeemable noncontrolling interest

Non-Life Run-off

Acquisitions – The Cornerstone of our Business

98

total acquisitive transactions/new business since formation

50

companies acquired through stock purchase or merger

48

portfolios of insurance or reinsurance business

Dedicated, cross-functional acquisition review teams

Secure business partner

Focused on execution

Why do Companies Restructure?

Desire to use capital more efficiently	Focused management of non-core lines
• Ability to divest non-core business and redeploy capital more strategically • Saves costs and protects financial solvency of seller entity • Internal reorganization can reduce management and other costs	• Specialized live or run-off carrier can handle the business more efficiently • Better policyholder service can be provided through transfer of business

Current Restructuring Options in the US

- Companies are broadly limited to sale, reinsurance/loss portfolio transfers, or novation when restructuring

- Non-core or run-off business remains embedded with the ongoing business, with no effective option to segregate the business

- Frequently, companies use loss portfolio transfers to transfer blocks of business, but ultimately, liability remains with the original insurer

- The only way to effectively transfer a block of business across the US is by way of a policy novation process, but the current process of novating policies is inconsistent among the states, cumbersome, time-consuming and expensive

- In most instances it will be impossible to obtain positive consent to a novation from all policyholders, especially on older books of business

Non-Life Run-off
Methods of Acquisition for Run-off Companies

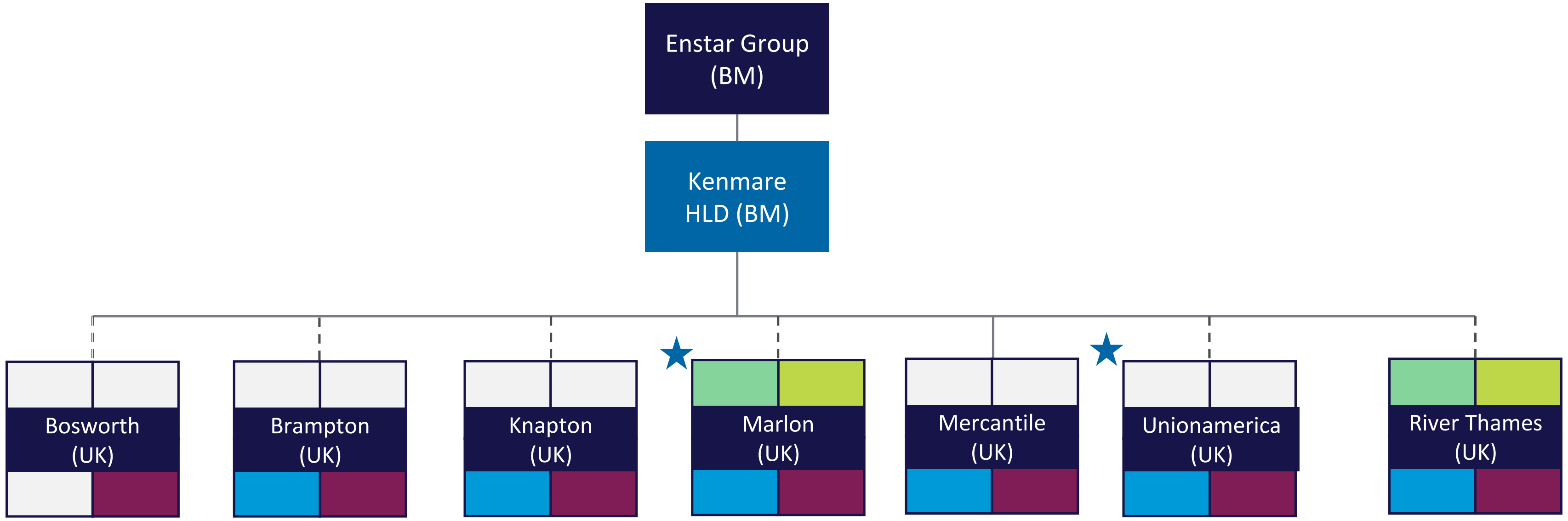
Most jurisdictions have similar methodologies to enable business to be placed into run-off:

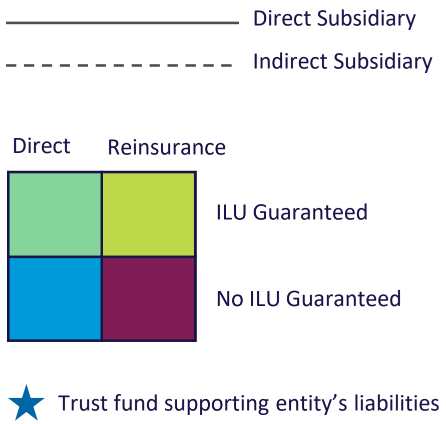
	Bermuda	USA	UK	Europe	All Other
Company Acquisition (stock purchase / merger)	✓	✓	✓	✓	✓
Reinsurance Loss Portfolio Transfer / RITC	✓	✓	✓	✓	✓
Direct Claims Transfer	✓ Scheme of Arrangement	✓ Insurance Business Transfer (limited to certain states)	✓ Part VII Transfer	✓ Various, under the 'Change of Control' Directive	Varies by Jurisdiction

Overseas Legislation

- In the European Union, member states are required to have mechanisms for the transfer of insurance business, many of which have been used successfully for a number of years
  - For example, a UK Part VII transfer:
    - Allows for the transfer of a block of business by way of a statutory novation
    - Transfers outwards reinsurance with the policies (as well as other assets and liabilities where required)
    - Needs UK regulator approval
    - Requires court approval and independent expert report

Part VII Transfers
A Practical Application





HLD = Holdings
LTD = Limited
BM = Bermuda

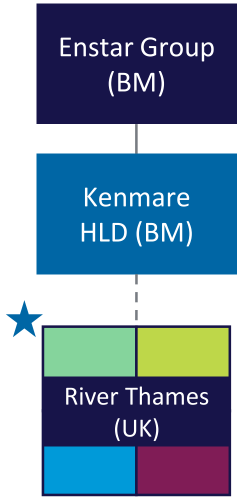
Company	Number of policyholders	% Direct	% Reinsurance
River Thames	13,208	25%	75%
Bosworth	1,930	0%	100%
Brampton	33,788	94%	6%
Knapton	19,943	79%	21%
Marlon	45,807	89%	11%
Mercantile	4,950	78%	22%
Unionamerica	27,877	79%	21%

Source: Project River Independent Expert Report, 2016

Part VII Transfers
A Practical Application

Results achieved by Transfers:

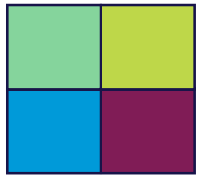
- Simplified governance
- Consolidated regulatory supervision
- Operational cost savings
- Solvency capital benefits



Entity	Available Capital ($000s)	Required Capital ($000s)	Capital Cover Ratio
Post Transfer			
Consolidated Entity	323,533	240,876	134%
Pre Transfer			
River Thames	50,659	41,760	121%
Bosworth	14,108	1,028	1373%
Brampton	20,718	17,079	121%
Knapton	49,849	40,170	124%
Marlon	40,148	32,591	123%
Mercantile	5,127	462	1111%
Unionamerica	142,923	119,859	119%

Direct Subsidiary
Indirect Subsidiary

Direct Reinsurance



ILU Guaranteed
No ILU Guaranteed

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★ Trust fund supporting entity's liabilities

Source: Project River Independent Expert Report, 2016

Non-Life Run-off

Market Opportunity: Size of the Market

The non-life legacy market is large and growing.
Global run off liabilities are estimated at $730bn.

Source: PWC Report - 2018: A review of non-life insurance run-off deals

Thank you

For further discussion, please write to Paul.Brockman@EnstarGroup.com