



# A LEADING NON-LIFE LEGACY INSURANCE COMPANY

November 14, 2023

A future of opportunity



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# Introduction

- The contents of this Presentation assume:
  - R&Q has obtained shareholder approval for the sale of Accredited
  - R&Q has received the necessary consents, waivers and agreements of its banks and credit providers so as to enable R&Q to proceed with the sale of Accredited
  - the necessary regulatory approvals have been obtained to enable Onex Corporation to acquire Accredited; and
  - the sale of Accredited has completed in accordance with its terms summarised in the announcement made by R&Q on 20 October 2023.
- The Pro Forma balance sheet is an illustration of the R&Q business as at 30 June 2023 on the basis that the sale of Accredited had completed prior to that date.
- As stated in the Disclaimer on the previous page, the forward-looking statements in this Presentation are based on many assumptions, including those listed above.
- A more detailed explanation of the risks associated with the sale of Accredited is included in R&Q's announcement of 20 October 2023.

# Key attractions of R&Q Legacy



Leading legacy company focused on small and medium sized market opportunities



Management team with a long history in transacting and managing a legacy insurance business



Go to market strategy to deliver growth in Reserves Under Management and Fee Income



Platform and strategy positioned to deliver profits beginning in 2025



Executing cost savings initiatives to reduce expenses up to 20%



De-risking and liability management strategies to reduce reserve volatility and release capital



Repositioning the investment portfolio is expected to enhance earnings strength

# Post separation, R&Q will be a refocused, global Legacy insurance business

Legacy platform with offices in Bermuda, the U.S., and the U.K. with over 100 people across M&A, claims management, servicing, actuarial and finance functions

## Platform Overview



## Select Corporate Counterparties



Delvag



Ireland DAC

jetBlue

## Select Insurer Counterparties



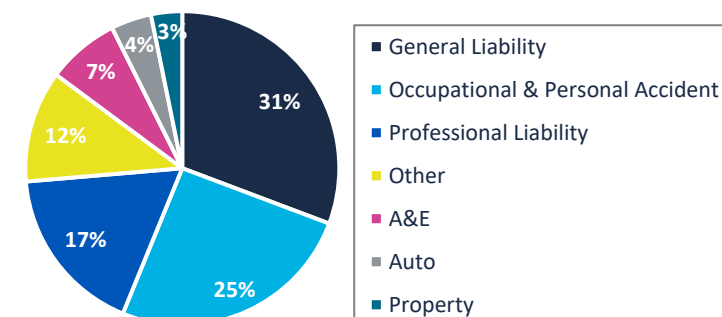
The Hanover Insurance Group®

RenaissanceRe

Sentry

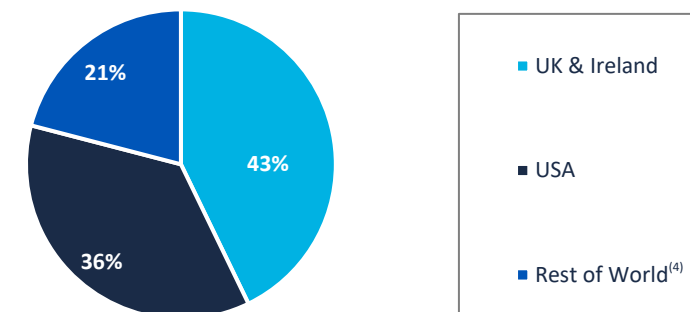
## Diversified Lines of Business

Cumulative Reserves Acquired Since 2017 by Line of Business<sup>(5)</sup>



## Diversified Jurisdictions

Cumulative Reserves Acquired Since 2017 by Jurisdiction<sup>(5)</sup>



**\$1.0b+**  
Reserves Under Management<sup>(1)</sup>

**100+**  
Transactions since 2009

**~\$850m+**  
Legacy Pipeline<sup>(2)</sup>

**\$160m+**  
Uncalled Capital Committed<sup>(3)</sup>

Source: Company materials or financials; 2017 – 2022 Legacy deals and reserve buckets. (1) Reserves under management reflects RUM as of 1H'23. (2) Pipeline as of November 7, 2023. Represents total reserves before Gibson Re quota share. (3) Uncalled capital as of November 7, 2023. (3) GBP to USD exchange rates in 2017: 1.29; 2018: 1.34; 2019: 1.28; 2020: 1.36; 2021: 1.37; 2022: 1.23. (4) Rest of World represents Continental Europe, Bermuda, Cayman Islands, Barbados, Australia. (5) Based on reserves at deal inception, using R&Q internal line of business classifications; based on RQ best estimates as of 1H'23 and subject to variation

# Deeply experienced management team

R&Q Legacy will be led by a management team with significant collective experience in the non-life run-off market



**Jeff Hayman\***  
*Non-Executive Chairman<sup>(1)</sup>*



**Paul Bradbrook\***  
*Chief Financial Officer<sup>(2)</sup>*



**Parri Spector\***  
*Co-Head M&A*



**Chris Riseborough\***  
*Senior Vice President*



**Andrew Pinkes\***  
*Chief Executive Officer<sup>(4)</sup>*



**Huw Battrick**  
*Co-Head M&A*



**Carrie Hewitt**  
*Group Chief Actuary*



**Howard Kaye**  
*UK General Counsel<sup>(3)</sup>*



**Richard Finney**  
*Chief Claims Officer – UK & Europe*



**Hillary Jarvis**  
*Chief Claims Officer – North America*

Source: Company website; LinkedIn.

(1) Post sale of Accredited, Jeff will hold the role of Chairman and Interim CEO, R&Q Insurance Holdings Ltd.

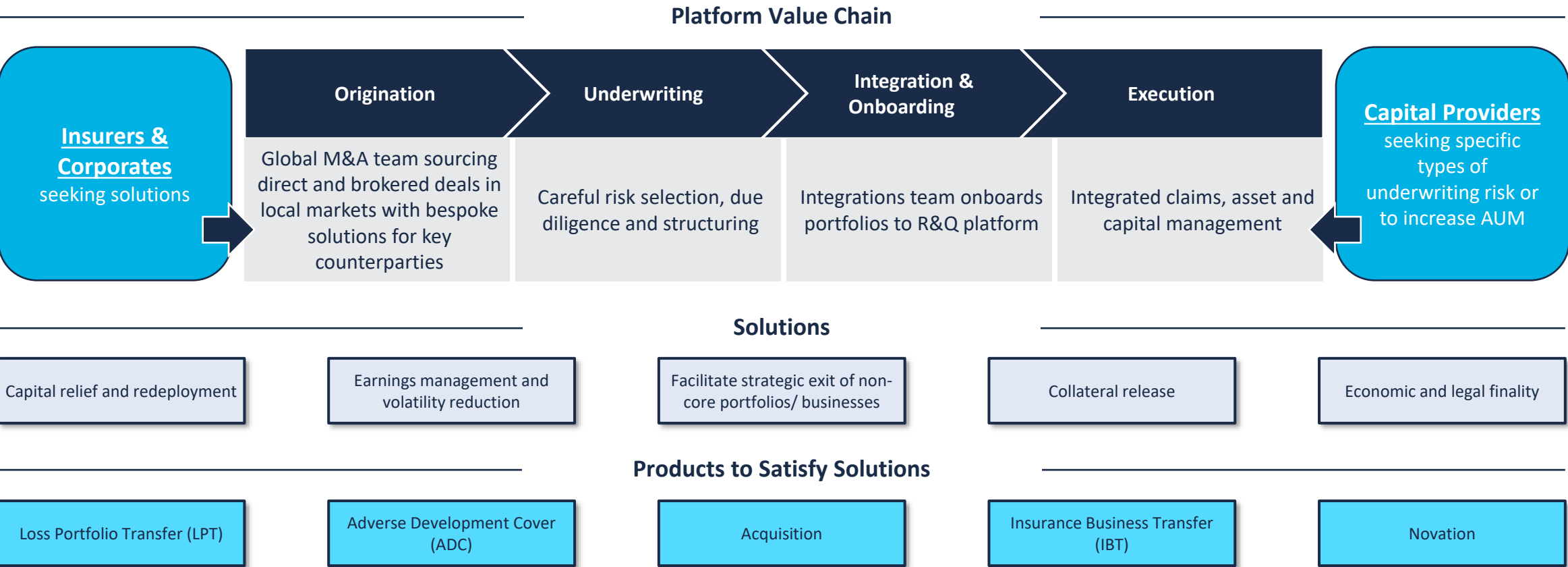
(2) Currently Chief Accounting Officer, post sale of Accredited Paul will hold the role of CFO of the R&Q Insurance Holdings Ltd.

(3) Post sale of Accredited, Howard will hold the role of Group General Counsel of the R&Q Insurance Holdings Ltd.

(4) At year end 2023, Andrew will retire but continue to hold a role as an advisor to R&Q Insurance Holdings Ltd.

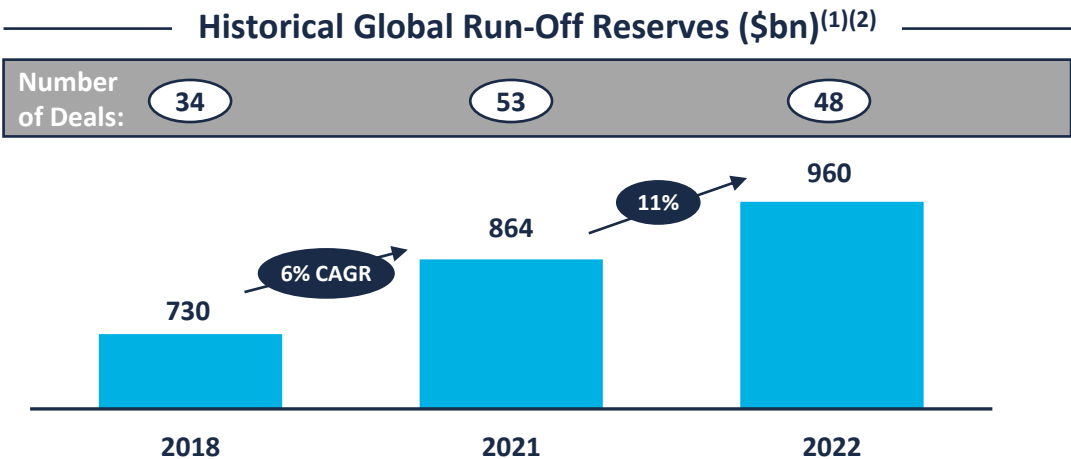
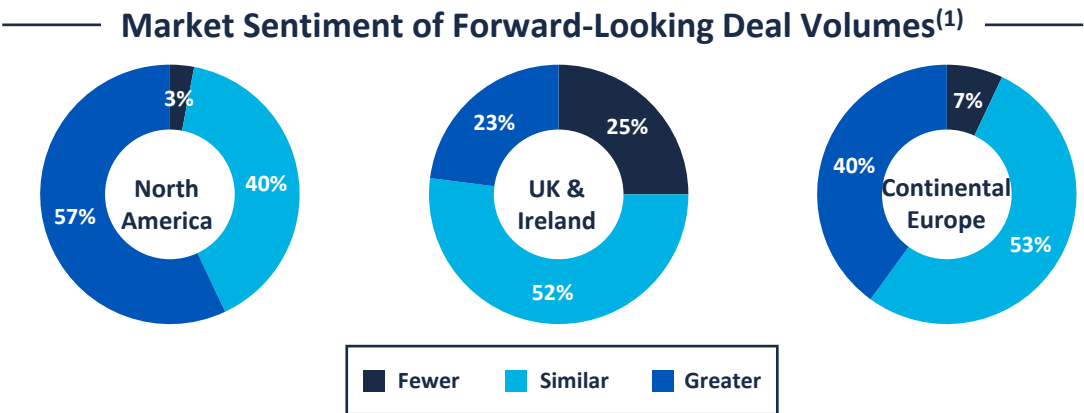
# Legacy platform with broad capabilities

Generate fee and underwriting income by providing bespoke solutions to (re)insurance companies and corporate owners of legacy liabilities



Source: Company materials or financials.

# Significant Legacy market opportunity

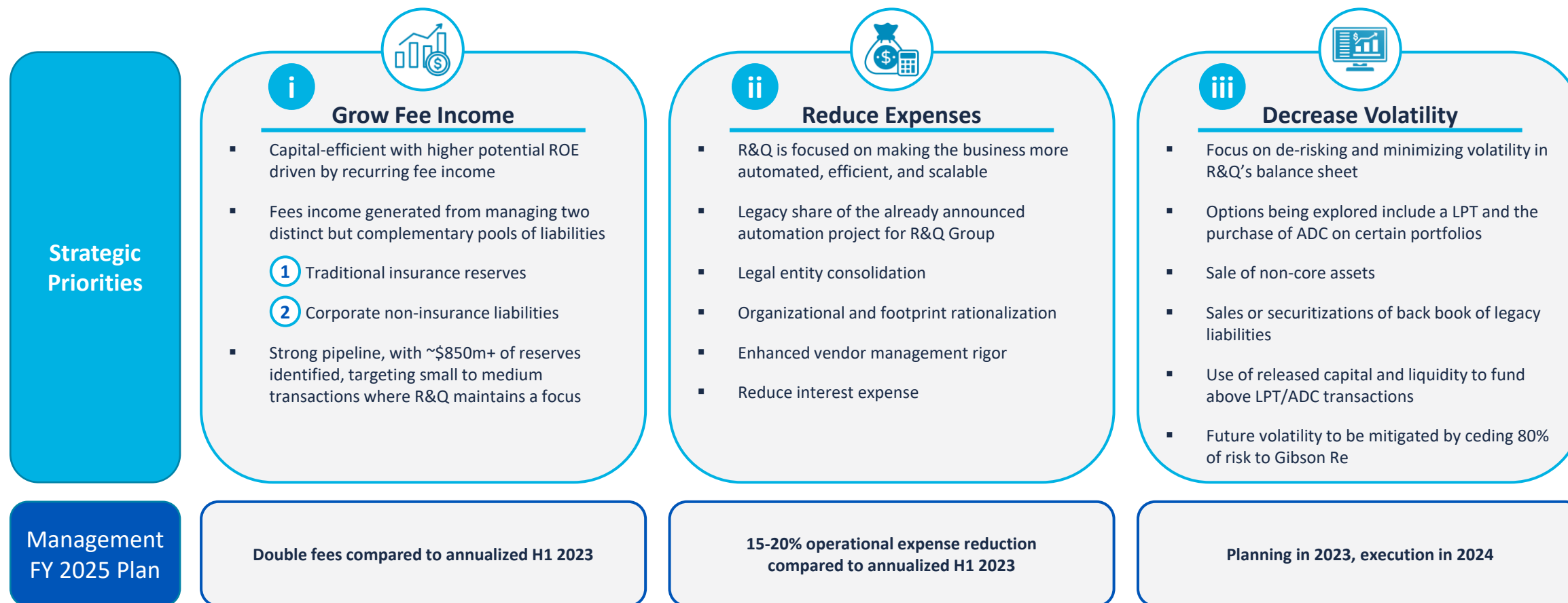


- Commentary**
- Of the 400+ publicly disclosed deals completed in the last 10 years, 135+ have been in the last 3 years
  - Recycling capital has become an increasing focus of live carriers as they take advantage of hardening rates, resulting in more consistent deal flow to the legacy market
  - Significant corporate liability market opportunity, with >\$3bn of liabilities transferred since 2016, an estimated additional \$68b of corporate liabilities on balance sheets

Source: PwC Global Run-Off Surveys. Market opportunity based on P&C run-off liabilities in North America, Europe and rest of world as of September 2022.  
(1) PwC Global Insurance Run-Off Survey 2022. (2) PwC Non-Life Insurance Run-Off Deals Review 2018, 2021, 2022.

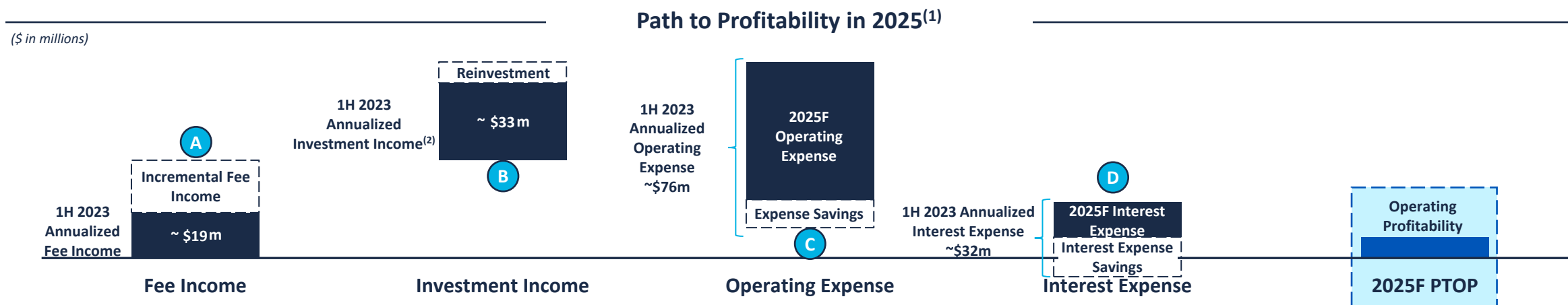


# Clearly defined value creation strategy



# R&Q forecasts Legacy to return to profitability in 2025

Positioned for profitability through transition to sustainable, fee-based model



R&Q Management believes there is a clear path to profitability to be executed via the Legacy strategy, based on:

- (A) Deploying over ~\$600m of Gibson Re capacity and growth of corporate liabilities business,
- (B) Reinvestment of maturing investments at market yield,
- (C) Expense initiatives earmarked to save 15 to 20% of operating expenses and
- (D) Paydown of \$170m of debt from the Onex sale proceeds

Source: Company financials and materials. (1) Forecast based on R&Q Legacy forecast model with key assumptions per above and as mentioned in introduction, simplified annualization method (doubling) used when detailed modelling not necessary or available.  
 (2) Excludes unrealized gains and losses

# Multiple capital vehicles represent substantial opportunity to continue sustainable fee income growth

## Over \$1B Reserves Under Management (RUM)

- R&Q Legacy has been on the process of transitioning to a fee-based model since announcing the Gibson Re sidecar in Q4 2021
- To date, R&Q has ceded 7 transactions to Gibson Re, covering ~\$470m of initial reserves. These 7 transactions have generated \$29m of fee income for R&Q and reduced R&Q's required capital funding by more than \$150m
- In Q1 2023, R&Q executed its first corporate liabilities transaction, adding another ~\$696m of RUM

## Over \$600m Gibson Re Sidecar Capacity

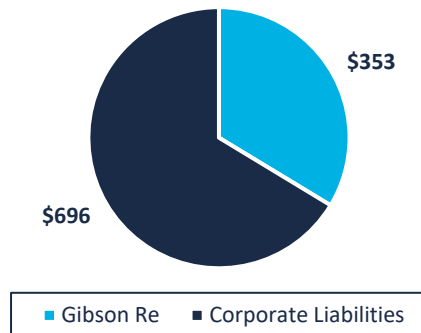
- Gibson Re, R&Q's reinsurance sidecar launched in 2021, provides dedicated third-party capital to fund Legacy transactions alongside R&Q
- Reinsures 80% of qualifying transactions; in exchange, R&Q receives annual recurring fees equal to 4.25% of Reserves Under Management
- As of 6/30/2023, ~\$160m of uncalled capital remaining (representing ~\$600m of reserve capacity)<sup>(1)</sup>
- R&Q evaluating opportunities for a second sidecar

## Corporate Liability Opportunity

- In January 2023, announced a landmark transaction with Obra Capital, Inc. to acquire, through a newly formed joint venture, a wholly owned subsidiary of global safety equipment manufacturer MSA Safety Incorporated managing \$696m in corporate liabilities
- The joint venture is a scalable platform to provide solutions to corporates seeking finality for legacy liabilities
- R&Q provides claims and management services and Obra provides investment management services
- R&Q is well positioned to take advantage of a significant market opportunity, with >\$3bn of liabilities transferred since 2016, an estimated additional \$68b of corporate liabilities on corporate balance sheets<sup>(3)</sup>

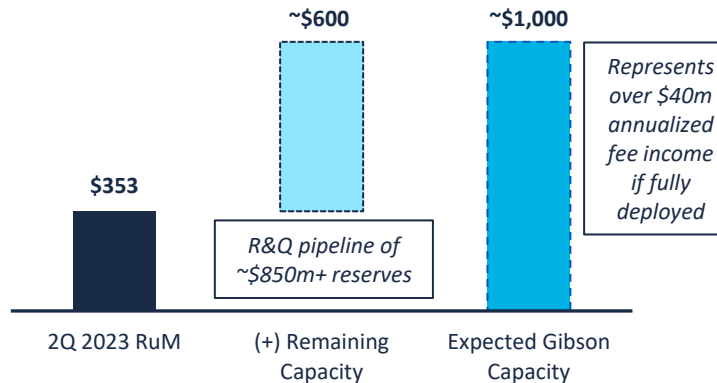
## RUM by Vehicle Type

(\$ in millions)



## Gibson Re Expected RUM Capacity<sup>(2)</sup>

(\$ in millions)



Source: Company financials and announcements. (1) Based on operating leverage of ~4x and underwriting period for current Gibson vehicle expires September 2024. (2) Remaining capacity based on Gibson's current uncalled capital (PF for expected Q4 deals) at 25-30% contributed capital to reserves and capital recycling. (3) PwC Global Run-Off Survey, page 30.

# R&Q Legacy pipeline

Global M&A team's current<sup>(1)</sup> pipeline contains greater than \$850m in reserves. On average there are 12-20 'live' deals across various stages of the deal life-cycle representing \$750m - \$1.2b of total reserves

## Target Market

- R&Q focuses on:
  - Reinsurance: mid-market, transactions with reserve balances between \$25m and \$200m
  - Corporate Liabilities: transactions can be significantly larger

## 2023 Pipeline Profile

- During 2023, more than 50 deals representing over \$3.5b of reserves passed the initial suitability screen
  - M&A team prioritized participation in non-competitive processes; bilaterally sourced deals represent >25% of deals that passed the initial suitability screen
  - R&Q submitted an initial proposal for <50% of the deals that passed initial suitability screen

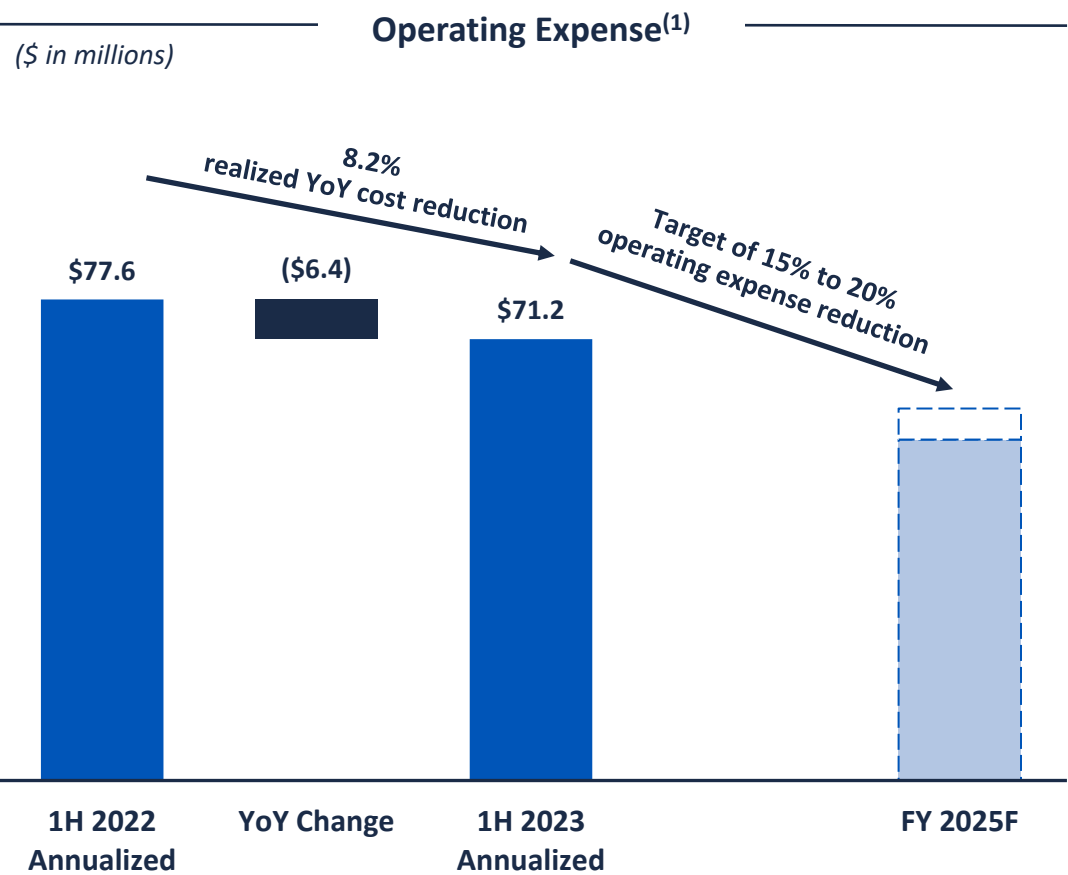
## 2023 Advanced Transactions

- Year to date, 3 reinsurance and one corporate liability transactions were closed or signed/ agreed, representing ~\$800m of total liabilities
  - MSA corporate liability transaction closed in January 2023
  - UK motor transaction announced in October 2023 (closing subject to regulatory approval)
  - 2 other transactions signed / agreed and in process of regulatory approval

Source: (1) Based on 7 Nov 2023 R&Q M&A Dashboard.

# Continued focus on identifying and actioning expense opportunities

R&Q has identified a number of opportunities to reduce expenses



- Cost Cutting Strategy
- ✓ Making the business more automated, efficient and scalable
  - ✓ Legacy share of the announced automation project for the R&Q Group
  - ✓ Legal entity consolidation
  - ✓ Organizational and footprint rationalization
  - ✓ Enhanced vendor management rigor
  - ✓ Sales of non-core assets

R&Q is targeting 15% to 20% operating expense reduction by YE 2025

Source: Company materials or financials. (1) Excludes one-time, non-recurring costs and corporate/other standalone costs. Difference between \$71.2m 1H 2023 annualized OpEx and \$76m shown above is standalone corporate costs.

# De-risking strategies across the portfolio

R&Q is executing strategies to meaningfully reduce volatility, improve stability and quality of earnings

## Focus on Underwriting & Claim Performance

- R&Q has been disciplined in a soft legacy market, executing fewer transactions, and continues to refine and enhance its claims and underwriting processes
- More focus on bilateral deals and selective engagement on broker-led auction processes to avoid overly competitive tenders – resulting in better outcomes

## Building on R&Q's Stable Recurring Fee-Based Model

- **R&Q is retaining less of the risk from the Legacy business by employing its sidecar and other third-party capital**
  - This has enabled R&Q to transact significantly higher gross volumes of business, stabilise income and generate ~\$19m of annualised fee income<sup>(1)</sup> across all revenue streams
- **Growing Reserves Under Management ("RUM")**
  - \$1.1bn of RUM as at 30 June 2023<sup>(2)</sup> (a 172% increase YoY); with the ability to grow this further with an additional ~\$160m of uncalled capital remaining from Gibson Re (representing ~\$600m of reserve capacity)<sup>(3)</sup>
- **Accessing new fee income revenue streams by pursuing new partnerships and structuring innovative deals**
  - E.g. Acquisition of subsidiary of MSA Safety in January 2023; allows for R&Q to earn fees from two distinct pools of liabilities: traditional insurance reserves and corporate non-insurance liabilities

## Strategic Initiatives

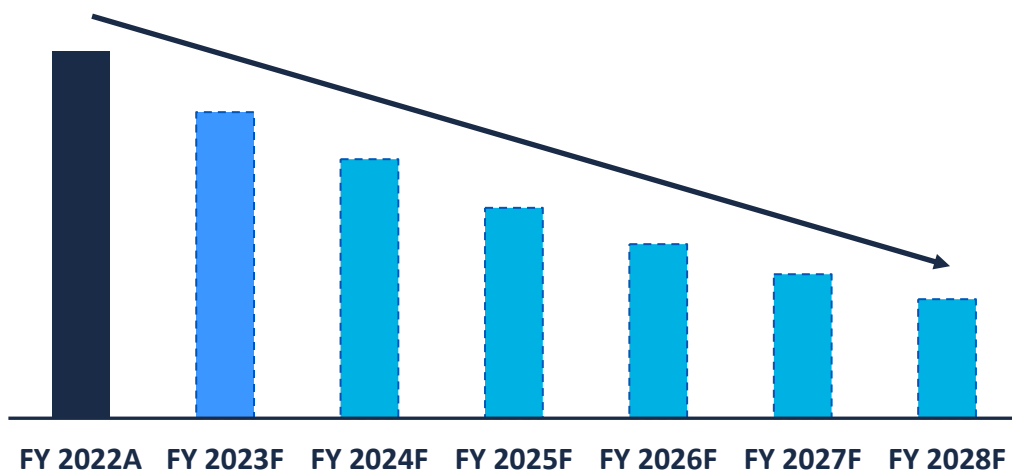
- **R&Q is exploring potential transactions to de-risk and reduce volatility – options being explored include a LPT and the purchase of ADC on certain portfolios**
- **Further strategic options include sale of non-core assets and the sale or securitization of back book legacy liabilities**
  - Use of released capital and liquidity from these strategic transactions can be used to fund the above de-risking LPT / ADC transactions

Source: Company financials and announcements. (1) Reflects annualized 1H 2023 fee income. (2) R&Q insurance holdings ltd results for the half-year ended 30 June 2023. (3) Based on operating leverage of ~4x and underwriting period for current Gibson vehicle expires September 2024.

# Substantial opportunity for excess capital generation

R&Q expects to generate substantial excess capital for future deployment as the retained in-force book runs off

In-Force Book Expected Run Off  
Net Reserves<sup>(1)</sup>



*R&Q expects to generate over \$100m of excess capital  
as in-force reserves run off*

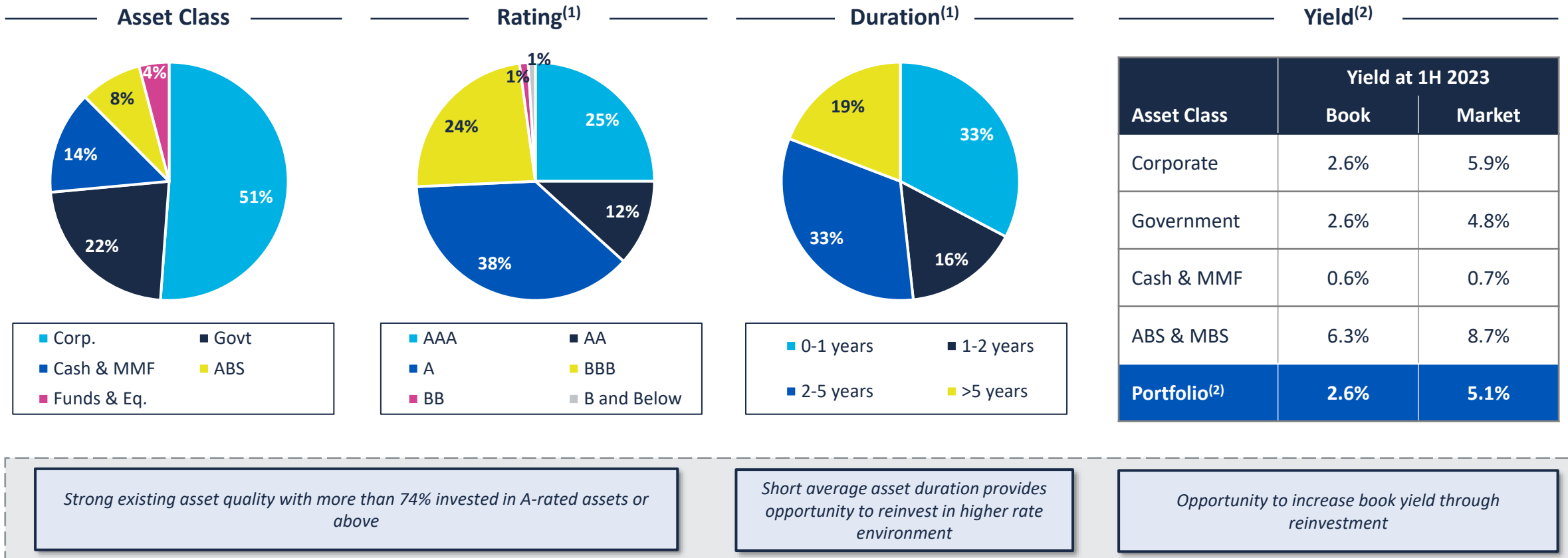
## Commentary

- As claims payments are made, R&Q frees up capital held against reserves which can be used for future deployment, including funding new originations, de-leveraging or other purposes
- Based on expected claims payment patterns, R&Q expects \$100m+ of cumulative surplus capital to be generated over the next ~5 years<sup>(1)</sup>
- Surplus capital generated is in addition to the estimated \$40m - \$80m of additional collateral R&Q will be required to hold against existing legacy exposure retained by Accredited, which R&Q expects to be released and available over next few years as the underlying exposures are reduced and eliminated

Source: Company financials and announcements. (1) In-force reserves and run off reflects expected paid based on latest actuarial pick, excluding GAAP fair market value adjustments. Cumulative expected capital released based on R&Q targeting 33.3% capital to reserves ratio. Subject to regulatory approval.

# Repositioning the investment portfolio is expected to enhance earnings strength

Portfolio is invested in high quality investment grade assets



Source: Company materials or financials; Federal Reserve FRED Data. (1) Excludes cash, money market funds, funds, and equities.

(2) Based on Clearwater Data of R&Q's investment portfolio at 06/30/2023, excluding Accredited companies, excluding equities and funds



# Pro forma R&Q Legacy balance sheet to execute strategy from a position of strength

The sale of Accredited will enable the Board to undertake a material de-leveraging of R&Q which will enhance the business' ability to execute the Board's existing strategy of transitioning to a capital efficient and stable recurring fee-based business model

	Group Pro Forma Balance Sheet						Commentary
(\$ in Millions)							
	Q2 2023A	Deconsolidate Accredited	Accredited Sale	Bank Debt	Paydown Debt	Eliminations	Q2 2023PF
<b>ASSETS</b>							
Investments	1,419.4	(597.5)	-	-	19.0	50.3	891.2
Cash and cash equivalents	264.9	(222.6)	346.8	48.8	(216.8)	-	221.1 <sup>(1)</sup>
Reinsurance recoverable	1,932.6	(1,615.7)	-	-	-	32.6	349.5
Prepaid reinsurance premium	1,041.6	(1,041.6)	-	-	-	-	-
Other assets	1,243.3	(798.5)	-	-	-	46.0	490.8
<b>Total Assets</b>	<b>5,901.8</b>	<b>(4,275.9)</b>	<b>346.8</b>	<b>48.8</b>	<b>(197.8)</b>	<b>128.9</b>	<b>1,952.6</b>
<b>LIABILITIES</b>							
Reserves	2,770.6	(1,868.6)	-	-	-	82.9	984.9
Unearned premium	1,114.9	(1,101.8)	-	-	-	-	13.1
Amounts owed to credit institutions	333.3	(27.1)	-	48.8	(197.8)	46.0	203.2
Other liabilities	1,430.8	(1,034.9)	-	-	-	-	395.9
<b>Total Liabilities</b>	<b>5,649.6</b>	<b>(4,032.4)</b>	<b>-</b>	<b>48.8</b>	<b>(197.8)</b>	<b>128.9</b>	<b>1,597.2</b>
<b>EQUITY</b>							
Preferred equity	55.0	-	-	-	-	-	55.0
Common equity	197.2	(243.5)	346.8	-	-	-	300.5
<b>Total Equity</b>	<b>252.2</b>	<b>(243.5)</b>	<b>346.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>355.5</b>
<b>Total Liabilities and Equity</b>	<b>5,901.8</b>	<b>(4,275.9)</b>	<b>346.8</b>	<b>48.8</b>	<b>(197.8)</b>	<b>128.9</b>	<b>1,952.6</b>
<b>Total Debt to Capital</b>	<b>57%</b>						<b>36%</b>
<b>Multiple of Book Value</b>							<b>0.18x<sup>(2)</sup></b>

- The pro forma US GAAP balance sheet is illustrative as if the Accredited sale closed on 30 June 2023 and does not reflect changes in financial position between 30 June and close of the transaction and shown as if bank revolver fully drawn
- The sale of Accredited realizes ~\$300m of net cash proceeds, comprising equity value of ~\$438m net of ~\$76m capital contribution to Accredited, ~\$47m repayment of intercompany loan and ~\$15m of transaction expenses
- The gain on sale is estimated to be ~\$103m, comprising ~\$347m cash proceeds (~\$300m net) less the carrying net asset value of Accredited of ~\$244m, which increases equity of R&Q to ~\$356m
- As part of the transaction, R&Q will paydown \$46m of a loan from AIEL and will use at least \$170m (lower end of available net cash proceeds range) to settle a combination of on balance sheet debt obligations and / or cash collateralization of certain unsecured letters of credit
- On this basis and under US GAAP, pro forma debt would have been \$203m or 36% of total capital and senior debt (including FAL LoCs) would have been 18% of capital

Source: Company materials or financials. (1) Cash is mostly held in regulated entities. (2) Based on RQIH market capitalization as of November 7, 2023 and NAV per Common Share (Diluted) per RNS.

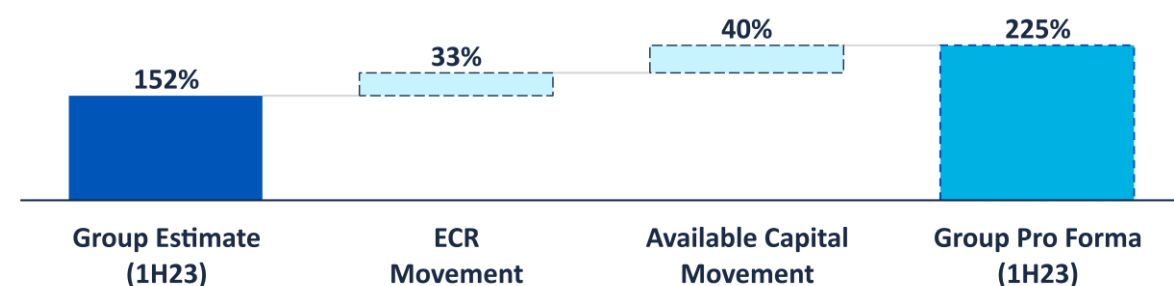
# Significantly de-levered, better capitalized legacy business

R&Q expects to materially improve its capitalization post-transaction, with pro forma leverage decreasing from 57% to 36% and pro forma capital ratio increasing from 152% to 225%

Group Pro-Forma 1H 2023 Leverage

	1H 2023A	1H 2023PF
Total Debt Excl. LoC	\$333	\$203
Preferred Equity	\$55	\$55
Common Equity	\$197	\$300
<b>Total Capital</b>	<b>\$585</b>	<b>\$559</b>
<b>Debt to Capital</b>	<b>57%</b>	<b>36%</b>

Group 1H 2023 Pro Forma Capital Ratio



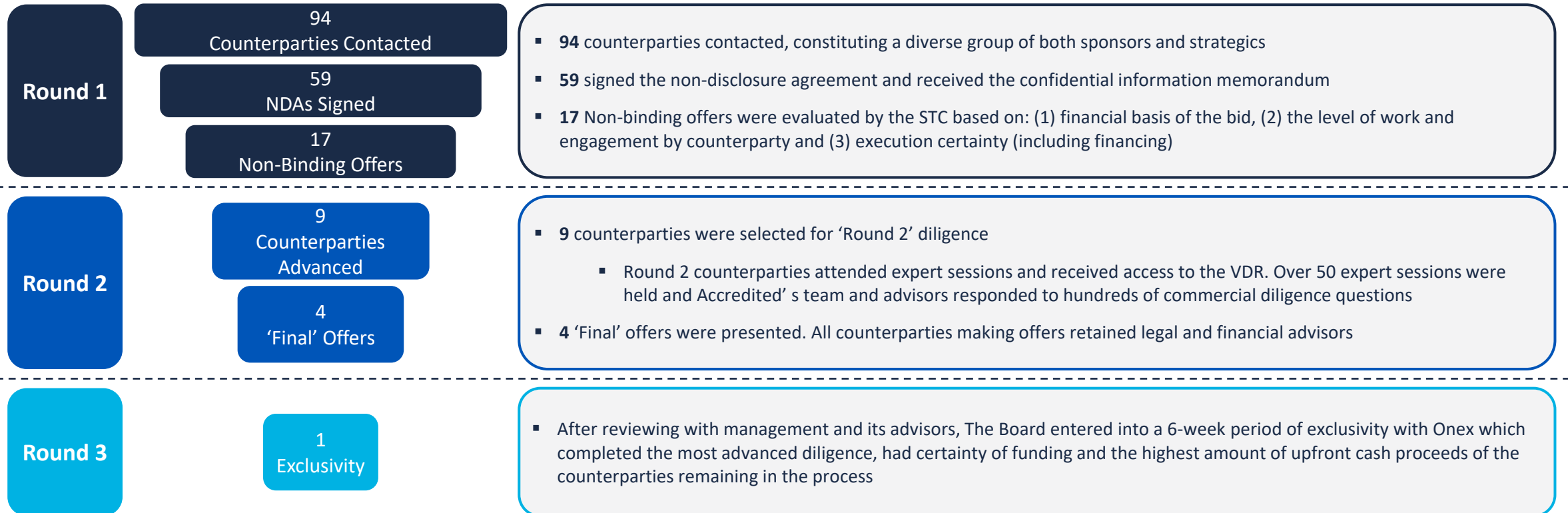
## Commentary

- **1H 2023 Group Estimate:** reflects the estimated R&Q Group ECR ratio as at 1H 2023, prior to the proposed Accredited sale
- **1H 2023 Group Pro Forma:** reflects the estimated R&Q Group capital solvency position assuming that the proposed Accredited sale has been reflected in the financials as detailed earlier. This results in:
  - **ECR:** a lower capital requirement due to the capital charges associated with Accredited; and
  - **Available Capital:** higher available capital post the incorporation of the proceeds of the Accredited sale

Source: Pro-forma Legacy financials.

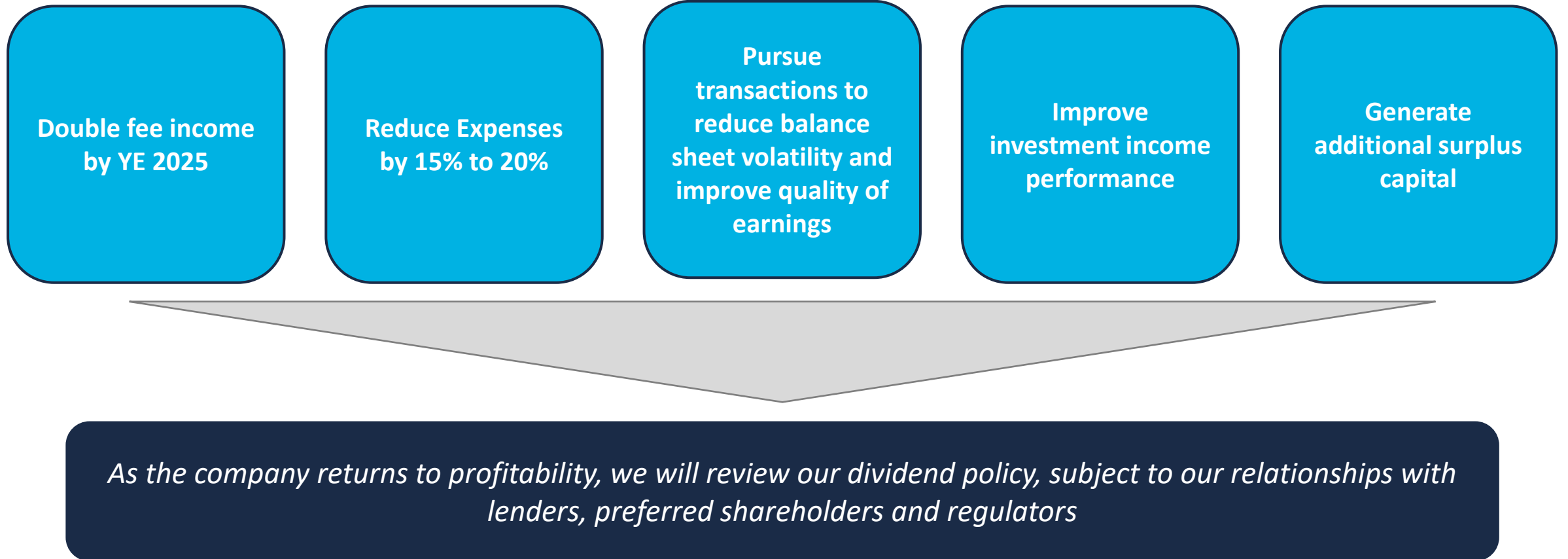
# Accredited Transaction - Process Summary

A strategic transaction committee (“STC”), comprising non-executive directors, was established to govern the comprehensive M&A process



*The board remains open to additional value creating transactions*

# Plan Overview







## Appendix



# Management Biographies

Name & Position	Experience
 <p><b>Jeff Hayman</b> <i>Non-Executive Chairman</i></p>	<ul style="list-style-type: none"> <li>Joined in 2023 as Non-Executive Chairman with 40+ years of experience in the global insurance industry</li> <li>Jeff previously served for 5 years as a Board Member and Chairman of the Risk and Investment Committee at Zurich Insurance Group (SIX:ZURN)</li> <li>Prior to Zurich, Jeff held multiple senior roles at AIG over 15 years, including global division and regional CEO positions, and also spent 15 years with Travels Insurance</li> <li>Post sale of Accredited, Jeff will hold the role of Chairman and Interim CEO, R&amp;Q Insurance Holdings Ltd</li> </ul>
 <p><b>Paul Bradbrook</b> <i>Chief Financial Officer</i></p>	<ul style="list-style-type: none"> <li>Having joined in 2022 as the Chief Accounting Officer, Paul has 20+ years of experience in the global insurance industry</li> <li>Previously was the Controller Continental Europe for Marsh McLennan</li> <li>Prior to Marsh, served as the Chief Accounting and Reporting Officer at AXA XL, and began his career at XL Capital as a Financial Controller</li> <li>Currently Chief Accounting Officer, post sale of Accredited Paul will hold the role of CFO of the R&amp;Q Insurance Holdings Ltd</li> </ul>
 <p><b>Parri Spector</b> <i>Co-Head M&amp;A</i></p>	<ul style="list-style-type: none"> <li>Having joined in 2023 as Co-Head of M&amp;A, Parri has 25+ years of experience in the insurance industry focused on M&amp;A, capital markets and strategic advisory engagements</li> <li>Previously was the Head of North American Distribution at Catalina Re</li> <li>Prior to Catalina, Parri was Managing Director and Head of Insurance M&amp;A at SunTrust Robinson Humphrey, Managing Director – Insurance Investment Banking at Keefe, Bruyette &amp; Woods, and began his career at Securitas Capital / Swiss Re Capital Partners, an insurance dedicated private equity firm</li> </ul>
 <p><b>Chris Riseborough</b> <i>Senior Vice President</i></p>	<ul style="list-style-type: none"> <li>Having joined in 2023 as SVP, Chris is the CEO of R&amp;Q's UK legacy carriers while being involved in certain key M&amp;A transactions</li> <li>Has 20+ years of experience across legacy insurance, private equity and financial services</li> <li>Previously was the Group Head of Strategy and Head of US M&amp;A at Compre, a Managing Director at EMF Capital Partners, and began his career at Enstar</li> </ul>
 <p><b>Andrew Pinkes</b> <i>Chief Executive Officer</i></p>	<ul style="list-style-type: none"> <li>Having joined in 2021 as Chief Executive Officer, Andrew has 30+ years of experience in the insurance industry, focusing on P&amp;C, Specialty, Disability and Property Casualty run-off management</li> <li>Currently serves as a consultant and senior advisor to private equity firms and venture capital portfolio companies and is an independent board director at Coaction Global, CLARA Analytics and Accuserve</li> <li>Previously was the Executive Vice President, Worldwide P&amp;C Claims at CNA, and held senior roles at Hartford and Travelers</li> <li>At year end 2023, Andrew will retire but continue to hold a role as an advisor to R&amp;Q Insurance Holdings Ltd</li> </ul>

# Management Biographies

Name & Position	Experience
 <p><b>Huw Battrick</b> <i>Co-Head M&amp;A</i></p>	<ul style="list-style-type: none"> <li>▪ Having joined in 2022 as SVP in M&amp;A, Huw has 25+ years of experience in the legacy insurance industry</li> <li>▪ Currently a fellow of the Association of Chartered Certified Accountants</li> <li>▪ Previously served as Director within the M&amp;A team at Catalina Re, 3 years at EY and 16 years at PwC with the Insurance Restructuring team</li> </ul>
 <p><b>Carrie Hewitt</b> <i>Group Chief Actuary</i></p>	<ul style="list-style-type: none"> <li>▪ Having joined in 2012 as an Actuary, Carrie has 20+ years of experience in the general insurance market</li> <li>▪ Currently a Fellow of the Institute and Faculty of Actuaries and holds a Chief Actuary (with Lloyd's) Practicing Certificate</li> <li>▪ Previously was an Actuary at RSA</li> </ul>
 <p><b>Howard Kaye</b> <i>UK General Counsel</i></p>	<ul style="list-style-type: none"> <li>▪ Having joined in 2021 as the UK General Counsel, Howard has 20+ years of legal experience in the insurance industry</li> <li>▪ Previously was the Group General Counsel of Berkshire Hathaway Group of Insurance Companies European Division</li> <li>▪ Prior to Berkshire, served as a Partner at CMS Cameron McKenna law firm</li> <li>▪ Post sale of Accredited, Howard will hold the role of Group General Counsel of the R&amp;Q Insurance Holdings Ltd</li> </ul>
 <p><b>Richard Finney</b> <i>Chief Claims Officer – UK &amp; Europe</i></p>	<ul style="list-style-type: none"> <li>▪ Having joined in 2008 through R&amp;Q Group's acquisition of KMS in which he was a Co-Founder Member, Richard has since been actively involved in R&amp;Q's due diligence and acquisition of legacy companies and portfolios</li> <li>▪ Has 30+ years of experience in the insurance industry, initially in the broking arena, and since 1993, in the legacy sector for the Company and Lloyd's markets in the claims and reinsurance disciplines</li> <li>▪ Since 2011, Richard has been responsible for the claims and reinsurance operations of R&amp;Q Group's UK legacy operations</li> </ul>
 <p><b>Hillary Jarvis</b> <i>Chief Claims Officer – North America</i></p>	<ul style="list-style-type: none"> <li>▪ Having joined in 2022 as the Chief Claims Officer, Hillary has 20+ years of technical, operational, and legal claims experience</li> <li>▪ Previously was the Managing Director in Claims – Compliance and Strategy at Markel</li> <li>▪ Prior to Markel, Hillary was General Counselor and SVP at Travelers, and began her career advising reinsurers and litigating insurance and reinsurance disputes at Steptoe</li> </ul>

# Expected cash proceeds from transaction

Accredited is expected to generate net cash proceeds to R&Q of \$300m; \$170-\$210m will be available at closing and is expected to be used settle debt obligations

	Expected Net Cash Proceeds (\$m)
Purchase Price	465
Assumed Debt	(27)
<b>Equity Value</b>	<b>438</b>
Repayment of Intercompany Loan	(46)
Capital Contribution to Accredited	(76)
Transaction Costs	(15)
<b>Expected Net Cash Proceeds</b>	<b>300</b>
Additional Legacy Collateral	(40-80)
Working Capital	(50)
<b>Available Net Cash Proceeds</b>	<b>~170-210</b>

Source: Company materials or financials.

Commentary
<ul style="list-style-type: none"> <li>Equity value is based on the purchase price less ~\$27m of debt that is in AIEL and assumed by buyer</li> <li>At closing, R&amp;Q will be required to repay a loan from AIEL of ~\$47m</li> <li>The transaction is conditional on delivering Accredited with 44% BCAR, which is estimated to require \$76m of additional capital at closing</li> <li>Transaction costs include advisory fees</li> <li>R&amp;Q will be required to hold \$40 to \$80 million of additional collateral against existing legacy insurance exposures retained by Accredited – this should be released to R&amp;Q over time as legacy exposures run off</li> <li>Approximately \$50 million of cash is estimated to be retained by R&amp;Q for its ongoing working capital requirements for 18 months after closing until legacy completes its transition and becomes profitable</li> </ul>