



STRATEGY | INNOVATION | EXPERTISE

Randall & Quilter Investment Holdings Ltd.

R&Q reaches agreement with ProSight Specialty Insurance to novate the management of Syndicate 1110

30 October 2017

Randall and Quilter Investment Holdings Ltd. ("R&Q"), is pleased to announce that it has reached agreement with ProSight Specialty Insurance ("ProSight") to novate the management of Syndicate 1110 ("S1110") to R&Q Managing Agency Limited ("RQMA") with day to day claims handling on non-US business outsourced to R&Q Central Services. At the same time R&Q will acquire, for a nominal sum, the 100% shareholding of the ProSight corporate members; ProSight Specialty (TSMC) Limited ("TSMC") and ProSight Specialty (ECUCM) Limited ("ECUCM") that provide capital support to S1110.

ProSight will continue to meet Funds at Lloyd's ('FAL') obligations in respect of S1110 until a Reinsurance to Close ("RITC") by R&Q in early 2020, though ProSight has the option of requiring R&Q to provide up to 30% of the FAL with 4 months' notice in exchange for annual payments to cover R&Q's cost of capital. Based upon current expectations, the amount of FAL R&Q could be required to provide is circa £9.4m, the majority of which would be sourced from external funding providers.

As part of ProSight's exit from Lloyd's, all of S1110's reinsurance of ProSight's US based insurance companies was commuted, and business sourced by ProSight coverholder ProSight Specialty Insurance Solution to S1110 is being reinsured back to the ProSight Group via 100% quota share reinsurance provided by ProSight's subsidiary New York Marine and General Insurance Company ("NYMG") which is A- rated by AM Best. S1110 will also have the benefit of an Aggregate Stop Loss reinsurance on the non-US business by NYMG in excess of current syndicate reserves of circa £76 m.

R&Q, as owner of the corporate members, will have the benefit of 75% of any future reserve savings, with ProSight retaining a 25% profit interest.

Subject to regulatory approvals, R&Q will also acquire ProSight Specialty Underwriters Limited ("PSUL") and ProSight Specialty Managing Agency Limited ("PSMAL"). PSMAL will be de-authorised ahead of the completion of the acquisition by R&Q. The consideration payable will be equal to the tangible net asset value of the two companies, approximately £1.1m, satisfied in cash.

Commenting on the transaction, Ken Randall, Chairman of R&Q said, "We are delighted to have reached agreement with ProSight in respect of S1110. Our appetite for using our expert claims administration skills in the run-off of legacy Lloyd's portfolios continues and this transaction is evidence of that. The ongoing collaboration with RQMA and Coverys, its proposed new owners, provides R&Q with continued access to the infrastructure required to manage syndicates with legacy business and we look forward to completing further transactions as the pipeline in this segment continues to grow."

ProSight CEO Joe Beneducci commented that, "We are pleased to have completed this transaction enabling us to recapture our well performing US book of business and also retain a profits interest on the UK portfolio. We look forward to working together with R&Q on the run-off of the UK book."

Ends

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Notes to Editors:

About R&Q

Randall & Quilter pursues a buy and build strategy and has created a comprehensive range of investment activities and services in the global non-life insurance market.

R&Q is focused on the following three areas:

- Insurance Investments
- Insurance Services
- Underwriting Management

The Group:

- provides a range of services to both the live and legacy (re)insurance markets to support growing businesses and address complex and challenging run-off issues;
- employs over 400 insurance professionals based in Bermuda, the US and Europe with wide service capability in both the 'live' and 'run-off' markets;
- owns and manages a portfolio of insurance companies, both active and in run-off, in Bermuda, the US and Europe with net assets of £201m as at 30 June 2017;
- owns an admitted P&C Insurer, A- rated by AM Best, with licenses throughout the US; owns a Bermuda Class 3A insurance company;
- launched Syndicate 1991, which commenced underwriting from January 1, 2013 and has an agreed capacity of £127m for 2017, manages one RITC ('run-off') syndicate, 3330, and owns and operates an MGA platform;
- acquires and manages a portfolio of insurance receivables, with a carrying cost of £5.1m as at 30 June 2017

The Group was founded by Ken Randall and Alan Quilter in 1991.

Legal Entity Identifier (LEI): 2138006K1U38QCGLFC94

Website: www.rqih.com