

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2021

Commission File Number 001-33289



ENSTAR GROUP LIMITED

(Exact name of Registrant as specified in its charter)

BERMUDA

(State or other jurisdiction of incorporation or organization)

N/A

(I.R.S. Employer Identification No.)

Windsor Place, 3rd Floor, 22 Queen Street, Hamilton HM JX, Bermuda

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (441) 292-3645

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(S)</u>	<u>Name of Each Exchange on Which Registered</u>
Ordinary shares, par value \$1.00 per share	ESGR	The NASDAQ Stock Market LLC
Depository Shares, Each Representing a 1/1,000th Interest in a 7.00% Fixed-to-Floating Rate Perpetual Non-Cumulative Preferred Share, Series D, Par Value \$1.00 Per Share	ESGRP	The NASDAQ Stock Market LLC
Depository Shares, Each Representing a 1/1,000th Interest in a 7.00% Perpetual Non-Cumulative Preferred Share, Series E, Par Value \$1.00 Per Share	ESGRO	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As at November 1, 2021, the registrant had outstanding 16,788,076 voting ordinary shares and 1,597,712 non-voting convertible ordinary shares, each par value \$1.00 per share.

Enstar Group Limited
Quarterly Report on Form 10-Q
For the Period Ended September 30, 2021

Table of Contents

	<u>Page</u>
PART I	
Item 1. Financial Statements	1
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	78
Item 3. Quantitative and Qualitative Disclosures about Market Risk	118
Item 4. Controls and Procedures	125
PART II	
Item 1. Legal Proceedings	126
Item 1A. Risk Factors	126
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	127
Item 6. Exhibits	128

PART I — FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

	Page
Condensed Consolidated Balance Sheets as of September 30, 2021 (unaudited) and December 31, 2020	2
Condensed Consolidated Statements of Earnings (unaudited) for the three and nine months ended September 30, 2021 and 2020	3
Condensed Consolidated Statements of Comprehensive Income (unaudited) for the three and nine months ended September 30, 2021 and 2020	4
Condensed Consolidated Statements of Changes in Shareholders' Equity (unaudited) for the three and nine months ended September 30, 2021 and 2020	5
Condensed Consolidated Statements of Cash Flows (unaudited) for the nine months ended September 30, 2021 and 2020	6
Notes to the Condensed Consolidated Financial Statements (Unaudited)	8
Note 1 - Significant Accounting Policies	8
Note 2 - Business Acquisitions	10
Note 3 - Significant New Business	13
Note 4 - Divestitures, Held-For-Sale Businesses and Discontinued Operations	14
Note 5 - Investments	18
Note 6 - Reinsurance Balances Recoverable on Paid and Unpaid Losses	29
Note 7 - Deferred Charge Assets and Deferred Gain Liabilities	31
Note 8 - Losses and Loss Adjustment Expenses	31
Note 9 - Future Policyholder Benefits	40
Note 10 - Defendant Asbestos and Environmental Liabilities	40
Note 11 - Fair Value Measurements	41
Note 12 - Variable Interest Entities	46
Note 13 - Premiums Written and Earned	55
Note 14 - Debt Obligations and Credit Facilities	55
Note 15 - Noncontrolling Interests	57
Note 16 - Shareholders Equity	57
Note 17 - Earnings Per Share	60
Note 18 - Income Taxation	61
Note 19 - Related Party Transactions	62
Note 20 - Commitments and Contingencies	70
Note 21 - Segment Information	72
Note 22 - Subsequent Events	77

ENSTAR GROUP LIMITED
CONDENSED CONSOLIDATED BALANCE SHEETS

As of September 30, 2021 (unaudited) and December 31, 2020

	September 30, 2021	December 31, 2020
	(expressed in thousands of U.S. dollars, except share data)	
ASSETS		
Short-term investments, trading, at fair value	\$ 14,236	\$ 5,129
Short-term investments, available-for-sale, at fair value (amortized cost: 2021 — \$81,579; 2020 — \$263,750; net of allowance: 2021 — \$0; 2020 — \$0)	81,641	263,795
Fixed maturities, trading, at fair value	3,921,543	4,594,892
Fixed maturities, available-for-sale, at fair value (amortized cost: 2021 — \$5,384,691; 2020 — \$3,312,891; net of allowance: 2021 — \$4,900; 2020 — \$322)	5,379,096	3,395,100
Funds held - directly managed	3,056,392	1,074,890
Equities, at fair value	1,952,425	846,795
Other investments, at fair value	2,051,718	4,244,034
Equity method investments	505,488	832,295
Total investments (Note 5 and Note 11)	16,962,539	15,256,930
Cash and cash equivalents	1,587,158	901,152
Restricted cash and cash equivalents	447,533	471,964
Premiums receivable	332,052	405,793
Reinsurance balances recoverable on paid and unpaid losses (net of allowance: 2021 — \$137,715; 2020 — \$137,122) (Note 6)	1,205,504	1,568,333
Reinsurance balances recoverable on paid and unpaid losses, at fair value (Note 6 and Note 11)	471,103	520,830
Insurance balances recoverable (net of allowance: 2021 — \$5,805; 2020 — \$4,824) (Note 10)	213,419	249,652
Funds held by reinsured companies	2,410,021	635,819
Variable interest entity assets of the InRe Fund (Note 12)	1,130,274	—
Cash and restricted cash	696,505	—
Investments	396,984	—
Other assets	36,785	—
Other assets	1,293,845	925,533
Assets held-for-sale (Note 4)	—	711,278
TOTAL ASSETS	\$ 26,053,448	\$ 21,647,284
LIABILITIES		
Losses and loss adjustment expenses (Note 8)	\$ 11,770,051	\$ 8,140,362
Losses and loss adjustment expenses, at fair value (Note 8 and Note 11)	2,107,734	2,452,920
Future policyholder benefits (Note 9)	1,498,210	—
Defendant asbestos and environmental liabilities (Note 10)	659,921	706,329
Insurance and reinsurance balances payable	554,837	494,412
Debt obligations (Note 14)	1,690,738	1,373,259
Variable interest entity liabilities of the InRe Fund (Note 12)	682,548	—
Other liabilities	601,055	942,905
Liabilities held-for-sale (Note 4)	—	483,657
TOTAL LIABILITIES	19,565,094	14,593,844
COMMITMENTS AND CONTINGENCIES (Note 20)		
REDEEMABLE NONCONTROLLING INTEREST (Note 15)	181,417	365,436
SHAREHOLDERS' EQUITY (Note 16)		
Ordinary shares (par value \$1 each, issued and outstanding 2021: 18,383,334; 2020: 22,085,232):		
Voting Ordinary shares (issued and outstanding 2021: 16,785,622; 2020: 18,575,550)	16,786	18,576
Non-voting convertible ordinary Series C Shares (issued and outstanding 2021: 1,192,941; 2020: 2,599,672)	1,193	2,600
Non-voting convertible ordinary Series E Shares (issued and outstanding 2021: 404,771 and 2020: 910,010)	405	910
Preferred Shares:		
Series C Preferred Shares (issued and held in treasury 2021 and 2020: 388,571)	389	389
Series D Preferred Shares (issued and outstanding 2021 and 2020: 16,000)	400,000	400,000
Series E Preferred Shares (issued and outstanding 2021 and 2020: 4,400)	110,000	110,000
Treasury shares, at cost (Series C Preferred shares 2021 and 2020: 388,571)	(421,559)	(421,559)
Joint Share Ownership Plan (voting ordinary shares, held in trust 2021 and 2020: 565,630)	(566)	(566)
Additional paid-in capital	956,094	1,836,074
Accumulated other comprehensive income	4,516	80,659
Retained earnings	5,012,607	4,647,312
Total Enstar Shareholders' Equity	6,079,865	6,674,395
Noncontrolling interest (Note 15)	227,072	13,609
TOTAL SHAREHOLDERS' EQUITY	6,306,937	6,688,004
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND SHAREHOLDERS' EQUITY	\$ 26,053,448	\$ 21,647,284

See accompanying notes to the unaudited condensed consolidated financial statements

ENSTAR GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)
For the Three and Nine Months Ended September 30, 2021 and 2020

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(expressed in thousands of U.S. dollars, except share and per share data)				
INCOME				
Net premiums earned	\$ 51,594	\$ 161,724	\$ 204,114	\$ 463,946
Fees and commission income	6,653	10,787	24,525	28,325
Net investment income ⁽¹⁾	92,725	72,130	230,961	241,287
Net realized and unrealized gains (losses) ⁽¹⁾	(273,265)	500,005	111,167	838,552
Other income	5,278	48,404	2,470	67,761
Net gain on purchase and sales of subsidiaries	46,688	—	61,582	—
	<u>(70,327)</u>	<u>793,050</u>	<u>634,819</u>	<u>1,639,871</u>
EXPENSES				
Net incurred losses and loss adjustment expenses	(26,711)	109,686	(42,914)	339,678
Acquisition costs	10,947	37,708	49,917	132,818
General and administrative expenses	93,499	115,828	269,216	359,086
Interest expense	18,158	15,003	50,638	42,436
Net foreign exchange (gains) losses	(2,584)	8,156	(9,089)	1,375
	<u>93,309</u>	<u>286,381</u>	<u>317,768</u>	<u>875,393</u>
EARNINGS (LOSS) BEFORE INCOME TAXES	<u>(163,636)</u>	<u>506,669</u>	<u>317,051</u>	<u>764,478</u>
Income tax expense	(9,839)	(13,915)	(13,279)	(25,295)
Earnings (loss) from equity method investments	(14,147)	149,065	100,825	152,725
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	<u>(187,622)</u>	<u>641,819</u>	<u>404,597</u>	<u>891,908</u>
Net earnings from discontinued operations, net of income taxes	—	4,031	—	810
NET EARNINGS (LOSS)	<u>(187,622)</u>	<u>645,850</u>	<u>404,597</u>	<u>892,718</u>
Net (earnings) loss attributable to noncontrolling interest	589	(21,912)	(13,257)	30,802
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR	<u>(187,033)</u>	<u>623,938</u>	<u>391,340</u>	<u>923,520</u>
Dividends on preferred shares	(8,925)	(8,925)	(26,775)	(26,775)
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	<u>\$ (195,958)</u>	<u>\$ 615,013</u>	<u>\$ 364,565</u>	<u>\$ 896,745</u>
Earnings per ordinary share attributable to Enstar:				
Basic:				
Net earnings (loss) from continuing operations	\$ (10.68)	\$ 28.39	\$ 17.78	\$ 41.56
Net earnings from discontinued operations	—	0.11	—	0.02
Net earnings (loss) per ordinary share	<u>\$ (10.68)</u>	<u>\$ 28.50</u>	<u>\$ 17.78</u>	<u>\$ 41.58</u>
Diluted:				
Net earnings (loss) from continuing operations	\$ (10.68)	\$ 28.13	\$ 17.53	\$ 41.12
Net earnings from discontinued operations	—	0.11	—	0.02
Net earnings (loss) per ordinary share	<u>\$ (10.68)</u>	<u>\$ 28.24</u>	<u>\$ 17.53</u>	<u>\$ 41.14</u>
Weighted average ordinary shares outstanding:				
Basic	18,349,483	21,578,106	20,502,755	21,564,447
Diluted	18,548,368	21,778,729	20,793,640	21,799,627

⁽¹⁾ Includes amounts attributed to the InRe Fund, refer to Note 12 - "Variable Interest Entities" for additional information.

See accompanying notes to the unaudited condensed consolidated financial statements

ENSTAR GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
For the Three and Nine Months Ended September 30, 2021 and 2020

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(expressed in thousands of U.S. dollars)			
NET EARNINGS (LOSS)	\$ (187,622)	\$ 645,850	\$ 404,597	\$ 892,718
Other comprehensive income (loss), net of income taxes:				
Unrealized gains (losses) on fixed income available-for-sale investments arising during the period	(25,710)	21,198	(79,964)	74,969
Reclassification adjustment for change in allowance for credit losses recognized in net earnings	(2,425)	(2,379)	4,506	71
Reclassification adjustment for net realized gains included in net earnings	(2,048)	(9,488)	(3,171)	(13,498)
Reclassification to earnings on disposal of subsidiary	—	—	475	—
Unrealized gains (losses) arising during the period, net of reclassification adjustments	(30,183)	9,331	(78,154)	61,542
Cumulative currency translation adjustment	1,342	1,891	2,361	—
Total other comprehensive income (loss)	(28,841)	11,222	(75,793)	61,542
Comprehensive income (loss)	(216,463)	657,072	328,804	954,260
Comprehensive (income) loss attributable to noncontrolling interest	870	(22,546)	(13,606)	23,962
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO ENSTAR	<u>\$ (215,593)</u>	<u>\$ 634,526</u>	<u>\$ 315,198</u>	<u>\$ 978,222</u>

See accompanying notes to the unaudited condensed consolidated financial statements

ENSTAR GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
For the Three and Nine Months Ended September 30, 2021 and 2020

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(expressed in thousands of U.S. dollars)			
Share Capital — Voting Ordinary Shares				
Balance, beginning of period	\$ 18,571	\$ 18,635	\$ 18,576	\$ 18,002
Issue of shares	9	6	52	732
Shares repurchased	(1,794)	(81)	(1,842)	(174)
Balance, end of period	\$ 16,786	\$ 18,560	\$ 16,786	\$ 18,560
Share Capital — Non-Voting Convertible Ordinary Series C Shares				
Balance, beginning of period	\$ 2,690	\$ 2,600	\$ 2,600	\$ 2,600
Shares repurchased	(1,497)	—	(1,497)	—
Exercise of warrants	—	—	90	—
Balance, end of period	\$ 1,193	\$ 2,600	\$ 1,193	\$ 2,600
Share Capital — Non-Voting Convertible Ordinary Series E Shares				
Balance, beginning of period	\$ 910	\$ 910	\$ 910	\$ 910
Shares repurchased	(505)	—	(505)	—
Balance, end of period	\$ 405	\$ 910	\$ 405	\$ 910
Share Capital — Series C Convertible Participating Non-Voting Preferred Shares				
Balance, beginning and end of period	\$ 389	\$ 389	\$ 389	\$ 389
Share Capital — Series D Preferred Shares				
Balance, beginning and end of period	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Share Capital — Series E Preferred Shares				
Balance, beginning and end of period	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000
Treasury Shares (Series C Preferred Shares)				
Balance, beginning and end of period	\$ (421,559)	\$ (421,559)	\$ (421,559)	\$ (421,559)
Joint Share Ownership Plan — Voting Ordinary Shares, Held in Trust				
Balance, beginning of period	\$ (566)	\$ (566)	\$ (566)	\$ —
Issue of shares	—	—	—	(566)
Balance, end of period	\$ (566)	\$ (566)	\$ (566)	\$ (566)
Additional Paid-in Capital				
Balance, beginning of period	\$ 1,835,231	\$ 1,835,115	\$ 1,836,074	\$ 1,836,778
Repurchase of voting ordinary shares	413	503	(2,150)	(857)
Exercise of warrants	—	—	(90)	—
Shares repurchased	(886,229)	(12,782)	(897,614)	(25,215)
Amortization of share-based compensation	6,679	9,294	19,874	21,424
Balance, end of period	\$ 956,094	\$ 1,832,130	\$ 956,094	\$ 1,832,130
Accumulated Other Comprehensive Income (Loss)				
Balance, beginning of period	\$ 33,077	\$ 51,285	\$ 80,659	\$ 7,171
Cumulative currency translation adjustment				
Balance, beginning of period	8,054	6,824	7,876	8,548
Change in currency translation adjustment	677	2,477	855	753
Balance, end of period	8,731	9,301	8,731	9,301
Defined benefit pension liability				
Balance, beginning and end of period	207	(945)	207	(945)
Unrealized gains (losses) on available-for-sale investments				
Balance, beginning of period	24,816	45,406	72,576	(432)
Change in unrealized gains (losses) on available-for-sale investments	(29,238)	8,111	(76,998)	53,949
Balance, end of period	(4,422)	53,517	(4,422)	53,517
Balance, end of period	\$ 4,516	\$ 61,873	\$ 4,516	\$ 61,873
Retained Earnings				
Balance, beginning of period	\$ 5,208,565	\$ 3,190,104	\$ 4,647,312	\$ 2,887,892
Net earnings (loss)	(187,622)	645,850	404,597	892,718
Net (earnings) loss attributable to noncontrolling interest	589	(21,912)	(13,257)	30,802
Dividends on preferred shares	(8,925)	(8,925)	(26,775)	(26,775)
Change in redemption value of redeemable noncontrolling interests	—	11,431	730	38,059
Cumulative effect of change in accounting principle	—	—	—	(6,148)
Balance, end of period	\$ 5,012,607	\$ 3,816,548	\$ 5,012,607	\$ 3,816,548
Noncontrolling Interest (excludes Redeemable Noncontrolling Interest)				
Balance, beginning of period	\$ 12,635	\$ 13,553	\$ 13,609	\$ 14,168
Increase due to acquisitions	219,274	—	219,274	—
Change in unrealized losses on available-for-sale investments attributable to noncontrolling interest	(455)	—	(455)	—
Dividends paid	—	—	(634)	—
Net earnings (loss) attributable to noncontrolling interest	(4,382)	915	(4,722)	300
Balance, end of period	\$ 227,072	\$ 14,468	\$ 227,072	\$ 14,468
Total Shareholders' Equity	\$ 6,306,937	\$ 5,835,353	\$ 6,306,937	\$ 5,835,353

See accompanying notes to the unaudited condensed consolidated financial statements

ENSTAR GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
For the Nine Months Ended September 30, 2021 and 2020

	Nine Months Ended September 30,	
	2021	2020
(expressed in thousands of U.S. dollars)		
OPERATING ACTIVITIES:		
Net earnings	\$ 404,597	\$ 892,718
Net earnings from discontinued operations, net of income taxes	—	(810)
Adjustments to reconcile net earnings to cash flows provided by operating activities:		
Realized gains on sales of investments	(662,111)	(114,894)
Unrealized losses (gains) on investments	550,944	(723,658)
Net gain on purchase and sales of subsidiaries	(61,582)	—
Depreciation and other amortization	56,402	42,210
Earnings from equity method investments	(100,825)	(152,725)
Sales and maturities of trading securities	5,289,793	2,778,993
Purchases of trading securities	(2,696,856)	(1,531,190)
Payments to cover securities sold short	(1,016,418)	—
Proceeds from securities sold short	460,514	—
Net payments for derivative contracts	(66,132)	—
Other	5,566	20,847
Changes in:		
Reinsurance balances recoverable on paid and unpaid losses	118,259	266,289
Funds held by reinsured companies	(1,560,551)	(211,850)
Losses and loss adjustment expenses	2,465,018	697,516
Defendant asbestos and environmental liabilities	(46,408)	(93,648)
Insurance and reinsurance balances payable	424	172,358
Premiums receivable	71,405	(18,950)
Other operating assets and liabilities	(385,765)	80,824
Variable interest entity assets and liabilities of the InRe Fund (Note 12)	1,031,629	—
Net cash flows provided by operating activities	<u>3,857,903</u>	<u>2,104,030</u>
INVESTING ACTIVITIES:		
Acquisition, net of cash acquired	(205,578)	—
Sales of subsidiaries, net of cash sold	(232,269)	—
Sales and maturities of available-for-sale securities	2,523,727	1,673,800
Purchase of available-for-sale securities	(4,343,139)	(3,125,184)
Purchase of other investments	(622,039)	(812,586)
Proceeds from other investments	253,943	282,330
Purchase of equity method investments	—	(33,000)
Other investing activities	531	3,606
Consolidation of the InRe Fund opening cash and restricted cash balances (Note 12)	574,081	—
Net cash flows used in investing activities	<u>(2,050,743)</u>	<u>(2,011,034)</u>
FINANCING ACTIVITIES:		
Dividends on preferred shares	(26,775)	(26,775)
Dividends paid to noncontrolling interest	(634)	—
Repurchase of shares	(890,073)	(25,390)
Receipt of loans	815,895	858,788
Repayment of loans	(574,556)	(604,000)
Net cash flows provided by (used in) financing activities	<u>(676,143)</u>	<u>202,623</u>
DISCONTINUED OPERATIONS CASH FLOWS:		
Net cash flows provided by operating activities	—	114,024

Table of Contents

Net cash flows used in investing activities	—	(134,759)
Net cash flows from discontinued operations	—	(20,735)
EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCY CASH AND CASH EQUIVALENTS	3,863	1,727
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,134,880	276,611
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,373,116	971,349
NET CHANGE IN CASH OF BUSINESSES HELD FOR SALE	223,200	(50,638)
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 2,731,196</u>	<u>\$ 1,197,322</u>
Supplemental Cash Flow Information:		
Income taxes paid, net of refunds	\$ 7,329	\$ 15,870
Interest paid	\$ 50,990	\$ 37,275
Reconciliation to Condensed Consolidated Balance Sheets:		
Cash and cash equivalents	1,587,158	640,601
Restricted cash and cash equivalents	447,533	556,721
Cash and restricted cash and cash equivalents of the InRe Fund (<i>Note 12</i>)	696,505	—
Cash, cash equivalents and restricted cash	<u>\$ 2,731,196</u>	<u>\$ 1,197,322</u>

In addition to the cash flows presented above, for the nine months ended September 30, 2021 our non-cash financing activities included distributions to redeemable noncontrolling interest ("RNCI") totaling \$202.1 million, an increase in noncontrolling interest of \$219.3 million due to the acquisition of a subsidiary, the issuance of 89,590 shares following the exercise of 175,901 warrants on a non-cash basis, and a third-party capital withdrawal from the InRe Fund totaling \$61.4 million which was funded through the transfer of a trading security. For the nine months ended September 30, 2021 our non-cash investing activities included: the removal of an equity method investment of \$411.9 relating to the acquisition of a subsidiary, the receipt of other investments as consideration totaling \$51.7 million; unsettled purchases and sales of AFS and other investments of \$64.1 million and \$10.2 million, respectively; and contributions of \$481.3 million to other investments, fully funded through the redemption of other investments totaling \$381.3 million and a \$100.0 million reduction in investment fees. Refer to Note 4 - "Divestitures, Held-for-Sale Businesses and Discontinued Operations," Note 15 - "Noncontrolling Interests" and Note 19 - "Related Party Transactions."

See accompanying notes to the unaudited condensed consolidated financial statements

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Tabular information expressed in thousands of U.S. dollars except share and per share data)

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments consisting of normal recurring items considered necessary for a fair presentation under U.S. GAAP. The results of operations for any interim period are not necessarily indicative of results for the full year. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2020. All significant inter-company transactions and balances have been eliminated. In these notes, the terms "we," "us," "our," "Enstar," or "the Company" refer to Enstar Group Limited and its consolidated subsidiaries.

During the first quarter of 2021, we revised our segment structure and as a result restated the prior period comparatives to conform with the current period presentation. Refer to Note 21 - "Segment Information" for further information.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant Accounting Policies

The following significant accounting policies have been added or updated upon completion of the Step Acquisition of Enhanced Reinsurance Ltd. ("Enhanced Re") as defined and described in Note 2 - "Business Acquisitions."

(a) Life Reinsurance

We assess life reinsurance contracts to determine if they possess significant mortality or morbidity risk, and those contracts that do not possess a significant mortality or morbidity risk are considered investment contracts where we do not recognize revenue or expenses within the condensed consolidated statements of earnings and assets and liabilities are presented gross on the condensed consolidated balance sheets.

The consideration received for life reinsurance contracts is calculated as the fair value of the assets received net of commissions, brokerage, or fronting fees.

(b) Future Policyholder Benefits

Our current life reinsurance contract includes traditional single payment premium immediate annuities, life contingent deferred annuities, and whole of life policies all possessing significant mortality risk in the form of longevity risk. Future policyholder benefit provisions are established based on the present value of anticipated future cash flows and are based on estimates of future investment yields and mortality rates. Management's assumptions include provisions for adverse deviation.

Future policyholder benefits are set by utilizing management's best estimates of mortality rates, investment yields, policy expenses, and other assumptions by reference to cedant historical data, regional mortality tables, industry standards, and other available information sources as may be reasonably available. These estimates include provisions for adverse deviation. The provision for future policyholder benefits, therefore, is subject to uncertainty and ultimate future policyholder benefits may differ materially from the amounts recorded in the financial statements. These assumptions are locked in at contract inception or assumption and only modified if it is deemed that the provision for future policyholder benefits are insufficient or DAC are unrecoverable. The actual versus anticipated experience of the assumptions are reviewed periodically. The effects of changes in assumptions are recorded to the consolidated statements of earnings as unlocking adjustments in the period in which the changes are made.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

New Accounting Standards Adopted in 2021***Accounting Standards Update ("ASU") 2020-08 – Codification Improvements to Subtopic 310-20 - Receivables - Nonrefundable Fees and Other Costs***

In October 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-08 to clarify that an entity should re-evaluate whether a callable debt security is within the scope of Accounting Standards Codification ("ASC") 310-20-35-33 during each reporting period and accelerate amortization of the premium associated with the callable debt to the earliest call date. All entities are required to apply the amendments in this ASU on a prospective basis as of the beginning of the period of adoption for existing or newly purchased callable debt securities.

The adoption of ASU 2020-08 did not have a material impact on our condensed consolidated financial statements and the related disclosures.

ASU 2020-06 – Accounting for Convertible Instruments and Contracts in an Entity's Own Equity

In August 2020, the FASB issued ASU 2020-06, which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. For convertible instruments, the ASU eliminates two of the three accounting models in ASC 470-20 that require separate accounting for embedded conversion features. The ASU also simplifies an issuer's application of the derivatives scope exception in ASC 815-40 for contracts in its own equity and removes some of the conditions that preclude a freestanding contract from being classified in equity, thereby allowing more of such contracts to qualify for equity classification.

We early adopted the amendments in ASU 2020-06 as of January 1, 2021 and that adoption did not have an impact on our condensed consolidated financial statements and the related disclosures.

ASU 2020-01 - Clarifying the Interactions between ASC 321, ASC 323 and ASC 815

In January 2020, the FASB issued ASU 2020-01 to clarify the interaction of the accounting for equity securities under ASC 321 and investments accounted for under the equity method of accounting in ASC 323 and the accounting for certain forward contracts and purchased options accounted for under ASC 815. With respect to the interactions between ASC 321 and ASC 323, the amendments clarify that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting when applying the measurement alternative in ASC 321, immediately before applying or upon discontinuing the equity method of accounting. With respect to forward contracts or purchased options to purchase securities, the amendments clarify that when applying the guidance in ASC 815-10-15-141(a), an entity should not consider whether upon the settlement of the forward contract or exercise of the purchased option, individually or with existing investments, the underlying securities would be accounted for under the equity method in ASC 323 or the fair value option in accordance with ASC 825.

The adoption of ASU 2020-01 did not have an impact on our condensed consolidated financial statements and disclosures.

ASU 2019-12 - Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued ASU 2019-12 which removes certain exceptions for (1) recognizing deferred taxes for investments, (2) performing intraperiod tax allocation, and (3) calculating income taxes in interim periods. The ASU also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating income taxes to a legal entity that is not subject to income taxes. The adoption of ASU 2019-12 did not have any impact on our condensed consolidated financial statements and disclosures.

Recently Issued Accounting Pronouncements Not Yet Adopted

Note 2 - "Significant Accounting Policies" to the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2020 describes accounting pronouncements that were not adopted as of December 31, 2020. Those pronouncements have not yet been adopted unless discussed above in "New Accounting Standards Adopted in 2021." In addition, the following accounting pronouncements were issued by the FASB during the nine months ended September 30, 2021 or became applicable upon the acquisition of Enhanced Re and have yet to be adopted.

ASU 2018-12 - Targeted Improvement to the Accounting for Long-Duration Contracts

In August 2018, the FASB issued ASU 2018-12 and subsequently issued ASUs 2019-09 and 2020-11 serving

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

to defer the effective date of implementation. These updates:

- Require at least annual review of assumptions used to determine the provision for future policyholder benefits with the recognition of any resulting re-measurement gains or losses, excluding those related to discount rate changes, in the condensed consolidated statement of earnings;
- Use upper-medium grade fixed-income instrument discount rates to discount future cash flows with the impact of these changes recognized in other comprehensive income;
- Require market risk benefits to be measured at fair value, and the change in fair value of the market risk benefits is to be measured in net earnings, excluding the portion attributable to changes in instrument-specific credit risk which is recognized in other comprehensive income;
- Simplify amortization of DAC by amortizing on a constant level basis in proportion to premiums, gross profits, or gross margins over the expected term of the related contract; and
- Introduce new disclosure requirements around the provisions for future policyholder benefits, policyholder account balances, market risk benefits, separate account liabilities, and DAC, which includes information about significant inputs, judgments, assumptions and methods used in measurement.

These amendments are effective for interim and annual reporting periods beginning after December 15, 2022. Early adoption is permitted and certain provisions of the update are required to be adopted on a fully retrospective basis, while others may be adopted on a modified retrospective basis.

We are currently evaluating the impact of ASU 2018-12 on our condensed consolidated financial statements and disclosures.

ASU 2021-04 - Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity - Classified Written Call Options

In May 2021, the FASB issued ASU 2021-04 which requires issuers to account for modifications or exchanges of freestanding equity-classified written call options that remain equity classified after the modification or exchange based on the economic substance of the modification or exchange. Under the ASU, an issuer considers the facts and circumstances of a modification or exchange and accounts for the resulting change in fair value of the written call option based on whether the transaction was done to issue equity, to issue or modify debt, or for other reasons. The guidance clarifies that to the extent applicable, issuers should first reference other GAAP to account for the effect of a modification. If other GAAP is not applicable, the guidance clarifies whether to account for the modification or exchange as either (i) an adjustment to equity, or (ii) an expense.

The ASU is to be applied prospectively and is effective for annual periods beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted, but entities need to apply the guidance as of the beginning of the fiscal year in which they early adopt it.

The adoption of ASU 2021-04 is not expected to have an impact on our condensed consolidated financial statements and disclosures.

2. BUSINESS ACQUISITIONS

Enhanced Re

Overview

On September 1, 2021, we completed the purchase of the entire 27.7% equity interest in Enhanced Re held by an affiliate of Hillhouse Group for cash consideration of \$217.1 million and assumed the Hillhouse Group's affiliate's remaining outstanding capital commitment to Enhanced Re of \$40.2 million (the "Step Acquisition").

Following the completion of the Step Acquisition, our equity interest in Enhanced Re increased from 47.4% to 75.1% with joint venture partner Allianz SE ("Allianz") continuing to own the remaining 24.9%. Effective September 1, 2021, we consolidated Enhanced Re (previously accounted for as an equity method investment) and eliminated any intercompany transactions and balances between us and Enhanced Re.

Refer to Note 19 - "Related Party Transactions" for additional information relating to Enhanced Re.

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table represents the fair value of net assets acquired, inclusive of the net effect of settlement of pre-existing relationships. The fair value amounts presented below are estimates and are subject to adjustment.

The initial accounting, including certain fair value adjustments, are provisional adjustments recorded as of September 30, 2021. The provisional amounts are subject to further refinement based on new information that may be obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. In accordance with the acquisition method of accounting, we may recognize additional measurement period adjustments to the provisional amounts in future periods, but not later than one year from the acquisition date. We do not currently anticipate any such adjustments.

	Fair Value of Net Assets Acquired, Before Settlement of Pre-existing Relationships	Net Effect of Settlement of Pre- existing Relationships	Net Effect of Step Acquisition
ASSETS			
Fixed maturities, trading, at fair value	\$ 49,292	\$ —	\$ 49,292
Funds held - directly managed	2,576,956	(304,250)	2,272,706
Equities, at fair value	854,615	—	854,615
Other investments, at fair value	13,867	—	13,867
Total investments	3,494,730	(304,250)	3,190,480
Cash and cash equivalents	11,508	—	11,508
Funds held by reinsured companies	213,643	—	213,643
Other assets	7,667	—	7,667
TOTAL ASSETS	\$ 3,727,548	\$ (304,250)	\$ 3,423,298
LIABILITIES			
Losses and loss adjustment expenses	\$ 1,113,386	\$ (271,338)	\$ 842,048
Future policyholder benefits	1,539,000	—	1,539,000
Debt obligations	76,434	—	76,434
Insurance and reinsurance balances payable	101,866	(5,639)	96,227
Other liabilities	16,244	(7,588)	8,656
TOTAL LIABILITIES	2,846,930	(284,565)	2,562,365
NET ASSETS ACQUIRED AT FAIR VALUE	\$ 880,618	\$ (19,685)	\$ 860,933
Less:			
Cash consideration paid to Hillhouse Group affiliate			\$ 217,086
Fair value of previously held equity method investment			417,413
Fair value of noncontrolling interest			219,274
Adjustment for the fair value of pre-existing relationships			(19,685)
Total purchase price			834,088
Bargain purchase gain			\$ 26,845

During the third quarter of 2021, we recognized a total gain on the Step Acquisition of \$46.7 million, which was recorded in net gain on purchase and sales of subsidiaries in our condensed consolidated statements of earnings, and consisted of a bargain purchase gain, a gain on remeasurement of our previously held equity investment to fair value and a gain on settlement of pre-existing relationships.

We recognized a bargain purchase gain of \$26.8 million as the fair value of the interest in the net assets acquired exceeded the total purchase price. The bargain purchase gain was attributable to the negotiation process with Hillhouse Group and the resulting cash consideration paid was based on 90% of Enhanced Re's total shareholders' equity as of June 30, 2021 which was less than the fair value of the net assets acquired and therefore resulted in a bargain purchase gain.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In accordance with the acquisition method of accounting, we remeasured our previously held equity method investment in Enhanced Re to fair value. The fair value of the previously held equity method investment and noncontrolling interest was calculated as the fair value of Enhanced Re's total net assets multiplied by the respective ownership percentages. These fair value measurements are based on significant inputs not observable in the market and thus represent Level 3 measurements. We also considered guideline market transactions, and the implied multiple from those transactions corroborated the results of the fair value estimate.

At the time of the transaction, we held contractual pre-existing relationships with Enhanced Re, consisting of quota share reinsurance contracts and an agreement to act as the insurance manager for Enhanced Re. The pre-existing relationships were deemed to be effectively settled at fair value on the acquisition date.

We record Enhanced Re's results on a one quarter lag; therefore, there are no Enhanced Re operating results beyond the purchase date. Prior to that date, the results of Enhanced Re were recorded in earnings from equity method investments.

Refer to Note 19 - "Related Party Transactions" for further information.

Supplemental Pro Forma Financial Information (Unaudited)

The following selected unaudited pro forma financial information is a summary of our combined results with Enhanced Re, giving effect to the Step Acquisition as if it had occurred on January 1, 2020. The unaudited pro forma financial information presented below is for informational purposes only and is not necessarily indicative of the results that would have been achieved if the Step Acquisition had taken place on January 1, 2020, nor is it indicative of future results.

	Supplemental Pro Forma Financial Information (Unaudited)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Total income	(85,599)	969,784	876,978	1,887,863
Net earnings	(257,594)	736,746	447,632	1,026,929
Net earnings attributable to Enstar	(245,379)	671,361	391,445	1,011,172
Net earnings attributable to Enstar ordinary shareholders	(254,304)	662,436	364,670	984,397

The unaudited pro forma financial information is presented on a fully consolidated basis. Aside from a pro forma adjustment made to recognize the gain on the Step Acquisition as of January 1, 2020, there were no further non-recurring pro forma adjustments recorded.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

3. SIGNIFICANT NEW BUSINESS

We define significant new business as material transactions other than business acquisitions. Generally, our significant new business takes the form of loss portfolio transfer ("LPT") or adverse development cover ("ADC") reinsurance transactions or direct business transfers.

The table below sets forth a summary of significant new business that we have completed between January 1, 2020 and September 30, 2021:

Transaction	Date Completed	Total Assets Assumed	Deferred Charge Asset ⁽¹⁾	Total Assets from Transactions	Total Liabilities Assumed	Net Fair Value Adjustment ⁽²⁾	Total Liabilities from Transactions	Type of Transaction and Primary Nature of Business
ProSight	August 4, 2021	\$ 478,293	\$24,013	\$ 502,306	\$ 502,306	N/A	\$ 502,306	LPT of U.S. discontinued workers' compensation and excess workers' compensation lines of business and ADC on a diversified mix of general liability classes of business
Hiscox	June 3, 2021	532,394	N/A	532,394	532,394	N/A	532,394	LPT of diversified legacy insurance business, including surplus lines broker business
Coca-Cola	May 24, 2021	41,928	6,143	48,071	48,071	N/A	48,071	LPT of U.S. workers' compensation liability
AXA Group	May 3, 2021	1,395,000	91,988	1,486,988	1,486,988	N/A	1,486,988	ADC of a diversified mix of global casualty and professional lines
CNA ⁽³⁾	February 5, 2021	651,736	105,479	757,215	757,215	N/A	757,215	LPT of U.S. excess workers' compensation liabilities
Liberty Mutual ⁽³⁾	January 8, 2021	363,159	25,402	388,561	388,561	N/A	388,561	LPT of U.S. energy liability, construction liability and homebuilders liability
Total 2021		\$ 3,462,510	\$ 253,025	\$ 3,715,535	\$ 3,715,535	\$ —	\$ 3,715,535	
Hannover Re	August 6, 2020	\$ 182,498	N/A	\$ 182,498	\$ 209,713	\$ (27,215)	\$ 182,498	Novation of U.S. asbestos, environmental and workers' compensation liabilities
Munich Re	July 1, 2020	100,956	N/A	100,956	100,956	N/A	100,956	Business Transfer of Australian public liability, professional liability and builders' warranty liabilities
AXA Group ⁽³⁾	June 1, 2020	179,681	N/A	179,681	179,681	N/A	179,681	LPT of U.S. construction general liability
Aspen	June 1, 2020	770,000	11,746	781,746	781,746	N/A	781,746	ADC on a diversified mix of property, liability and specialty lines of business across the U.S., U.K. and Europe
Lyft	March 31, 2020	465,000	N/A	465,000	465,000	N/A	465,000	LPT of U.S. motor liabilities
Total 2020		\$ 1,698,135	\$ 11,746	\$ 1,709,881	\$ 1,737,096	\$ (27,215)	\$ 1,709,881	
Total		\$ 5,160,645	\$ 264,771	\$ 5,425,416	\$ 5,452,631	\$ (27,215)	\$ 5,425,416	

⁽¹⁾ Where the estimated ultimate losses payable exceed the premium consideration received at the inception of the agreement, a deferred charge asset is recorded.

⁽²⁾ When the fair value option is elected for any retroactive reinsurance agreement, an initial net fair value adjustment is recorded at the inception of the agreement.

⁽³⁾ We have ceded 10% of these transactions to Enhanced Re on the same terms and conditions as those received by us. Effective September 1, 2021 Enhanced Re was consolidated by us (previously accounted for as an equity method investment) and all intercompany transactions and balances between Enhanced Re and Enstar were eliminated upon consolidation.

4. DIVESTITURES, HELD-FOR-SALE BUSINESSES AND DISCONTINUED OPERATIONS

Atrium Exchange Transaction

As of December 31, 2020, Enstar owned an indirect 59.0% interest in North Bay Holdings Limited ("North Bay") and Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P. (collectively, the "Trident V Funds") managed by Stone Point Capital LLC ("Stone Point") and Dowling Capital Partners I, L.P. and Capital City Partners LLC (collectively, the "Dowling Funds") owned 39.3% and 1.7%, respectively. North Bay owns 100.0% of StarStone Specialty Holdings Limited ("SSHL"), the holding company for the StarStone group, which previously included StarStone's U.S. operations, including StarStone U.S. Holdings, Inc. and its subsidiaries ("StarStone U.S.") and StarStone's international operations ("Starstone International"). North Bay also owned 92.1% of Northshore Holdings Limited ("Northshore"), the holding company that owns Atrium Underwriting Group Limited and its subsidiaries (collectively, "Atrium") and Arden Reinsurance Company Ltd. ("Arden"). The remaining share ownership of Northshore is held on behalf of certain Atrium employees.

Effective January 1, 2021, we exchanged a portion of our indirect interest in Northshore for all of the Trident V Funds' indirect interest in StarStone U.S., which is now owned through an interest in Core Specialty Insurance Holdings, Inc. ("Core Specialty," and such exchange, the "Exchange Transaction"), resulting in us owning 25.2% on a fully diluted basis (24.7% as of September 30, 2021) of Core Specialty, and 13.8% of Northshore, which continues to own Atrium and Arden. The Trident V Funds own 76.3% of Northshore, while the Dowling Funds own 0.4% of Core Specialty and 1.6% of Northshore. The Exchange Transaction had no impact on the ultimate ownership of SSHL, which continues to own StarStone International, with us, the Trident V Funds and the Dowling Funds retaining our and their ownership interests in SSHL of 59.0%, 39.3% and 1.7%, respectively.

Effective January 1, 2021, Northshore was deconsolidated and our remaining investment with a carrying value of \$35.0 million as of September 30, 2021 is accounted for as a privately held equity investment and carried at its fair value. During the first quarter of 2021, we recognized a loss of \$7.8 million on completion of the Exchange Transaction.

Through our wholly owned subsidiary, SGL No. 1 Limited ("SGL No. 1"), a Lloyd's corporate member, we provided 25% of the underwriting capacity on the 2017 to 2020 underwriting years of Atrium's Syndicate 609 at Lloyd's. Effective January 1, 2021, and in conjunction with the completion of the Exchange Transaction, SGL No.1 ceased its provision of underwriting capacity on Syndicate 609 for future underwriting years.

SGL No.1 is obligated to support underwriting capacity on Syndicate 609 through the provision of FAL, and will settle its share of the 2020 and prior underwriting years for the economic benefit of Atrium via reinsurance agreements with Arden and a Syndicate 609 Capacity Lease Agreement with Atrium 5 Limited, a UK domiciled subsidiary of Atrium.

As a result of these contractual arrangements, the net loss reserve liabilities, and the cash, investments and other assets that support those liabilities, will be settled by: i) the distribution of SGL No.1's share of the Syndicate 609 result; ii) the settlement of the net payable or receivable position on the reinsurance agreement with Arden; and iii) the required settlement, if any, of the Syndicate 609 Capacity Lease Agreement payable, each of which will occur no earlier than December 31, 2022.

	December 31, 2020
Distribution of SGL No.1 share of Syndicate 609 results	\$ 19,115
Due to Arden under reinsurance agreement	(7,965)
Due to Atrium 5 Limited under Capacity Lease Agreement	(11,150)
Net balances with Northshore Group	—

Until these balances are settled, as of January 1, 2021, the Company recognized gross loss reserves of \$254.6 million, reinsurance recoverable of \$90.8 million, and \$163.8 million of net assets required to support the net insurance liabilities.

Additionally, although the value of and the change in other insurance assets and liabilities are recorded gross within our Legacy Underwriting segment, there is no retention by Enstar of the net results of Atrium's 2020 and prior underwriting years as the business was contractually transferred to the Atrium entities that were divested in the Exchange Transaction. We recorded net unearned premium of \$37.4 million and deferred acquisition costs of \$20.3 million, included within other assets on our consolidated balance sheet, as of January 1, 2021.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Effective January 1, 2021, balances that SGL No. 1 has with Atrium and Arden are no longer eliminated in our condensed consolidated financial statements.

As of December 31, 2020, we classified the assets and liabilities of Northshore as held-for-sale, but Northshore did not qualify as a discontinued operation since the pending disposal did not represent a strategic shift that would have a major effect on our operations and financial results. The following table summarizes the components of Northshore's assets and liabilities held-for-sale on our condensed consolidated balance sheet:

	December 31, 2020
ASSETS	
Short-term investments, AFS, at fair value	\$ 1,720
Fixed maturities, trading, at fair value	154,026
Fixed maturities, AFS, at fair value	7,483
Other investments, at fair value	9,897
Total investments	173,126
Cash and cash equivalents	71,156
Restricted cash and cash equivalents	152,044
Premiums receivable	62,392
Reinsurance balances recoverable on paid and unpaid losses	37,341
Funds held by reinsured companies	32,226
Other assets	182,993
TOTAL ASSETS HELD-FOR-SALE	\$ 711,278
LIABILITIES	
Losses and loss adjustment expenses	\$ 254,149
Insurance and reinsurance balances payable	12,393
Debt obligations	39,850
Other liabilities	177,265
TOTAL LIABILITIES HELD-FOR-SALE	\$ 483,657
NET ASSETS HELD-FOR-SALE	\$ 227,621

As of December 31, 2020, included in the table above were restricted investments of \$94.4 million.

Recapitalization of StarStone U.S. and Discontinued Operations

On November 30, 2020, we completed the sale and recapitalization of StarStone U.S. through the sale of StarStone U.S. to Core Specialty, a newly formed entity with equity backing from funds managed by SkyKnight Capital, L.P., Dragoneer Investment Group and Aquiline Capital Partners LLC. We received consideration of \$282.0 million inclusive of \$235.0 million of common shares of Core Specialty and cash of \$47.0 million. At the closing date, the \$235.0 million of common shares of Core Specialty represented a 25.2% equity interest in Core Specialty on a fully diluted basis (24.7% as of September 30, 2021). Our investment in Core Specialty is accounted for as an equity method investment, and we record our proportionate share of the net earnings on a quarter lag.

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The StarStone U.S. business qualified as a discontinued operation. The following table summarizes the components of net loss from discontinued operations, net of income taxes, related to StarStone U.S., on the consolidated statements of earnings:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2020	2020
INCOME		
Net premiums earned	\$ 75,414	\$ 241,363
Net investment income	3,649	11,063
Net realized and unrealized gains	1,910	2,757
Other income	55	80
	<u>81,028</u>	<u>255,263</u>
EXPENSES		
Net incurred losses and loss adjustment expenses	44,939	157,648
Acquisition costs	14,776	47,570
General and administrative expenses	16,675	47,404
Interest expense	535	1,715
Net foreign exchange gains	(3)	(5)
	<u>76,922</u>	<u>254,332</u>
EARNINGS BEFORE INCOME TAXES	4,106	931
Income tax expense	(75)	(121)
NET EARNINGS FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES	4,031	810
Net earnings from discontinued operations attributable to noncontrolling interest	(1,654)	(332)
NET EARNINGS FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	\$ 2,377	\$ 478

Continuing Involvement Disclosures

Following the completion of the sale of StarStone U.S. to Core Specialty on November 30, 2020, our continuing involvement with StarStone U.S. is comprised of the following transactions:

LPT and ADC reinsurance agreement

In connection with the sale of StarStone U.S. to Core Specialty, we and one of our insurance subsidiaries entered into a loss portfolio transfer ("LPT") and adverse development cover ("ADC") reinsurance agreement with StarStone U.S. pursuant to which we reinsured all of the net loss reserves of StarStone U.S. in respect of premium earned prior to October 31, 2020. Under the terms of the LPT and ADC reinsurance agreement, we assumed total net loss reserves of \$462.4 million from StarStone U.S. in exchange for a total reinsurance premium consideration of \$478.2 million, subject to an aggregate limit of \$130.0 million above the assumed total net loss reserves. Our subsidiary's obligations to StarStone U.S. under the LPT and ADC reinsurance agreement are guaranteed by us. The LPT and ADC reinsurance agreement between us and StarStone U.S. will continue in force until such time as our liability with respect to the assumed total net loss reserves terminates.

Concurrent with the closing of the LPT and ADC reinsurance agreement, one of our wholly-owned subsidiaries entered into an Administrative Services Agreement ("ASA") with StarStone U.S., through which it was appointed as an independent contractor to provide certain administrative services covering the business we assumed from StarStone U.S. through the LPT and ADC reinsurance agreement. This ASA became effective on November 30, 2020 and will continue in force (subject to certain limited exceptions) until such time as the LPT and ADC reinsurance agreement between us and StarStone U.S. terminates.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In addition, concurrent with the sale of StarStone U.S. to Core Specialty, which was completed on November 30, 2020, one of our wholly-owned subsidiaries entered into a Transition Services Agreement ("TSA") with Core Specialty through which our subsidiary and Core Specialty agreed to provide certain transitional services to each other relating to the StarStone U.S. businesses, for a specified period of time. This TSA became effective on November 30, 2020 and unless otherwise agreed to in writing by both Core Specialty and us, will terminate on the earliest to occur of (a) the two-year anniversary of the TSA, (b) the date on which all the covered transitional services have been terminated, and (c) the termination of the TSA.

Reinsurance transactions previously eliminated on consolidation

The table below presents a summary of the total income and expenses which have been recognized within our continuing operations relating to transactions, primarily reinsurances, between StarStone U.S. and our subsidiaries:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Total income ⁽¹⁾	\$ (19)	\$ 1,709	\$ (406)	\$ 9,072
Total expenses (income) ⁽¹⁾	12,222	(1,783)	13,290	(16,682)
Net earnings (loss)	\$ (12,241)	\$ 3,492	\$ (13,696)	\$ 25,754

⁽¹⁾ For the three and nine months ended September 30, 2021, negative total income was driven by a premium adjustment, and for the three and nine months ended September 30, 2020, negative total expenses were driven by favorable loss development on the losses and LAE reserves ceded by StarStone U.S. to our subsidiaries.

Cash flows

The cash outflows between our subsidiaries and StarStone U.S. for the nine months ended September 30, 2021 and 2020 were \$53.7 million and \$11.9 million, respectively.

Equity method investment

We have applied the equity method of accounting to the common shares we acquired in Core Specialty as part-consideration for the sale of StarStone U.S. and which made up 25.2% of the total outstanding common shares in Core Specialty on a fully diluted basis as of November 30, 2020 when we completed the sale and recapitalization of StarStone U.S. (24.7% as of September 30, 2021). Our investment in the common shares of Core Specialty, which is included in equity method investments on our condensed consolidated balance sheet, was \$229.2 million as of September 30, 2021 (December 31, 2020: \$235.0 million). Following the completion of the Exchange Transaction on January 1, 2021 as described above, common shares in Core Specialty with a carrying value of \$4.0 million were distributed to redeemable noncontrolling interests as discussed in Note 15 - "Noncontrolling Interests." During the three and nine months ended September 30, 2021 our share of net earnings (loss) on our investment in Core Specialty, which is included within earnings (loss) from equity method investments in our condensed consolidated statement of earnings, was earnings of \$4.9 million and a loss of \$1.8 million, respectively.

Run-off of StarStone International (non-U.S.)

On June 10, 2020, we announced that we placed StarStone International into an orderly run-off (the "StarStone International Run-Off"). The liabilities associated with the StarStone International Run-Off vary in duration, and the run-off is expected to occur over a number of years.

The results of StarStone International are included within continuing operations in the Run-off segment. Recent developments relating to StarStone International include:

- On March 15, 2021, we sold StarStone Underwriting Limited ("SUL"), the Lloyd's managing agency, together with the right to operate Lloyd's Syndicate 1301, to Inigo Limited ("Inigo"). As of December 31, 2020, we had a 59.0% interest in SUL and the Trident V Funds and the Dowling Funds owned 39.3% and 1.7%, respectively. Upon closing, Enstar, the Trident V Funds and the Dowling Funds received aggregate consideration of \$30.0 million in the form of Inigo shares and \$0.6 million in cash.

Following the completion of the sale of SUL to Inigo on March 15, 2021, we recognized a gain on the sale of \$23.1 million in the first quarter of 2021. In addition, Enstar and the Trident V Funds have committed to invest up to \$27.0 million and \$18.0 million, respectively, in Inigo. As of September 30, 2021, Enstar had funded \$16.9 million of its capital commitment to Inigo, with \$10.1 million yet to be called by Inigo. As of September 30, 2021, our investment in Inigo was \$42.1 million (December 31, 2020: \$16.9 million)

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

representing 6.5% of the total outstanding ordinary shares of Inigo and was accounted for as a privately held equity investment and carried at fair value. In conjunction with the transaction, Enstar, the Trident V Funds and the Dowling Funds will retain the economics of Syndicate 1301's 2020 and prior years' underwriting portfolios as this business runs off.

- On February 11, 2021, we sold Arena N.V., a Belgium-based specialist accident and health managing general agent, for consideration of \$1.0 million. We recognized a loss on the sale of \$0.3 million during the first quarter of 2021.

The following table provides a summary of the net gain on sales of subsidiaries which was recorded in net gain on purchase and sales of subsidiaries included in our condensed consolidated statement of earnings:

	Nine Months Ended September 30, 2021
Atrium	\$ (7,844)
SUL	23,067
Arena	(329)
Net gain on sales of subsidiaries	<u>\$ 14,894</u>

5. INVESTMENTS

We hold: (i) trading portfolios of short-term and fixed maturity investments and equities, carried at fair value; (ii) AFS portfolios of short-term and fixed maturity investments, carried at fair value; (iii) other investments, carried at fair value; (iv) equity method investments; and (v) funds held - directly managed.

Effective April 1, 2021, the InRe Fund was consolidated by us. As a result, the carrying amounts of the assets and liabilities of the InRe Fund are presented separately in "variable interest entity assets of the InRe Fund" and "variable interest entity liabilities of the InRe Fund" within the consolidated balance sheet as of September 30, 2021. Refer to Note 12 - "Variable Interest Entities" for additional information.

Short-term and Fixed Maturity Investments

Asset Types

The fair values of the following underlying asset categories are set out below:

	September 30, 2021					
	Short-term investments, trading	Short-term investments, AFS	Fixed maturities, trading	Fixed maturities, AFS	Fixed maturities, funds held - directly managed	Total
U.S. government and agency	\$ 11,507	\$ 68,741	\$ 123,711	\$ 457,997	\$ 186,536	\$ 848,492
U.K. government	—	—	25,216	10,772	—	35,988
Other government	2,729	—	298,906	129,067	246,792	677,494
Corporate	—	12,900	2,795,864	3,099,495	813,409	6,721,668
Municipal	—	—	89,921	126,578	73,299	289,798
Residential mortgage-backed	—	—	117,551	366,068	118,598	602,217
Commercial mortgage-backed	—	—	268,644	544,624	267,314	1,080,582
Asset-backed	—	—	201,730	644,495	97,811	944,036
Structured products	—	—	—	—	1,033,097	1,033,097
Total fixed maturity and short-term investments	<u>\$ 14,236</u>	<u>\$ 81,641</u>	<u>\$ 3,921,543</u>	<u>\$ 5,379,096</u>	<u>\$ 2,836,856</u>	<u>\$ 12,233,372</u>

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	December 31, 2020					
	Short-term investments, trading	Short-term investments, AFS	Fixed maturities, trading	Fixed maturities, AFS	Fixed maturities, funds held - directly managed	Total
U.S. government and agency	\$ —	\$ 243,556	\$ 123,874	\$ 474,442	\$ 109,176	\$ 951,048
U.K. government	—	—	37,508	13,574	—	51,082
Other government	3,424	3,213	327,437	146,914	21,165	502,153
Corporate	1,705	17,026	3,227,726	1,920,323	519,952	5,686,732
Municipal	—	—	79,959	30,032	52,678	162,669
Residential mortgage-backed	—	—	154,471	328,871	70,603	553,945
Commercial mortgage-backed	—	—	347,225	276,488	230,377	854,090
Asset-backed	—	—	296,692	204,456	56,312	557,460
Total fixed maturity and short-term investments	<u>\$ 5,129</u>	<u>\$ 263,795</u>	<u>\$ 4,594,892</u>	<u>\$ 3,395,100</u>	<u>\$ 1,060,263</u>	<u>\$ 9,319,179</u>

Included within residential and commercial mortgage-backed securities as of September 30, 2021 were securities issued by U.S. governmental agencies with a fair value of \$431.1 million (December 31, 2020: \$458.1 million). There were no senior secured loans included within corporate securities as of September 30, 2021 and December 31, 2020.

Contractual Maturities

The contractual maturities of our short-term and fixed maturity investments, classified as trading and AFS and the fixed maturity investments included within our funds held - directly managed balance are shown below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

As of September 30, 2021	Amortized		
	Cost	Fair Value	% of Total Fair Value
One year or less	\$ 476,648	\$ 480,196	3.9 %
More than one year through two years	786,693	799,023	6.5 %
More than two years through five years	2,398,897	2,457,642	20.1 %
More than five years through ten years	2,582,370	2,637,871	21.6 %
More than ten years	3,199,429	3,231,805	26.4 %
Residential mortgage-backed	599,415	602,217	5.0 %
Commercial mortgage-backed	1,066,391	1,080,582	8.8 %
Asset-backed	947,989	944,036	7.7 %
	<u>\$ 12,057,832</u>	<u>\$ 12,233,372</u>	<u>100.0 %</u>

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Credit Ratings

The following table sets forth the credit ratings of our short-term and fixed maturity investments classified as trading and AFS and the fixed maturity investments included within our funds held - directly managed balance as of September 30, 2021:

	Amortized Cost	Fair Value	% of Total	AAA Rated	AA Rated	A Rated	BBB Rated	Non-Investment Grade	Not Rated
U.S. government and agency	\$ 847,653	\$ 848,492	7.0 %	\$ 847,876	\$ 381	\$ —	\$ 235	\$ —	\$ —
U.K. government	35,916	35,988	0.3 %	—	29,024	6,964	—	—	—
Other government	671,438	677,494	5.6 %	203,471	153,855	148,168	60,228	111,772	—
Corporate	6,543,670	6,721,668	54.9 %	173,599	649,917	3,124,885	2,470,801	296,685	5,781
Municipal	274,218	289,798	2.4 %	15,760	152,559	96,123	25,356	—	—
Residential mortgage-backed	599,415	602,217	4.9 %	555,694	1,453	4,477	11,032	27,508	2,053
Commercial mortgage-backed	1,066,391	1,080,582	8.8 %	794,959	126,374	85,374	65,930	3,382	4,563
Asset-backed	947,989	944,036	7.7 %	370,186	256,143	203,486	83,294	21,949	8,978
Structured products	1,071,142	1,033,097	8.4 %	—	523,036	—	510,061	—	—
Total	\$ 12,057,832	\$ 12,233,372	100.0 %	\$ 2,961,545	\$ 1,892,742	\$ 3,669,477	\$ 3,226,937	\$ 461,296	\$ 21,375
% of total fair value				24.2 %	15.5 %	30.0 %	26.4 %	3.7 %	0.2 %

Unrealized Gains and Losses on AFS Short-term and Fixed Maturity Investments

The amortized cost, unrealized gains and losses, allowance for credit losses and fair values of our short-term and fixed maturity investments classified as AFS were as follows:

As of September 30, 2021	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
			Non-Credit Related Losses	Allowance for Credit Losses	
U.S. government and agency	\$ 529,011	\$ 1,293	\$ (3,566)	\$ —	\$ 526,738
U.K. government	10,927	75	(230)	—	10,772
Other government	127,629	2,588	(1,123)	(27)	129,067
Corporate	3,117,300	28,352	(28,430)	(4,827)	3,112,395
Municipal	125,995	1,440	(857)	—	126,578
Residential mortgage-backed	367,119	1,496	(2,545)	(2)	366,068
Commercial mortgage-backed	544,211	4,616	(4,161)	(42)	544,624
Asset-backed	644,078	865	(446)	(2)	644,495
	\$ 5,466,270	\$ 40,725	\$ (41,358)	\$ (4,900)	\$ 5,460,737

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As of December 31, 2020	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
			Non-Credit Related Losses	Allowance for Credit Losses	
U.S. government and agency	\$ 715,527	\$ 3,305	\$ (834)	\$ —	\$ 717,998
U.K. government	12,494	1,080	—	—	13,574
Other government	142,459	7,721	(53)	—	150,127
Corporate	1,873,184	65,913	(1,567)	(181)	1,937,349
Municipal	28,881	1,155	(4)	—	30,032
Residential mortgage-backed	326,268	3,292	(689)	—	328,871
Commercial mortgage-backed	273,516	5,202	(2,097)	(133)	276,488
Asset-backed	204,312	846	(694)	(8)	204,456
	<u>\$ 3,576,641</u>	<u>\$ 88,514</u>	<u>\$ (5,938)</u>	<u>\$ (322)</u>	<u>\$ 3,658,895</u>

Gross Unrealized Losses on AFS Short-term and Fixed Maturity Investments

The following tables summarizes our short-term and fixed maturity investments classified as AFS that were in a gross unrealized loss position, for which an allowance for credit losses has not been recorded:

As of September 30, 2021	12 Months or Greater		Less Than 12 Months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government and agency	\$ 16,631	\$ (981)	\$ 375,400	\$ (2,585)	\$ 392,031	\$ (3,566)
U.K. government	—	—	5,222	(230)	5,222	(230)
Other government	—	—	46,714	(707)	46,714	(707)
Corporate	8,184	(249)	1,376,723	(14,475)	1,384,907	(14,724)
Municipal	—	—	71,427	(857)	71,427	(857)
Residential mortgage-backed	4,508	(128)	225,219	(2,417)	229,727	(2,545)
Commercial mortgage-backed	12,665	(451)	307,595	(3,586)	320,260	(4,037)
Asset-backed	—	—	439,074	(446)	439,074	(446)
Total short-term and fixed maturity investments	<u>\$ 41,988</u>	<u>\$ (1,809)</u>	<u>\$ 2,847,374</u>	<u>\$ (25,303)</u>	<u>\$ 2,889,362</u>	<u>\$ (27,112)</u>

As of December 31, 2020	12 Months or Greater		Less Than 12 Months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government and agency	\$ —	\$ —	\$ 55,839	\$ (834)	\$ 55,839	\$ (834)
Other government	—	—	7,971	(53)	7,971	(53)
Corporate	—	—	199,048	(1,224)	199,048	(1,224)
Municipal	—	—	1,690	(4)	1,690	(4)
Residential mortgage-backed	4,626	(125)	79,149	(564)	83,775	(689)
Commercial mortgage-backed	38	(38)	67,094	(1,562)	67,132	(1,600)
Asset-backed	—	—	116,827	(564)	116,827	(564)
Total short-term and fixed maturity investments	<u>\$ 4,664</u>	<u>\$ (163)</u>	<u>\$ 527,618</u>	<u>\$ (4,805)</u>	<u>\$ 532,282</u>	<u>\$ (4,968)</u>

As of September 30, 2021 and December 31, 2020, the number of securities classified as AFS in an unrealized loss position for which an allowance for credit loss is not recorded was 2,074 and 407, respectively. Of these securities, the number of securities that had been in an unrealized loss position for twelve months or longer was 40 and 2, respectively.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The contractual terms for the majority of these investments do not permit the issuers to settle the securities at a price less than the amortized cost basis of the security. While interest rates have increased, and in certain cases credit ratings were downgraded, we currently do not expect the issuers of these fixed income securities to settle at a price less than their amortized cost basis and therefore it is expected that we will recover the entire amortized cost basis of each security. Furthermore, we do not intend to sell the securities that are currently in an unrealized loss position, and it is also not more likely than not that we will be required to sell the securities before the recovery of their amortized cost basis.

Allowance for Credit Losses on AFS Fixed Maturity Investments

The following tables provide a reconciliation of the beginning and ending allowance for credit losses on our AFS debt securities:

	Three Months Ended September 30, 2021					
	Other government	Corporate	Residential mortgage- backed	Commercial mortgage backed	Asset-backed	Total
Allowance for credit losses, beginning of period	\$ (41)	\$ (7,171)	\$ (17)	\$ (157)	\$ —	\$ (7,386)
Allowances for credit losses on securities for which credit losses were not previously recorded	—	196	(17)	(13)	(133)	33
Reductions for securities sold during the period	—	2	2	—	—	4
Decrease to the allowance for credit losses on securities that had an allowance recorded in the previous period	14	2,146	30	128	131	2,449
Allowance for credit losses, end of period	<u>\$ (27)</u>	<u>\$ (4,827)</u>	<u>\$ (2)</u>	<u>\$ (42)</u>	<u>\$ (2)</u>	<u>\$ (4,900)</u>

	Three Months Ended September 30, 2020					
	Other government	Corporate	Residential mortgage- backed	Commercial mortgage backed	Asset-backed	Total
Allowance for credit losses, beginning of period	\$ —	\$ (3,090)	\$ —	\$ (494)	\$ (89)	\$ (3,673)
Allowances for credit losses on securities for which credit losses were not previously recorded	—	(39)	(2)	(78)	(45)	(164)
Reductions for securities sold during the period	—	341	—	—	—	341
Decrease to the allowance for credit losses on securities that had an allowance recorded in the previous period	—	2,004	—	491	89	2,584
Allowance for credit losses, end of period	<u>\$ —</u>	<u>\$ (784)</u>	<u>\$ (2)</u>	<u>\$ (81)</u>	<u>\$ (45)</u>	<u>\$ (912)</u>

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Nine Months Ended September 30, 2021						
	Other government	Corporate	Residential mortgage-backed	Commercial mortgage backed	Asset-backed	Total
Allowance for credit losses, beginning of period	\$ —	\$ (181)	\$ —	\$ (133)	\$ (8)	\$ (322)
Allowances for credit losses on securities for which credit losses were not previously recorded	(68)	(12,381)	(34)	(250)	(172)	(12,905)
Reductions for securities sold during the period	1	74	2	—	—	77
Decrease to the allowance for credit losses on securities that had an allowance recorded in the previous period	40	7,661	30	341	178	8,250
Allowance for credit losses, end of period	\$ (27)	\$ (4,827)	\$ (2)	\$ (42)	\$ (2)	\$ (4,900)

Nine Months Ended September 30, 2020						
	Other government	Corporate	Residential mortgage-backed	Commercial mortgage backed	Asset-backed	Total
Allowance for credit losses, beginning of period	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Cumulative effect of change in accounting principle	(22)	(2,987)	—	(50)	—	(3,059)
Allowances for credit losses on securities for which credit losses were not previously recorded	—	(10,359)	(2)	(572)	(134)	(11,067)
Reductions for securities sold during the period	22	2,108	—	—	—	2,130
Decrease to the allowance for credit losses on securities that had an allowance recorded in the previous period	—	10,454	—	541	89	11,084
Allowance for credit losses, end of period	\$ —	\$ (784)	\$ (2)	\$ (81)	\$ (45)	\$ (912)

During the three and nine months ended September 30, 2021 and 2020 we did not have any write-offs charged against the allowance for credit losses or any recoveries of amounts previously written-off.

Equity Investments

The following table summarizes our equity investments classified as trading:

	September 30, 2021	December 31, 2020
Publicly traded equity investments in common and preferred stocks	\$ 257,470	\$ 260,767
Exchange-traded funds	1,335,831	311,287
Privately held equity investments in common and preferred stocks	359,124	274,741
	\$ 1,952,425	\$ 846,795

Equity investments include publicly traded common and preferred stocks, exchange-traded funds and privately held common and preferred stocks. Our publicly traded equity investments in common and preferred stocks predominantly trade on major exchanges. Our investments in exchange-traded funds also trade on major exchanges.

Our privately held equity investments in common and preferred stocks are direct investments in companies that we believe offer attractive risk adjusted returns and/or offer other strategic advantages. Each investment may have its own unique terms and conditions and there may be restrictions on disposals. There is no active market for these investments. Refer to Note 19 - "Related Party Transactions" for further information on certain privately held equity investments.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Other Investments, at fair value

The following table summarizes our other investments carried at fair value:

	September 30, 2021	December 31, 2020
Hedge funds ⁽¹⁾	\$ 215,378	\$ 2,638,339
Fixed income funds	597,982	552,541
Equity funds	4,831	190,767
Private equity funds	598,901	363,103
CLO equities	153,795	128,083
CLO equity funds	199,714	166,523
Private credit funds	230,004	192,319
Real estate funds	50,666	11,883
Others	447	476
	<u>\$ 2,051,718</u>	<u>\$ 4,244,034</u>

⁽¹⁾ Effective April 1, 2021, the InRe Fund was consolidated by us. As a result, the carrying amounts of the assets and liabilities of the InRe Fund are presented separately in "variable interest entity assets of the InRe Fund" and "variable interest entity liabilities of the InRe Fund" within the condensed consolidated balance sheet as of September 30, 2021. Refer to Note 12 - "Variable Interest Entities" for additional information. As of December 31, 2020, our investment in the InRe Fund was \$2.4 billion.

The valuation of our other investments is described in Note 11 - "Fair Value Measurements." Due to a lag in the valuations of certain funds reported by the managers, we may record changes in valuation with up to a three-month lag. We regularly review and discuss fund performance with the fund managers to corroborate the reasonableness of the reported net asset values and to assess whether any events have occurred within the lag period that would affect the valuation of the investments. The following is a description of the nature of each of these investment categories:

- *Hedge funds* invest in fixed income, equity and other investments. As noted above the InRe hedge fund was consolidated effective April 1, 2021.
- *Fixed income funds* comprise a number of positions in diversified fixed income funds that are managed by third-party managers. Underlying investments vary from high-grade corporate bonds to non-investment grade senior secured loans and bonds, in both liquid and illiquid markets. The liquid fixed income funds have regularly published prices.
- *Equity funds* invest primarily in public equities.
- *Private equity funds* include primary, secondary, and direct co-investment opportunities.
- *CLO equities* comprise investments in the equity tranches of term-financed securitizations of diversified pools of corporate bank loans.
- *CLO equity funds* invest primarily in the equity tranches of term-financed securitizations of diversified pools of corporate bank loans.
- *Private credit funds* invest primarily in direct senior or collateralized loans.
- *Real Estate funds* comprise of real estate funds that invest primarily in commercial real estate equity.

As of September 30, 2021, we had unfunded commitments of \$1.5 billion to other investments.

Certain of our other investments are subject to restrictions on redemptions and sales that are determined by the governing documents, which limits our ability to liquidate those investments. These restrictions may include lock-ups, redemption gates, restricted share classes or side pockets, restrictions on the frequency of redemption and notice periods. A gate is the ability to deny or delay a redemption request, whereas a side-pocket is a designated account for which the investor loses its redemption rights. Certain other investments may not have any restrictions governing their sale, but there is no active market and no guarantee that we will be able to execute a sale in a timely manner. In addition, even if certain other investments are not eligible for redemption or sales are restricted, we may still receive income distributions from those other investments.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The table below details the estimated date by which proceeds would be received if we had provided notice of our intent to redeem or initiated a sales process as of September 30, 2021:

	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Not Eligible/ Restricted	Total	Redemption Frequency
Hedge funds	\$ 215,378	\$ —	\$ —	\$ —	\$ —	\$ 215,378	Monthly to Quarterly
Fixed income funds	560,932	—	—	—	37,050	597,982	Daily to Quarterly
Equity funds	4,831	—	—	—	—	4,831	Daily
Private equity funds	—	51,550	—	—	547,351	598,901	Quarterly for unrestricted amount
CLO equities	153,795	—	—	—	—	153,795	Daily
CLO equity funds	151,452	47,764	—	—	498	199,714	Quarterly to Bi-annually
Private credit funds	—	—	—	—	230,004	230,004	N/A
Real estate funds	—	—	—	—	50,666	50,666	N/A
Other	—	—	—	—	447	447	N/A
	<u>\$ 1,086,388</u>	<u>\$ 99,314</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 866,016</u>	<u>\$ 2,051,718</u>	

As of September 30, 2021, none of our investments were subject to gates or side-pockets.

Equity Method Investments

The table below shows our equity method investments:

	September 30, 2021		December 31, 2020	
	Ownership %	Carrying Value	Ownership %	Carrying Value
Enhanced Re ⁽¹⁾	— %	\$ —	47.4 %	\$ 330,289
Citco ⁽²⁾	31.9 %	54,401	31.9 %	53,022
Monument Re ⁽³⁾	20.0 %	202,050	20.0 %	193,716
Core Specialty	24.7 %	229,158	25.2 %	235,000
Other	~27%	19,879	~27%	20,268
		<u>\$ 505,488</u>		<u>\$ 832,295</u>

⁽¹⁾ Effective September 1, 2021, Enhanced Re was consolidated by us. Refer to Note 2 - "Business Acquisitions" for additional information.

⁽²⁾ We own 31.9% of the common shares in HH CTCO Holdings Limited, which owns 15.4% of the convertible preferred shares of Citco III Limited ("Citco"), amounting to a 6.2% interest in the total equity of Citco.

⁽³⁾ We own 20.0% of the common shares in Monument Re as well as different classes of preferred shares which have fixed dividend yields and whose balances are included in the investment amount.

Funds Held

Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to our reinsurance subsidiaries. We either have (i) funds held by reinsured companies, which are carried at amortized cost and on which we receive a fixed crediting rate, or (ii) funds held - directly managed, which are carried at fair value and on which we receive the underlying return on the portfolio. The investment returns on funds held by reinsurance companies are recognized in net investment income and the investment returns on funds held - directly managed are recognized in net investment income and net realized and unrealized gains (losses). The funds held balance is credited with investment income and losses payable are deducted.

Funds Held - Directly Managed

Funds held - directly managed, where we receive the underlying return on the investment portfolio, are carried at fair value, either because we elected the fair value option at the inception of the reinsurance contract, or because it represents the aggregate of funds held at amortized cost and the fair value of an embedded derivative. The embedded derivative relates to our contractual right to receive the return on the underlying investment portfolio supporting the reinsurance contract. We include the estimated fair value of these embedded derivatives in the

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

condensed consolidated balance sheets with the host contract in order to reflect the expected settlement of these features with the host contract. The change in the fair value of the embedded derivative is included in net unrealized gains (losses). The following table summarizes the components of the funds held - directly managed:

	September 30, 2021	December 31, 2020
Short-term and fixed maturity investments, trading	\$ 2,836,856	\$ 1,060,263
Cash and cash equivalents	211,311	9,067
Other assets	8,225	5,560
	<u>\$ 3,056,392</u>	<u>\$ 1,074,890</u>

The following table summarizes the fixed maturity investment components of funds held - directly managed:

	September 30, 2021			December 31, 2020		
	Funds held - Directly Managed - Fair Value Option	Funds held - Directly Managed - Variable Return	Total	Funds held - Directly Managed - Fair Value Option	Funds held - Directly Managed - Variable Return	Total
Short-term and fixed maturity investments, at amortized cost	\$ 850	\$ 2,836,915	\$ 2,837,765	\$ 106,938	\$ 859,403	\$ 966,341
Net unrealized gains:						
Change in fair value - fair value option accounting	—	—	—	9,693	—	9,693
Change in fair value - embedded derivative accounting	—	21,603	21,603	—	84,229	84,229
Change in fair value ⁽¹⁾	—	(22,512)	(22,512)	—	—	—
Short-term fixed maturity investments within funds held - directly managed, at fair value	<u>\$ 850</u>	<u>\$ 2,836,006</u>	<u>\$ 2,836,856</u>	<u>\$ 116,631</u>	<u>\$ 943,632</u>	<u>\$ 1,060,263</u>

⁽¹⁾ Is clearly and closely related to the host contract

Refer to the sections above for details of the short-term and fixed maturity investments within our funds held - directly managed portfolios.

Funds Held by Reinsured Companies

Funds held by reinsured companies, where we received a fixed crediting rate, are carried at cost on our condensed consolidated balance sheets. As of September 30, 2021 and December 31, 2020, we had funds held by reinsured companies of \$2.4 billion and \$635.8 million, respectively. The increase from December 31, 2020 was primarily driven by the acquisition of Enhanced Re and transactions with AXA Group and Hiscox.

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
Net Investment Income

Major categories of net investment income are summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Fixed maturity investments	\$ 46,775	\$ 47,275	\$ 139,252	\$ 153,554
Short-term investments and cash and cash equivalents	(380)	826	(562)	4,203
Funds held by reinsured companies	15,675	8,346	47,683	32,715
Funds held - directly managed	8,397	7,703	22,328	27,204
Investment income from fixed maturities and cash and cash equivalents	70,467	64,150	208,701	217,676
Equity investments	5,112	4,771	14,042	14,496
Other investments	9,290	6,000	27,415	19,384
Investment income from equities and other investments	14,402	10,771	41,457	33,880
Gross investment income	84,869	74,921	250,158	251,556
Investment expenses	(5,361)	(2,791)	(12,243)	(10,269)
Net investment expenses of the InRe Fund ⁽¹⁾	13,217	—	(6,954)	—
Net investment income	\$ 92,725	\$ 72,130	\$ 230,961	\$ 241,287

⁽¹⁾ Effective April 1, 2021, the InRe Fund was consolidated by us. Refer to Note 12 - "Variable Interest Entities" for additional information. Prior to this, all income or loss from the InRe Fund was determined by the change in net asset value (NAV) of our holdings in the fund, which was included within net realized and unrealized gains (losses) from other investments.

Net Realized and Unrealized Gains (Losses)

Components of net realized and unrealized gains (losses) were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net realized gains (losses) on sales:				
Gross realized gains on fixed maturity securities, AFS	\$ 4,332	\$ 9,871	\$ 12,597	\$ 19,995
Gross realized losses on fixed maturity securities, AFS	(2,121)	(786)	(8,887)	(7,379)
Decrease (increase) in allowance for expected credit losses on fixed maturity securities, AFS	2,482	2,248	(4,655)	(389)
Net realized gains on fixed maturity securities, trading	13,399	30,531	42,438	87,911
Net realized gains on funds held - directly managed	760	3,292	2,012	5,545
Net realized gains on equity investments	21,277	8,286	21,340	9,165
Net realized investment gains on investment derivatives	175	46	95	46
Net realized gains of the InRe Fund ⁽¹⁾	275,466	—	597,171	—
Total net realized gains on sales	\$ 315,770	\$ 53,488	\$ 662,111	\$ 114,894
Net unrealized gains (losses):				
Fixed maturity securities, trading	\$ (45,752)	\$ 14,324	\$ (174,664)	\$ 58,795
Fixed maturity securities in funds held - directly managed	(30,819)	7,814	(57,479)	42,619
Equity investments	339	4,210	82,303	(48,409)
Other Investments ⁽¹⁾	47,863	110,966	187,846	41,254
Investment derivatives	6	—	90	—
Net unrealized gains (losses) of the InRe Fund ⁽¹⁾	(560,672)	309,203	(589,040)	629,399
Total net unrealized gains (losses)	\$ (589,035)	\$ 446,517	\$ (550,944)	\$ 723,658
Net realized and unrealized gains (losses)	\$ (273,265)	\$ 500,005	\$ 111,167	\$ 838,552

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

⁽¹⁾ Effective April 1, 2021, the InRe Fund was consolidated by us. Prior to this, all income or loss from the InRe Fund was determined by the change in net asset value (NAV) of our holdings in the fund, which was included within net realized and unrealized gains (losses) from other investments. Prior period amounts have been reclassified to net unrealized gains (losses) of the InRe Fund to conform to current period presentation.

The gross realized gains and losses on AFS investments for the three months ended September 30, 2021 and 2020 included in the table above resulted from sales of \$854.4 million and \$409.6 million, respectively. The gross realized gains and losses on AFS investments for the nine months ended September 30, 2021 and 2020 included in the table above resulted from sales of \$2.1 billion and \$1.5 billion, respectively.

Reconciliation to the Consolidated Statements of Comprehensive Income

The following table provides a reconciliation of the gross realized gains and losses and credit recoveries (losses) on our AFS fixed maturity debt securities that arose during the three and nine months ended September 30, 2021 within our continuing and discontinued operations and the offsetting reclassification adjustments included within our consolidated statements of comprehensive income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Included within continuing operations:				
Gross realized gains on fixed maturity securities, AFS	\$ 4,332	\$ 9,871	\$ 12,597	\$ 19,995
Gross realized losses on fixed maturity securities, AFS	(2,121)	(786)	(8,887)	(7,379)
Tax effect	(163)	—	(539)	—
Included within discontinued operations:				
Gross realized gains on fixed maturity securities, AFS	—	489	—	1,025
Gross realized losses on fixed maturity securities, AFS	—	(86)	—	(143)
Total reclassification adjustment	\$ 2,048	\$ 9,488	\$ 3,171	\$ 13,498
Included within continuing operations:				
Credit losses on fixed maturity securities, AFS	\$ 2,482	\$ 2,248	\$ (4,655)	\$ (389)
Tax effect	(57)	—	149	—
Included within discontinued operations:				
Credit losses on fixed maturity securities, AFS	—	131	—	318
Total reclassification adjustment	\$ 2,425	\$ 2,379	\$ (4,506)	\$ (71)

Restricted Assets

We utilize trust accounts to collateralize business with our (re)insurance counterparties. We are also required to maintain investments and cash and cash equivalents on deposit with regulatory authorities and Lloyd's to support our (re)insurance operations. The investments and cash and cash equivalents on deposit are available to settle (re)insurance liabilities. Collateral generally takes the form of assets held in trust, letters of credit or funds held. The assets used as collateral are primarily highly rated fixed maturity securities. The carrying value of our restricted assets, including restricted cash of \$447.5 million and \$472.0 million, as of September 30, 2021 and December 31, 2020, respectively, was as follows:

	September 30, 2021	December 31, 2020
Collateral in trust for third party agreements	\$ 6,160,382	\$ 4,924,866
Assets on deposit with regulatory authorities	206,288	131,283
Collateral for secured letter of credit facilities	96,303	104,627
Funds at Lloyd's ⁽¹⁾	503,716	260,914
	\$ 6,966,689	\$ 5,421,690

⁽¹⁾ Our businesses include two (December 31, 2020: three) Lloyd's syndicates. Lloyd's determines the required capital principally through the annual business plan of each syndicate. This capital is referred to as "Funds at Lloyd's" and will be drawn upon in the event that a syndicate has a loss that cannot be funded from other sources. We also utilize unsecured letters of credit for a significant portion of our Funds at Lloyd's, as described in Note 14 - "Debt Obligations and Credit Facilities."

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

6. REINSURANCE BALANCES RECOVERABLE ON PAID AND UNPAID LOSSES

The following tables provide the total reinsurance balances recoverable on paid and unpaid losses:

	September 30, 2021			
	Run-off ⁽¹⁾	Legacy Underwriting	Corporate & Other	Total
Recoverable from reinsurers on unpaid:				
Outstanding losses	\$ 1,003,285	\$ 24,633	\$ —	\$ 1,027,918
IBNR	452,153	45,010	—	497,163
ULAE	4,835	1,199	—	6,034
Fair value adjustments - acquired companies	—	—	(14,134)	(14,134)
Fair value adjustments - fair value option	—	—	(35,753)	(35,753)
Total reinsurance reserves recoverable	1,460,273	70,842	(49,887)	1,481,228
Paid losses recoverable	195,198	181	—	195,379
Total	\$ 1,655,471	\$ 71,023	\$ (49,887)	\$ 1,676,607
Reconciliation to Condensed Consolidated Balance Sheet:				
Reinsurance balances recoverable on paid and unpaid losses	\$ 1,148,615	\$ 71,023	\$ (14,134)	\$ 1,205,504
Reinsurance balances recoverable on paid and unpaid losses - fair value option	506,856	—	(35,753)	471,103
Total	\$ 1,655,471	\$ 71,023	\$ (49,887)	\$ 1,676,607

⁽¹⁾ Effective January 1, 2021, the net loss reserves of StarStone International were transferred from the Legacy Underwriting segment to the Run-off segment. Refer to Note 21 - "Segment Information" for further details.

	December 31, 2020			
	Run-off	Legacy Underwriting	Corporate & Other	Total
Recoverable from reinsurers on unpaid:				
Outstanding losses	\$ 938,231	\$ 263,638	\$ —	\$ 1,201,869
IBNR	508,082	139,761	—	647,843
ULAE	16,688	—	—	16,688
Fair value adjustments - acquired companies	—	—	(15,353)	(15,353)
Fair value adjustments - fair value option	—	—	(21,427)	(21,427)
Total reinsurance reserves recoverable	1,463,001	403,399	(36,780)	1,829,620
Paid losses recoverable	172,309	87,234	—	259,543
Total	\$ 1,635,310	\$ 490,633	\$ (36,780)	\$ 2,089,163
Reconciliation to Condensed Consolidated Balance Sheet:				
Reinsurance balances recoverable on paid and unpaid losses	\$ 1,093,053	\$ 490,633	\$ (15,353)	\$ 1,568,333
Reinsurance balances recoverable on paid and unpaid losses - fair value option	542,257	—	(21,427)	520,830
Total	\$ 1,635,310	\$ 490,633	\$ (36,780)	\$ 2,089,163

Our (re)insurance Run-off subsidiaries and assumed portfolios, prior to acquisition, used retrocessional agreements to reduce their exposure to the risk of (re)insurance assumed. Previously on an annual basis, StarStone International, included within the Run-off segment from January 1, 2021, purchased a tailored outwards reinsurance program designed to manage its risk profile. The majority of StarStone International's third-party reinsurance is with highly rated reinsurers or is collateralized by pledged assets or letters of credit.

The fair value adjustments, determined on acquisition of (re)insurance subsidiaries, are based on the estimated timing of loss and LAE recoveries included in the Run-off segment and an assumed interest rate equivalent to a risk free rate for securities with similar duration to the acquired reinsurance balances recoverable on paid and unpaid losses plus a spread for credit risk, and are amortized over the estimated recovery period, as adjusted for accelerations in timing of payments as a result of commutation settlements. The determination of the

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

fair value adjustments on the retroactive reinsurance contracts for which we have elected the fair value option is described in Note 11 - "Fair Value Measurements."

As of September 30, 2021 and December 31, 2020, we had reinsurance balances recoverable on paid and unpaid losses of \$1.7 billion and \$2.1 billion, respectively. The decrease of \$412.6 million was primarily due to the elimination of intercompany cessions on consolidation of Enhanced Re, partially offset by assumed ceded assets relating to CNA and Syndicate 609.

Top Ten Reinsurers

	September 30, 2021				% of Total
	Run-off	Legacy Underwriting	Corporate & Other	Total	
Top 10 reinsurers	\$ 1,006,072	\$ 64,173	\$ —	\$ 1,070,245	63.8 %
Other reinsurers > \$1 million	627,182	6,210	(49,887)	583,505	34.8 %
Other reinsurers < \$1 million	22,217	640	—	22,857	1.4 %
Total	\$ 1,655,471	\$ 71,023	\$ (49,887)	\$ 1,676,607	100.0 %

	December 31, 2020				% of Total
	Run-off	Legacy Underwriting	Corporate & Other	Total	
Top 10 reinsurers	\$ 1,036,676	\$ 327,917	\$ —	\$ 1,364,593	65.3 %
Other reinsurers > \$1 million	574,869	159,513	(36,780)	697,602	33.4 %
Other reinsurers < \$1 million	23,765	3,203	—	26,968	1.3 %
Total	\$ 1,635,310	\$ 490,633	\$ (36,780)	\$ 2,089,163	100.0 %

	September 30, 2021	December 31, 2020
Information regarding top ten reinsurers:		
Number of top 10 reinsurers rated A- or better	8	7
Number of top 10 non-rated reinsurers ⁽¹⁾	2	3
Reinsurers rated A- or better in top 10	\$ 802,087	\$ 863,819
Non-rated reinsurers in top 10 ⁽¹⁾	268,158	500,774
Total top 10 reinsurance recoverables	\$ 1,070,245	\$ 1,364,593

Single reinsurers that represent 10% or more of total reinsurance balance recoverables as of September 30, 2021 and December 31, 2020:

Lloyd's Syndicates ⁽²⁾	\$ 296,198	\$ 331,118
Michigan Catastrophic Claims Association ⁽³⁾	\$ 221,005	\$ 229,374

⁽¹⁾ The reinsurance balances recoverable from the non-rated top 10 reinsurers was comprised of:

- \$221.0 million and \$229.4 million as of September 30, 2021 and December 31, 2020 respectively, due from Michigan Catastrophic Claims Association;
- \$47.2 million as of September 30, 2021 due from Arden Re written on a funds withheld basis as discussed in Note 19 - "Related Party Transactions";
- \$73.8 million as of December 31, 2020 due from a reinsurer who provided security in the form of pledged assets in trust for the full amount of the recoverable balance. The reinsurer received an A- rating by A.M. Best as of September 30, 2021 and the collateral has been subsequently released; and
- \$208.4 million as of December 31, 2020 due from Enhanced Re to whom some of our subsidiaries have retroceded their exposures through quota share reinsurance agreements as discussed in Note 19 - "Related Party Transactions." Effective September 1, 2021, Enhanced Re was consolidated by us (previously accounted for as an equity method investment) and all intercompany transactions and balances between Enhanced Re and Enstar were eliminated upon consolidation.

⁽²⁾ Lloyd's Syndicates are rated A+ by Standard & Poor's and A by A.M. Best.

⁽³⁾ U.S. state backed reinsurer that is supported by assessments on active auto writers operating within the state.

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
7. DEFERRED CHARGE ASSETS AND DEFERRED GAIN LIABILITIES

The following tables present a reconciliation of our deferred charge assets and deferred gain liabilities:

	Deferred Charge Assets			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Beginning carrying value	\$ 435,151	\$ 258,516	\$ 238,602	\$ 272,462
Recorded during the period	24,013	—	253,025	11,746
Amortization	(24,124)	(10,316)	(56,587)	(36,008)
Ending carrying value	<u>\$ 435,040</u>	<u>\$ 248,200</u>	<u>\$ 435,040</u>	<u>\$ 248,200</u>

	Deferred Gain Liabilities			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Beginning carrying value	\$ 20,059	\$ 11,916	\$ 19,880	\$ 12,875
Recorded during the period	9,718	—	11,280	—
Realized on acquisition	(28,755)	—	(28,755)	—
Amortization	(103)	(434)	(1,486)	(1,393)
Ending carrying value	<u>\$ 919</u>	<u>\$ 11,482</u>	<u>\$ 919</u>	<u>\$ 11,482</u>

Deferred charge assets are assessed at each reporting period for impairment. If the asset is determined to be impaired, it is written down in the period of determination. For the nine months ended September 30, 2021, we completed our impairment assessment and concluded that there had been no impairment of our carried deferred charge assets.

8. LOSSES AND LOSS ADJUSTMENT EXPENSES

The liability for losses and loss adjustment expenses ("LAE"), also referred to as loss reserves, represents our gross estimates before reinsurance for unpaid reported losses and includes losses that have been incurred but not reported ("IBNR") using a variety of actuarial methods. We recognize an asset for the portion of the liability that we expect to recover from reinsurers. LAE reserves include allocated loss adjustment expenses ("ALAE"), and unallocated loss adjustment expenses ("ULAE"). ALAE are linked to the settlement of an individual claim or loss, whereas ULAE are based on our estimates of future costs to administer the claims. IBNR represents reserves for loss and LAE that have been incurred but not yet reported to us. This includes amounts for unreported claims, development on known claims and reopened claims.

Our loss reserves cover multiple lines of business, which include asbestos, environmental, general casualty, workers' compensation/personal accident, marine, aviation and transit, construction defect, professional indemnity/directors and officers, motor, property, property excess of loss ("catastrophe") and other non-life lines of business.

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the liability for losses and LAE by segment and for our corporate and other activities:

	September 30, 2021				
	Run-off	Enhanced Re	Legacy Underwriting	Corporate & Other	Total
Outstanding losses	\$ 5,862,377	\$ 1,059	\$ 94,658	\$ —	\$ 5,958,094
IBNR	7,425,180	176,122	136,789	—	7,738,091
ULAE	435,976	2,658	2,292	—	440,926
Fair value adjustments - acquired companies	—	—	—	(123,150)	(123,150)
Fair value adjustments - fair value option	—	—	—	(136,176)	(136,176)
Total	\$ 13,723,533	\$ 179,839	\$ 233,739	\$ (259,326)	\$ 13,877,785
Reconciliation to Condensed Consolidated Balance Sheet:					
Loss and loss adjustment expenses	\$ 11,479,623	\$ 179,839	\$ 233,739	\$ (123,150)	\$ 11,770,051
Loss and loss adjustment expenses, at fair value	2,243,910	—	—	(136,176)	2,107,734
Total	\$ 13,723,533	\$ 179,839	\$ 233,739	\$ (259,326)	\$ 13,877,785

	December 31, 2020			
	Run-off	Legacy Underwriting	Corporate & Other	Total
Outstanding losses	\$ 4,440,425	\$ 687,424	\$ —	\$ 5,127,849
IBNR	4,641,500	636,003	—	5,277,503
ULAE	350,600	35,102	—	385,702
Fair value adjustments - acquired companies	—	—	(143,183)	(143,183)
Fair value adjustments - fair value option	—	—	(54,589)	(54,589)
Total	\$ 9,432,525	\$ 1,358,529	\$ (197,772)	\$ 10,593,282
Reconciliation to Condensed Consolidated Balance Sheet:				
Loss and loss adjustment expenses	\$ 6,925,016	\$ 1,358,529	\$ (143,183)	\$ 8,140,362
Loss and loss adjustment expenses, at fair value	2,507,509	—	(54,589)	2,452,920
Total	\$ 9,432,525	\$ 1,358,529	\$ (197,772)	\$ 10,593,282

The increase in the liability for losses and LAE from December 31, 2020 to September 30, 2021 was primarily attributable to the 2021 transactions described in Note 3 - "Significant New Business" and the acquisition of Enhanced Re, as well as net incurred losses and LAE in the period, partially offset by losses paid.

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The table below provides a consolidated reconciliation of the beginning and ending liability for losses and LAE:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Balance as of beginning of period	\$ 13,037,858	\$ 10,593,436	\$ 10,593,282	\$ 9,868,404
Add: losses and LAE relating to SGL No.1 ⁽¹⁾	—	—	254,561	—
	13,037,858	10,593,436	10,847,843	9,868,404
Less:				
Reinsurance reserves recoverable ⁽²⁾	1,787,725	1,858,161	1,829,620	1,927,624
Reinsurance reserves recoverable relating to SGL No1 ⁽¹⁾	—	—	90,792	—
	1,787,725	1,858,161	1,920,412	1,927,624
Less: net deferred charge assets and deferred gain liabilities on retroactive reinsurance	415,092	246,600	218,722	259,587
Less: cumulative effect of change in accounting principle on the determination of the allowance for estimated uncollectible reinsurance balances	—	—	—	643
Net balance as of beginning of period	10,835,041	8,488,675	8,708,709	7,680,550
Net incurred losses and LAE:				
Current period	42,394	78,965	145,619	314,083
Prior periods	(69,105)	30,721	(188,533)	25,595
Total net incurred losses and LAE	(26,711)	109,686	(42,914)	339,678
Net paid losses:				
Current period	(3,326)	(17,194)	(15,720)	(32,304)
Prior periods	(290,032)	(344,060)	(980,729)	(1,070,063)
Total net paid losses	(293,358)	(361,254)	(996,449)	(1,102,367)
Effect of exchange rate movement	(58,075)	98,695	(64,336)	(7,532)
Acquired business ⁽³⁾	1,099,260	—	1,099,260	—
Assumed business ⁽⁴⁾	469,601	280,497	3,349,612	1,705,970
Ceded business	(63,322)	—	(91,446)	—
Reclassification to assets and liabilities held-for-sale	—	(219,284)	—	(219,284)
Net balance as of September 30	11,962,436	8,397,015	11,962,436	8,397,015
Plus: reinsurance reserves recoverable ⁽²⁾	1,481,228	1,667,151	1,481,228	1,667,151
Plus: net deferred charge assets and deferred gain liabilities on retroactive reinsurance ⁽⁵⁾	434,121	236,718	434,121	236,718
Balance as of September 30	\$ 13,877,785	\$ 10,300,884	\$ 13,877,785	\$ 10,300,884

⁽¹⁾ This balance represents the gross up for our participation in Atrium's Syndicate 609 relating to the 2020 and prior underwriting years which is no longer eliminated on our condensed consolidated financial statements following the completion of the Exchange Transaction on January 1, 2021. Gross losses and LAE exclude \$0.4 million of fair value adjustments that were a component of the losses and LAE balance included on the held-for-sale balance sheet and which were derecognized following the completion of the Exchange Transaction. Refer to Note 4 - "Divestitures, Held-for-Sale Businesses and Discontinued Operations" for further details.

⁽²⁾ Net of allowance for estimated uncollectible reinsurance.

⁽³⁾ Acquired business of \$1,099.3 million includes \$842.0 million of third party loss reserves and \$257.2 million of loss reserves which are deemed to effectively settle balances relating to pre-existing relationships, the latter comprising of \$286.0 million of reinsurance recoverables, partially offset by a deferred gain liability of \$28.8 million, carried by two of our reinsurance subsidiaries. These pre-existing relationships were fair valued at \$271.3 million in accordance with the acquisition method of accounting. Refer to Note 2 - "Business Acquisitions" for further information.

⁽⁴⁾ Refer to Note 3 - "Significant New Business" for further information.

⁽⁵⁾ Refer to Note 7 - "Deferred Charge Assets and Deferred Gain Liabilities" for further information.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The tables below provide the components of net incurred losses and LAE by segment and for our corporate and other activities:

	Three Months Ended September 30, 2021			
	Run-off	Legacy Underwriting	Corporate & Other	Total
Net losses paid	\$ 287,323	\$ 6,035	\$ —	\$ 293,358
Net change in case and LAE reserves ⁽¹⁾	(156,926)	1,796	—	(155,130)
Net change in IBNR reserves ⁽²⁾	(167,679)	(2,000)	—	(169,679)
Increase (reduction) in estimates of net ultimate losses	(37,282)	5,831	—	(31,451)
Increase (reduction) in provisions for unallocated LAE ⁽³⁾	(12,858)	(333)	—	(13,191)
Amortization of deferred charge assets and deferred gain liabilities ⁽⁴⁾	—	—	24,021	24,021
Amortization of fair value adjustments ⁽⁵⁾	—	—	4,787	4,787
Changes in fair value - fair value option ⁽⁶⁾	—	—	(10,877)	(10,877)
Net incurred losses and LAE	\$ (50,140)	\$ 5,498	\$ 17,931	\$ (26,711)

	Three Months Ended September 30, 2020			
	Run-off	Legacy Underwriting	Corporate & Other	Total
Net losses paid	\$ 283,882	\$ 77,372	\$ —	\$ 361,254
Net change in case and LAE reserves ⁽¹⁾	(49,887)	8,260	—	(41,627)
Net change in IBNR reserves ⁽²⁾	(221,366)	(4,709)	—	(226,075)
Increase (reduction) in estimates of net ultimate losses	12,629	80,923	—	93,552
Increase (reduction) in provisions for unallocated LAE ⁽³⁾	(14,605)	(5,049)	—	(19,654)
Amortization of deferred charge assets and deferred gain liabilities ⁽⁴⁾	—	—	9,882	9,882
Amortization of fair value adjustments ⁽⁵⁾	—	—	4,864	4,864
Changes in fair value - fair value option ⁽⁶⁾	—	—	21,042	21,042
Net incurred losses and LAE	\$ (1,976)	\$ 75,874	\$ 35,788	\$ 109,686

	Nine Months Ended September 30, 2021			
	Run-off	Legacy Underwriting	Corporate & Other	Total
Net losses paid	\$ 975,146	\$ 21,303	\$ —	\$ 996,449
Net change in case and LAE reserves ⁽¹⁾	(399,036)	(711)	—	(399,747)
Net change in IBNR reserves ⁽²⁾	(597,320)	688	—	(596,632)
Increase (reduction) in estimates of net ultimate losses	(21,210)	21,280	—	70
Increase (reduction) in provisions for unallocated LAE ⁽³⁾	(41,302)	(1,023)	—	(42,325)
Amortization of deferred charge assets and deferred gain liabilities ⁽⁴⁾	—	—	55,101	55,101
Amortization of fair value adjustments ⁽⁵⁾	—	—	12,876	12,876
Changes in fair value - fair value option ⁽⁶⁾	—	—	(68,636)	(68,636)
Net incurred losses and LAE	\$ (62,512)	\$ 20,257	\$ (659)	\$ (42,914)

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Nine Months Ended September 30, 2020			
	Run-off	Legacy Underwriting	Corporate & Other	Total
Net losses paid	\$ 826,250	\$ 276,117	\$ —	\$ 1,102,367
Net change in case and LAE reserves ⁽¹⁾	(300,573)	(56,287)	—	(356,860)
Net change in IBNR reserves ⁽²⁾	(580,586)	33,511	—	(547,075)
Increase (reduction) in estimates of net ultimate losses	(54,909)	253,341	—	198,432
Increase (reduction) in provisions for unallocated LAE ⁽³⁾	(34,509)	23,446	—	(11,063)
Amortization of deferred charge assets and deferred gain liabilities ⁽⁴⁾	—	—	34,615	34,615
Amortization of fair value adjustments ⁽⁵⁾	—	—	20,846	20,846
Changes in fair value - fair value option ⁽⁶⁾	—	—	96,848	96,848
Net incurred losses and LAE	<u>\$ (89,418)</u>	<u>\$ 276,787</u>	<u>\$ 152,309</u>	<u>\$ 339,678</u>

⁽¹⁾ Comprises the movement during the year in specific case reserve liabilities as a result of claims settlements or changes advised to us by our policyholders and attorneys, less changes in case reserves recoverable advised by us to our reinsurers as a result of the settlement or movement of assumed claims.

⁽²⁾ Represents the gross change in our actuarial estimates of IBNR, less amounts recoverable.

⁽³⁾ Represents the change in the estimate of the total future costs to administer the claims.

⁽⁴⁾ Relates to the amortization of deferred charge assets and deferred gain liabilities on retroactive reinsurance contracts.

⁽⁵⁾ Relates to the amortization of fair value adjustments associated with the acquisition of companies.

⁽⁶⁾ Represents the changes in the fair value of liabilities related to our assumed retroactive reinsurance contracts for which we have elected the fair value option.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Run-off Segment

The table below provides a reconciliation of the beginning and ending liability for losses and LAE for the Run-off segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Balance as of beginning of period	\$ 13,055,661	\$ 9,231,912	\$ 9,432,525	\$ 8,683,983
Less: reinsurance reserves recoverable ⁽¹⁾	1,759,227	1,494,652	1,463,001	1,645,352
Plus: cumulative effect of change in accounting principal on allowance for estimated uncollectible reinsurance	—	—	—	703
Net balance as of beginning of period	11,296,434	7,737,260	7,969,524	7,039,334
Net incurred losses and LAE:				
Current period	35,768	8,218	121,338	24,153
Prior periods	(85,908)	(10,194)	(183,850)	(113,571)
Total net incurred losses and LAE	(50,140)	(1,976)	(62,512)	(89,418)
Net paid losses:				
Current period	(3,107)	(739)	(5,863)	(1,777)
Prior periods	(284,216)	(283,143)	(969,283)	(824,473)
Total net paid losses	(287,323)	(283,882)	(975,146)	(826,250)
Effect of exchange rate movement	(58,673)	87,018	(66,035)	(22,465)
Acquired on purchase of subsidiaries ⁽²⁾	942,388	—	942,388	—
Assumed business ⁽³⁾	493,614	307,713	3,602,637	1,744,932
Ceded business	(73,040)	—	(102,726)	—
Transfer from the Legacy Underwriting segment ⁽⁴⁾	—	—	955,130	—
Net balance as of September 30	12,263,260	7,846,133	12,263,260	7,846,133
Plus: reinsurance reserves recoverable ⁽¹⁾	1,460,273	1,306,256	1,460,273	1,306,256
Balance as of September 30	\$ 13,723,533	\$ 9,152,389	\$ 13,723,533	\$ 9,152,389

⁽¹⁾ Net of allowance for estimated uncollectible reinsurance.

⁽²⁾ Acquired business of \$942.4 million includes \$656.4 million of third party loss reserves and \$286.0 million of loss reserves, which are deemed to effectively settle balances relating to pre-existing relationships carried by two of our reinsurance subsidiaries.

⁽³⁾ Refer to Note 3 - "Significant New Business" for further information.

⁽⁴⁾ Effective January 1, 2021, the net loss reserves of StarStone International were transferred from the Legacy Underwriting segment to the Run-off segment. Refer to Note 21 - "Segment Information" for further details.

Net incurred losses and LAE in the Run-off segment were as follows:

	Three Months Ended September 30,					
	2021			2020		
	Prior Period	Current Period	Total	Prior Period	Current Period	Total
Net losses paid	\$ 284,216	\$ 3,107	\$ 287,323	\$ 283,143	\$ 739	\$ 283,882
Net change in case and LAE reserves ⁽¹⁾	(174,118)	17,192	(156,926)	(49,854)	(33)	(49,887)
Net change in IBNR reserves ⁽²⁾	(182,400)	14,721	(167,679)	(228,878)	7,512	(221,366)
Increase (reduction) in estimates of net ultimate losses	(72,302)	35,020	(37,282)	4,411	8,218	12,629
Increase (reduction) in provisions for unallocated LAE ⁽³⁾	(13,606)	748	(12,858)	(14,605)	—	(14,605)
Net incurred losses and LAE	\$ (85,908)	\$ 35,768	\$ (50,140)	\$ (10,194)	\$ 8,218	\$ (1,976)

⁽¹⁾ Comprises the movement during the year in specific case reserve liabilities as a result of claims settlements or changes advised to us by our policyholders and attorneys, less changes in case reserves recoverable advised by us to our reinsurers as a result of the settlement or movement of assumed claims.

⁽²⁾ Represents the gross change in our actuarial estimates of IBNR, less amounts recoverable.

⁽³⁾ Represents the change in the estimate of the total future costs to administer the claims.

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
Three Months Ended September 30, 2021

Current period net incurred losses and LAE of \$35.8 million primarily relates to the net earned premium from the run-off of StarStone International business which was transferred from the Legacy Underwriting segment on January 1, 2021. The reduction in estimates of net ultimate losses relating to prior periods of \$72.3 million was primarily related to favorable development on large professional indemnity/directors and officers claims as well as continued favorable loss emergence, notably in the workers' compensation and construction defect lines.

Three Months Ended September 30, 2020

Current period net incurred losses and LAE of \$8.2 million related to current period net earned premium, primarily in respect of the run-off of the AmTrust RITC transactions. Net ultimate losses relating to prior periods increased by \$4.4 million. Unfavorable development of \$128.4 million within our motor line of business was offset by favorable development across workers' compensation and other lines of business.

	Nine Months Ended September 30,					
	2021			2020		
	Prior Period	Current Period	Total	Prior Period	Current Period	Total
Net losses paid	\$ 969,283	\$ 5,863	\$ 975,146	\$ 824,473	\$ 1,777	\$ 826,250
Net change in case and LAE reserves ⁽¹⁾	(421,265)	22,229	(399,036)	(301,382)	809	(300,573)
Net change in IBNR reserves ⁽²⁾	(687,383)	90,063	(597,320)	(602,153)	21,567	(580,586)
Increase (reduction) in estimates of net ultimate losses	(139,365)	118,155	(21,210)	(79,062)	24,153	(54,909)
Increase (reduction) in provisions for unallocated LAE ⁽³⁾	(44,485)	3,183	(41,302)	(34,509)	—	(34,509)
Net incurred losses and LAE	<u>\$ (183,850)</u>	<u>\$ 121,338</u>	<u>\$ (62,512)</u>	<u>\$ (113,571)</u>	<u>\$ 24,153</u>	<u>\$ (89,418)</u>

⁽¹⁾ Comprises the movement during the year in specific case reserve liabilities as a result of claims settlements or changes advised to us by our policyholders and attorneys, less changes in case reserves recoverable advised by us to our reinsurers as a result of the settlement or movement of assumed claims.

⁽²⁾ Represents the gross change in our actuarial estimates of IBNR, less amounts recoverable.

⁽³⁾ Represents the change in the estimate of the total future costs to administer the claims.

Nine Months Ended September 30, 2021

Current period net incurred losses and LAE of \$121.3 million related to current period net earned premium, primarily in respect of the run-off of StarStone International business which was transferred from the Legacy Underwriting segment on January 1, 2021. The reduction in estimates of net ultimate losses relating to prior periods of \$139.4 million was primarily related to favorable development in our professional indemnity/directors and officers line of business across our Lloyd's portfolios arising from a change in ultimates and reductions in case reserve estimates for large claims, continued favorable loss emergence in our workers' compensation and general casualty lines of business as well as favorable development across multiple StarStone International books of business. Partially offsetting this favorable development was an increase in net incurred losses of \$20.9 million due to our reevaluation of our gross and net exposure on COVID-19 pandemic related losses.

Nine Months Ended September 30, 2020

Current period net incurred losses and LAE of \$24.2 million related to current period net earned premium, primarily in respect of the run-off of the AmTrust RITC transactions. The reduction in estimates of net ultimate losses relating to prior periods of \$79.1 million was largely attributable to favorable development within our workers' compensation as well as other lines of business, partially offset by unfavorable development of \$122.4 million within our motor line of business.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Enhanced Re Segment

The table below provides a reconciliation of the beginning and ending liability for losses and LAE for the Enhanced Re segment:

	Three and Nine Months Ended September 30, 2021	
Balance as of beginning of period	\$	—
Effect of exchange rate movement		(48)
Acquired on purchase of subsidiaries ⁽¹⁾		179,887
Balance as of September 30	\$	179,839

⁽¹⁾ Refer to Note 2 - "Business Acquisitions" for further information.

Legacy Underwriting Segment

The table below provides a reconciliation of the beginning and ending liability for losses and LAE for our Legacy Underwriting segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Balance as of beginning of period	\$ 240,911	\$ 1,610,956	\$ 1,358,529	\$ 1,569,865
Add: losses and LAE relating to SGL No.1 ⁽¹⁾	—	—	254,561	—
	240,911	1,610,956	1,613,090	1,569,865
Less:				
Reinsurance reserves recoverable ⁽²⁾	76,270	429,847	403,399	385,613
Reinsurance recoverable relating to SGL No.1 ⁽¹⁾	—	—	90,792	—
	76,270	429,847	494,191	385,613
Less: cumulative effect of change in accounting principal on allowance for estimated uncollectible reinsurance	—	—	—	1,346
Net balance as of beginning of period	164,641	1,181,109	1,118,899	1,182,906
Net incurred losses and LAE:				
Current period	6,626	70,747	24,281	289,930
Prior periods	(1,128)	5,127	(4,024)	(13,143)
Total net incurred losses and LAE	5,498	75,874	20,257	276,787
Net paid losses:				
Current period	(219)	(16,455)	(9,857)	(30,527)
Prior periods	(5,816)	(60,917)	(11,446)	(245,590)
Total net paid losses	(6,035)	(77,372)	(21,303)	(276,117)
Effect of exchange rate movement	(1,207)	13,083	174	9,118
Reclassification to assets and liabilities held-for-sale	—	(216,349)	—	(216,349)
Transfer to Run-off segment ⁽³⁾	—	—	(955,130)	—
Net balance as of September 30	162,897	976,345	162,897	976,345
Plus: reinsurance reserves recoverable ⁽²⁾	70,842	401,288	70,842	401,288
Balance as of September 30	\$ 233,739	\$ 1,377,633	\$ 233,739	\$ 1,377,633

⁽¹⁾ This balance represents the gross up for our participation in Atrium's Syndicate 609 relating to the 2020 and prior underwriting years which is no longer eliminated on our condensed consolidated financial statements following the completion of the Exchange Transaction on January 1, 2021. Refer to Note 4 - "Divestitures, Held-for-Sale Businesses and Discontinued Operations" for further details.

⁽²⁾ Net of allowance for estimated uncollectible reinsurance.

⁽³⁾ Effective January 1, 2021, the net loss reserves of StarStone International were transferred from the Legacy Underwriting segment to the Run-off segment. Refer to Note 21 - "Segment Information" for further details.

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Net incurred losses and LAE in the Legacy Underwriting segment were as follows:

	Three Months Ended September 30,					
	2021			2020		
	Prior Period	Current Period	Total	Prior Period	Current Period	Total
Net losses paid	\$ 5,816	\$ 219	\$ 6,035	\$ 60,917	\$ 16,455	\$ 77,372
Net change in case and LAE reserves ⁽¹⁾	4,122	(2,326)	1,796	(22,833)	31,093	8,260
Net change in IBNR reserves ⁽²⁾	(10,518)	8,518	(2,000)	(32,706)	27,997	(4,709)
Increase (reduction) in estimates of net ultimate losses	(580)	6,411	5,831	5,378	75,545	80,923
Increase (reduction) in provisions for unallocated LAE ⁽³⁾	(548)	215	(333)	(251)	(4,798)	(5,049)
Net incurred losses and LAE	\$ (1,128)	\$ 6,626	\$ 5,498	\$ 5,127	\$ 70,747	\$ 75,874

⁽¹⁾ Comprises the movement during the year in specific case reserve liabilities as a result of claims settlements or changes advised to us by our policyholders and attorneys, less changes in case reserves recoverable advised by us to our reinsurers as a result of the settlement or movement of assumed claims.

⁽²⁾ Represents the gross change in our actuarial estimates of IBNR, less amounts recoverable.

⁽³⁾ Represents the change in the estimate of the total future costs to administer the claims.

Three Months Ended September 30, 2021

Current period net incurred losses and LAE of \$6.6 million related to current period net earned premium. The reduction in net incurred losses and LAE liabilities relating to prior periods was \$1.1 million and was attributable to an increase in estimates of net ultimate losses of \$0.6 million.

Three Months Ended September 30, 2020

Current period net incurred losses and LAE of \$70.7 million related to current period net earned premium and included losses related to the COVID-19 pandemic of \$2.9 million. The increase in net incurred losses and LAE liabilities relating to prior periods was \$5.1 million and was attributable to an increase in estimates of net ultimate losses of \$5.4 million.

	Nine Months Ended September 30,					
	2021			2020		
	Prior Period	Current Period	Total	Prior Period	Current Period	Total
Net losses paid	\$ 11,446	\$ 9,857	\$ 21,303	\$ 245,590	\$ 30,527	\$ 276,117
Net change in case and LAE reserves ⁽¹⁾	(570)	(141)	(711)	(96,173)	39,886	(56,287)
Net change in IBNR reserves ⁽²⁾	(13,822)	14,510	688	(162,492)	196,003	33,511
Increase (reduction) in estimates of net ultimate losses	(2,946)	24,226	21,280	(13,075)	266,416	253,341
Increase (reduction) in provisions for unallocated LAE ⁽³⁾	(1,078)	55	(1,023)	(68)	23,514	23,446
Net incurred losses and LAE	\$ (4,024)	\$ 24,281	\$ 20,257	\$ (13,143)	\$ 289,930	\$ 276,787

⁽¹⁾ Comprises the movement during the year in specific case reserve liabilities as a result of claims settlements or changes advised to us by our policyholders and attorneys, less changes in case reserves recoverable advised by us to our reinsurers as a result of the settlement or movement of assumed claims.

⁽²⁾ Represents the gross change in our actuarial estimates of IBNR, less amounts recoverable.

⁽³⁾ Represents the change in the estimate of the total future costs to administer the claims.

Nine Months Ended September 30, 2021

Current period net incurred losses and LAE of \$24.3 million related to current period net earned premium. The reduction in net incurred losses and LAE liabilities relating to prior periods was \$4.0 million and was attributable to a reduction in estimates of net ultimate losses of \$2.9 million.

Nine Months Ended September 30, 2020

Current period net incurred losses and LAE of \$289.9 million related to current period net earned premium and included losses related to the COVID-19 pandemic of \$37.1 million. The reduction in net incurred losses and LAE liabilities relating to prior periods was \$13.1 million and was attributable to a reduction in estimates of net ultimate losses of \$13.1 million.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

9. FUTURE POLICYHOLDER BENEFITS

The provision for future policyholder benefits includes provisions for life contingent liabilities assumed as well as other policy benefits for insureds. The future policyholder benefits are equal to the present value of the future benefits payments and related expenses less the present value of future net premiums.

The mortality assumptions are based on cedant historical data, regional mortality tables, and industry standards. The present value of the liabilities are discounted utilizing the discount rate derived from the yield on the assets supporting the liabilities and may include certain reinvestment assumptions. The future policyholder benefits related to traditional annuity products include provisions for adverse deviation.

The table below summarizes the liability for future policyholder benefits:

	September 30, 2021
Annuities	\$ 1,621,197
Fair value adjustments - acquired companies	(122,987)
Total	\$ 1,498,210

We believe that the assumptions used represent a realistic and appropriate basis for estimating the provision for future policyholder benefits as of September 30, 2021. However, these assumptions are subject to change and we regularly review and adjust our estimates and provisioning methodologies taking into account all currently known information and updated assumptions relating to unknown information.

10. DEFENDANT ASBESTOS AND ENVIRONMENTAL LIABILITIES

Included within defendant asbestos and environmental liabilities and insurance balances recoverable are the fair value adjustments that were initially recognized upon acquisition. These fair value adjustments are amortized in proportion to the actual payout of claims and recoveries.

The carrying value of the asbestos and environmental liabilities, insurance recoveries, future estimated expenses and the fair value adjustments related to DCo LLC ("DCo") and Morse TEC were as follows:

	September 30, 2021	December 31, 2020
Defendant asbestos and environmental liabilities:		
Defendant asbestos liabilities	\$ 854,804	\$ 913,276
Defendant environmental liabilities	11,546	12,572
Estimated future expenses	38,004	42,510
Fair value adjustments	(244,433)	(262,029)
Defendant asbestos and environmental liabilities	659,921	706,329
Insurance balances recoverable:		
Insurance recoveries related to defendant asbestos liabilities (net of allowance: 2021 - \$5,805; 2020 - \$4,824)	265,340	310,602
Fair value adjustments	(51,921)	(60,950)
Insurance balances recoverable	213,419	249,652
Net liabilities relating to defendant asbestos and environmental exposures	\$ 446,502	\$ 456,677

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The table below provides a consolidated reconciliation of the beginning and ending liability for defendant asbestos and environmental exposures:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Balance as of beginning of period	\$ 677,919	\$ 808,062	\$ 706,329	\$ 847,685
Less: Insurance balances recoverable ⁽¹⁾	245,979	428,277	249,652	448,855
Plus: Cumulative effect of change in accounting principle on the determination of the allowance for estimated uncollectible insurance balances	—	—	—	3,167
Net balance as of beginning of period	431,940	379,785	456,677	401,997
Total net paid claims	21,970	52,891	4,746	51,977
Amounts recorded in other income:				
Reduction in estimates of ultimate net liabilities	(4,983)	(48,439)	(18,985)	(75,332)
Reduction in estimated future expenses	(997)	(3,124)	(4,505)	(6,127)
Amortization of fair value adjustments	(1,428)	7,636	8,569	16,234
Total other income	(7,408)	(43,927)	(14,921)	(65,225)
Net balance as at September 30	446,502	388,749	446,502	388,749
Plus: Insurance balances recoverable ⁽¹⁾	213,419	365,288	213,419	365,288
Balance as at September 30	\$ 659,921	\$ 754,037	\$ 659,921	\$ 754,037

⁽¹⁾ Net of allowance for estimated uncollectible insurance balances.

11. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

Fair value is defined as the price at which to sell an asset or transfer a liability (i.e. the "exit price") in an orderly transaction between market participants. We use a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The hierarchy is broken down into three levels as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments.
- Level 2 - Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in inactive markets, or for which significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on unobservable inputs where there is little or no market activity. Unadjusted third party pricing sources or management's assumptions and internal valuation models may be used to determine the fair values.

In addition, certain of our other investments are measured at fair value using net asset value ("NAV") per share (or its equivalent) as a practical expedient and have not been classified within the fair value hierarchy above.

We have categorized our assets and liabilities that are recorded at fair value on a recurring basis among levels based on the observability of inputs, or at fair value using NAV per share (or its equivalent) as follows:

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	September 30, 2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV as Practical Expedient	Total Fair Value
Investments:					
Short-term and fixed maturity investments:					
U.S. government and agency	\$ —	\$ 848,492	\$ —	\$ —	\$ 848,492
U.K. government	—	35,988	—	—	35,988
Other government	—	677,494	—	—	677,494
Corporate	—	6,721,668	—	—	6,721,668
Municipal	—	289,798	—	—	289,798
Residential mortgage-backed	—	602,217	—	—	602,217
Commercial mortgage-backed	—	1,080,582	—	—	1,080,582
Asset-backed	—	944,036	—	—	944,036
Structured products	—	1,033,097	—	—	1,033,097
	<u>\$ —</u>	<u>\$ 12,233,372</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12,233,372</u>
Other assets included within funds held - directly managed	\$ —	\$ 219,536	\$ —	\$ —	\$ 219,536
Equities:					
Publicly traded equity investments	\$ 215,345	\$ 42,125	\$ —	\$ —	\$ 257,470
Exchange-traded funds	1,335,831	—	—	—	1,335,831
Privately held equity investments	—	—	359,124	—	359,124
	<u>\$ 1,551,176</u>	<u>\$ 42,125</u>	<u>\$ 359,124</u>	<u>\$ —</u>	<u>\$ 1,952,425</u>
Other investments:					
Hedge funds ⁽¹⁾	\$ —	\$ —	\$ —	\$ 215,378	\$ 215,378
Fixed income funds	—	259,595	—	338,387	597,982
Equity funds	—	4,831	—	—	4,831
Private equity funds	—	—	—	598,901	598,901
CLO equities	—	153,795	—	—	153,795
CLO equity funds	—	—	—	199,714	199,714
Private credit funds	—	—	—	230,004	230,004
Real estate debt fund	—	—	—	50,666	50,666
Other	—	—	447	—	447
	<u>\$ —</u>	<u>\$ 418,221</u>	<u>\$ 447</u>	<u>\$ 1,633,050</u>	<u>\$ 2,051,718</u>
Total Investments	<u>\$ 1,551,176</u>	<u>\$ 12,913,254</u>	<u>\$ 359,571</u>	<u>\$ 1,633,050</u>	<u>\$ 16,457,051</u>
Cash and cash equivalents	<u>\$ 1,326,360</u>	<u>\$ 32,469</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,358,829</u>
Reinsurance balances recoverable on paid and unpaid losses:	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 471,103</u>	<u>\$ —</u>	<u>\$ 471,103</u>
Losses and LAE:	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,107,734</u>	<u>\$ —</u>	<u>\$ 2,107,734</u>

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	December 31, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV as Practical Expedient	Total Fair Value
Investments:					
Short-term and fixed maturity investments:					
U.S. government and agency	\$ —	\$ 951,048	\$ —	\$ —	\$ 951,048
U.K government	—	51,082	—	—	51,082
Other government	—	502,153	—	—	502,153
Corporate	—	5,686,732	—	—	5,686,732
Municipal	—	162,669	—	—	162,669
Residential mortgage-backed	—	553,945	—	—	553,945
Commercial mortgage-backed	—	854,090	—	—	854,090
Asset-backed	—	557,460	—	—	557,460
	—	9,319,179	—	—	9,319,179
Other assets included within funds held - directly managed	\$ —	\$ 14,627	\$ —	\$ —	\$ 14,627
Equities:					
Publicly traded equity investments	\$ 229,167	\$ 31,600	\$ —	\$ —	\$ 260,767
Exchange-traded funds	311,287	—	—	—	311,287
Privately held equity investments	—	—	274,741	—	274,741
	\$ 540,454	\$ 31,600	\$ 274,741	\$ —	\$ 846,795
Other investments:					
Hedge funds ⁽¹⁾	\$ —	\$ —	\$ —	\$ 2,638,339	\$ 2,638,339
Fixed income funds	—	285,837	—	266,704	552,541
Equity funds	—	5,073	—	185,694	190,767
Private equity funds	—	—	—	363,103	363,103
CLO equities	—	128,083	—	—	128,083
CLO equity funds	—	—	—	166,523	166,523
Private credit funds	—	—	9,250	183,069	192,319
Real estate debt fund	—	—	—	11,883	11,883
Other	—	—	314	162	476
	\$ —	\$ 418,993	\$ 9,564	\$ 3,815,477	\$ 4,244,034
Total Investments	\$ 540,454	\$ 9,784,399	\$ 284,305	\$ 3,815,477	\$ 14,424,635
Cash and cash equivalents	\$ 385,790	\$ 208,272	\$ —	\$ —	\$ 594,062
Reinsurance balances recoverable on paid and unpaid losses:	\$ —	\$ —	\$ 520,830	\$ —	\$ 520,830
Losses and LAE:	\$ —	\$ —	\$ 2,452,920	\$ —	\$ 2,452,920

⁽¹⁾ Effective April 1, 2021, the InRe Fund was consolidated by us. As a result, the carrying amounts of the assets and liabilities of the InRe Fund are presented separately in "Variable interest entity assets of the InRe Fund" and "Variable interest entity liabilities of the InRe Fund" within the condensed consolidated balance sheet as of September 30, 2021. Refer to Note 12 - "Variable Interest Entities" for additional information. As of December 31, 2020, our investment in the InRe Fund was \$2.4 billion.

Level 3 Measurements and Changes in Leveling

Transfers into or out of levels are recorded at their fair values as of the end of the reporting period, consistent with the date of determination of fair value.

Investments

The following tables present a reconciliation of the beginning and ending balances for all investments measured at fair value on a recurring basis using Level 3 inputs:

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
	Privately-held Equities	Other Investments	Total	Privately-held Equities	Other Investments	Total
Beginning fair value	\$ 348,725	\$ 314	\$ 349,039	\$ 271,000	\$ 314	\$ 271,314
Purchases	3,488	—	3,488	—	10,000	10,000
Total realized and unrealized gains (losses)	6,911	133	7,044	45	—	45
Transfer out of Level 3 into Level 2	—	—	—	—	—	—
Ending fair value	\$ 359,124	\$ 447	\$ 359,571	\$ 271,045	\$ 10,314	\$ 281,359

	Nine months ended September 30, 2021			Nine months ended September 30, 2020		
	Privately-held Equities	Other Investments	Total	Privately-held Equities	Other Investments	Total
Beginning fair value	\$ 274,741	\$ 9,564	\$ 284,305	\$ 265,799	\$ 87,869	\$ 353,668
Purchases	80,332	—	80,332	1,392	47,092	48,484
Sales and paydowns	—	(9,250)	(9,250)	—	(539)	(539)
Total realized and unrealized gains	4,051	133	4,184	3,854	(40,368)	(36,514)
Transfer out of Level 3 into Level 2	—	—	—	—	(83,740)	(83,740)
Ending fair value	\$ 359,124	\$ 447	\$ 359,571	\$ 271,045	\$ 10,314	\$ 281,359

Net realized and unrealized gains (losses) related to Level 3 assets in the tables above are included in net realized and unrealized gains (losses) in our consolidated statements of earnings.

The securities transferred from Level 3 to Level 2 were based upon obtaining market observable information regarding the valuations of the specific assets.

Valuations Techniques and Inputs

The table below presents the qualitative information related to the fair value measurements for our privately held equity investments measured at fair value on a recurring basis using Level 3 inputs:

Qualitative Information about Level 3 Fair Value Measurements			
Fair Value as of September 30, 2021 (in millions of U.S. dollars)	Valuation Techniques	Unobservable Input	Range (Average) ⁽¹⁾
\$ 225.9	Guideline company methodology	Distribution waterfall	12.72
41.1	Cost as approximation of fair value	Cost as approximation of fair value	
77.1	Dividend discount model; Guideline companies method	Discount rate Exit multiple	12.5% 1.3x - 1.5x (1.4x)
15.5	Net Asset Value ⁽²⁾	NAV at recent transaction	19.82
\$ 359.6			

⁽¹⁾ The average represents the arithmetic average of the inputs and is not weighted by the relative fair value.

⁽²⁾ This relates to our direct investment in the equity of a privately held business development company ("BDC") which follows the Investment Company accounting guidance in ASC 946 and therefore values its underlying investments using NAV as a practical expedient as permitted by ASC 946. Our valuation of our equity interest in this BDC is therefore based on the NAV provided by the BDC, subject to our own independent validation procedures.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Insurance Contracts - Fair Value Option

The following table presents a reconciliation of the beginning and ending balances for all insurance contracts measured at fair value on a recurring basis using Level 3 inputs:

	Three Months Ended September 30,					
	2021			2020		
	Liability for losses and LAE	Reinsurance balances recoverable	Net	Liability for losses and LAE	Reinsurance balances recoverable	Net
Beginning fair value	\$ 2,234,105	\$ 492,343	\$ 1,741,762	\$ 2,454,539	\$ 671,384	\$ 1,783,155
Assumed business	—	—	—	1,526	(180,972)	182,498
Incurring losses and LAE:						
Increase (reduction) in estimates of ultimate losses	4,269	(969)	5,238	(25,595)	56,702	(82,297)
Reduction in unallocated LAE	(4,088)	—	(4,088)	(4,641)	—	(4,641)
Change in fair value	(13,185)	(2,308)	(10,877)	19,092	(1,950)	21,042
Total incurred losses and LAE	(13,004)	(3,277)	(9,727)	(11,144)	54,752	(65,896)
Paid losses	(76,909)	(11,734)	(65,175)	(86,745)	(11,192)	(75,553)
Effect of exchange rate movements	(36,458)	(6,229)	(30,229)	64,502	9,189	55,313
Ending fair value	\$ 2,107,734	\$ 471,103	\$ 1,636,631	\$ 2,422,678	\$ 543,161	\$ 1,879,517

	Nine Months Ended September 30,					
	2021			2020		
	Liability for losses and LAE	Reinsurance balances recoverable	Net	Liability for losses and LAE	Reinsurance balances recoverable	Net
Beginning fair value	\$ 2,452,920	\$ 520,830	\$ 1,932,090	\$ 2,621,122	\$ 695,518	\$ 1,925,604
Assumed business	—	—	—	1,526	(180,972)	182,498
Incurring losses and LAE:						
Reduction in estimates of ultimate losses	(8,231)	5,998	(14,229)	(61,109)	48,580	(109,689)
Reduction in unallocated LAE	(11,747)	—	(11,747)	(14,353)	—	(14,353)
Change in fair value	(83,094)	(14,458)	(68,636)	130,075	33,227	96,848
Total incurred losses and LAE	(103,072)	(8,460)	(94,612)	54,613	81,807	(27,194)
Paid losses	(211,496)	(35,023)	(176,473)	(230,187)	(49,627)	(180,560)
Effect of exchange rate movements	(30,618)	(6,244)	(24,374)	(24,396)	(3,565)	(20,831)
Ending fair value	\$ 2,107,734	\$ 471,103	\$ 1,636,631	\$ 2,422,678	\$ 543,161	\$ 1,879,517

The following table presents the components of the net change in fair value:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Changes in fair value due to changes in:				
Duration	\$ 2,657	\$ 11,767	\$ 8,228	\$ 19,617
Corporate bond yield	(13,534)	9,275	(76,864)	75,524
Weighted cost of capital	—	—	—	(5,048)
Risk cost of capital	—	—	—	6,755
Change in fair value	\$ (10,877)	\$ 21,042	\$ (68,636)	\$ 96,848

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Below is a summary of the quantitative information regarding the significant observable and unobservable inputs used in the internal model to determine fair value on a recurring basis:

Valuation Technique	Unobservable (U) and Observable (O) Inputs	September 30, 2021	December 31, 2020
		Weighted Average	Weighted Average
Internal model	Corporate bond yield (O)	A rated	A rated
Internal model	Credit spread for non-performance risk (U)	0.2%	0.2%
Internal model	Risk cost of capital (U)	5.1%	5.1%
Internal model	Weighted average cost of capital (U)	8.25%	8.25%
Internal model	Duration - liability (U)	8.25 years	8.17 years
Internal model	Duration - reinsurance balances recoverable on paid and unpaid losses (U)	7.94 years	8.23 years

The fair value of the liability for losses and LAE and reinsurance balances recoverable on paid and unpaid losses may increase or decrease due to changes in the corporate bond rate, the credit spread for non-performance risk, the risk cost of capital, the weighted average cost of capital and the estimated payment pattern. In addition, the estimate of the capital required to support the liabilities is based upon current industry standards for capital adequacy.

Disclosure of Fair Values for Financial Instruments Carried at Cost

Senior Notes

As of September 30, 2021, our 4.50% Senior Notes due 2022 (the "2022 Senior Notes"), our 4.95% Senior Notes due 2029 (the "2029 Senior Notes") and our 3.10% Senior Notes due 2031 (the "2031 Senior Notes" and, together with the 2022 Senior Notes and 2029 Senior notes, the "Senior Notes") were carried at amortized cost of \$280.2 million, \$494.8 million and \$494.3 million, respectively, while the fair value based on observable market pricing from a third party pricing service was \$284.1 million, \$556.6 million and \$492.5 million, respectively. The Senior Notes are classified as Level 2.

Subordinated Notes

As of September 30, 2021, our 5.75% Fixed-Rate Reset Junior Subordinated Notes due 2040 (the "Junior Subordinated Notes") were carried at amortized cost of \$345.0 million, while the fair value based on observable market pricing from a third party pricing service was \$375.0 million.

As of September 30, 2021, Enhanced Re's 5.50% Subordinated Notes due 2031 (the "2031 Subordinated Notes" together with the Junior Subordinated Notes, the "Subordinated Notes"), were carried at amortized cost of \$76.4 million, while the fair value based on observable market pricing for comparable debt from a third party pricing service was \$75.3 million.

The Subordinated Notes are classified as Level 2.

Insurance Contracts

Disclosure of fair value of amounts relating to insurance contracts is not required, except those for which we elected the fair value option, as described above.

Remaining Assets and Liabilities

Our remaining assets and liabilities were generally carried at cost or amortized cost, which due to their short-term nature approximates fair value as of September 30, 2021 and December 31, 2020.

12. VARIABLE INTEREST ENTITIES

We have investments in certain limited partnership funds which are deemed to be variable interest entities ("VIEs"). The activities of these VIEs are generally limited to holding investments and our involvement in these entities is passive in nature. We consolidate all VIEs in which we are considered to be the primary beneficiary.

InRe Fund

On April 1, 2021, we obtained control of the InRe Fund following redemption by the general partner, an affiliate of Hillhouse Group, of all of its outstanding ownership interests and termination of its investment management activities. As such, on that date we had full ownership of the InRe Fund and the power to direct its activities, which led to our determination to consolidate the InRe Fund. Prior to consolidation, our investment in the

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

InRe Fund was recorded at fair value using the NAV as a practical expedient and thus, there was no gain or loss upon consolidation. The carrying amounts of the assets and liabilities of the InRe Fund are presented separately in “variable interest entity assets of the InRe Fund” and “variable interest entity liabilities of the InRe Fund” within the condensed consolidated balance sheet as of September 30, 2021. Net investment income and changes in the fair value of assets and liabilities of the InRe Fund are presented in “net investment income” and “net realized and unrealized gains,” respectively, in the consolidated statement of earnings for the three and nine months ended September 30, 2021.

Our subsidiary, which now serves as the general partner of the InRe Fund, has exposure to risk of loss that is not limited to the amount of its investment in accordance with the limited partnership agreement. We cannot predict the amount of loss, if any, which may occur as a result of this exposure; however, we believe the likelihood is remote that a material loss will occur. We have not committed to provide any financial support to the general partner of the InRe Fund. In addition, we have not committed to provide any additional financial support to the InRe Fund in excess of previously funded capital commitments.

The InRe Fund utilizes prime brokerage borrowing facilities and has also securitized certain letters of credit relating to intragroup reinsurances. Funds that employ leverage through borrowings and derivatives can generate outsized returns but can also experience greater levels of volatility.

The assets of Enstar are not available to the creditors of the InRe Fund.

Since April 1, 2021, we have redeemed an aggregate of \$2.3 billion from the InRe Fund, of which \$1.5 billion was redeemed in the third quarter of 2021.

The following table presents the assets and liabilities associated with the InRe Fund, as presented within the condensed consolidated balance sheet:

	September 30, 2021
ASSETS	
Cash and cash equivalents	\$ 245
Restricted cash held at brokers ⁽¹⁾	696,260
Total cash, cash equivalents and restricted cash	696,505
Securities owned, at fair value	396,984
Other assets:	
Derivative assets, at fair value	6,406
Due from brokers	29,786
Other assets	593
Total other assets	36,785
Total variable interest entity assets of the InRe Fund	\$ 1,130,274
LIABILITIES	
Derivative liabilities, at fair value	\$ 54,373
Due to brokers	576,649
Securities sold, but not yet purchased, at fair value	34,983
Payable for investments purchased	14,390
Other liabilities	2,153
Total variable interest entity liabilities of the InRe Fund	\$ 682,548

⁽¹⁾ Includes margin posted as collateral which is considered to be restricted cash.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The InRe Fund's cash flows are classified as operating cash flows in the consolidated statements of cash flows as the InRe Fund is accounted for under investment company accounting standards. The following table presents the net cash flows of the InRe Fund for the nine months ended September 30, 2021, following its consolidation on April 1, 2021 (the cash flows prior to April 1, 2021 are not presented as the InRe Fund was not consolidated):

	Nine Months Ended September 30, 2021
OPERATING ACTIVITIES	
Net loss	\$ (75,430)
Adjustments to reconcile net loss to cash flows:	
Realized gains on sales of investments and derivatives	(597,171)
Unrealized losses on investments and derivatives	665,647
Sales of trading securities	3,367,676
Purchases of trading securities	(1,347,890)
Payments to cover securities sold short	(1,016,419)
Proceeds from securities sold short	460,514
Net receipt (payment) for derivative contracts	(66,132)
Changes in:	
Due from brokers, excluding restricted cash	646,888
Receivable from investments sold	461,567
Due to brokers	50,254
Payable for investments purchased	(126,778)
Other	(302)
Subtotal	1,031,629
Net operating cash flows from the InRe Fund	2,422,424
INVESTING ACTIVITIES	
Consolidation of the InRe Fund opening cash and restricted cash balances	574,081
Net investing cash flows from the InRe Fund	574,081
FINANCING ACTIVITIES	
Enstar capital withdrawals ⁽¹⁾	(2,300,000)
Net cash used in financing activities ⁽²⁾	(2,300,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	696,505
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	—
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	\$ 696,505

⁽¹⁾ Eliminated in the condensed consolidated statement of cash flows.

⁽²⁾ In addition to the cash flows presented above, for the nine months ended September 30, 2021 the InRe Fund's non-cash financing activities included a third-party capital withdrawal from the InRe Fund totaling \$61.4 million which was funded through the transfer of a trading security.

Fixed Maturity Investments

Asset Types

The fair value of the underlying asset categories comprising the InRe Fund's fixed maturity investments classified as trading were as follows:

	September 30, 2021
Convertible bonds	\$ 52,654
Corporate bonds	6,342
Total fixed maturity investments	\$ 58,996

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Credit Ratings

The following table sets forth the credit ratings of the InRe Fund's fixed maturity investments classified as trading as of September 30, 2021:

	Amortized Cost	Fair Value	% of Total	A Rated	Non-Investment Grade	Non-Rated
Convertible bonds	\$ 57,469	\$ 52,654	89.3 %	\$ —	\$ —	\$ 52,654
Corporate bonds	6,339	6,342	10.7 %	1,894	4,448	—
Total	63,808	58,996	100.0 %	\$ 1,894	\$ 4,448	\$ 52,654
\$ of total fair value				3.2 %	7.5 %	89.3 %

Equity Investments

The following table summarizes the InRe Fund's equity investments classified as trading:

	September 30, 2021
Publicly traded equity investments in common stocks	\$ 335,531
Exchange-traded funds	2,457
Total equity investments	\$ 337,988

Equity investments include publicly traded common stocks and exchange-traded funds. The InRe Fund's publicly traded equity investments in common stocks predominantly trade on major exchanges. The InRe Fund's investments in exchange-traded funds also trade on major exchanges.

Investment Income

Major categories of net investment income (expense) for the InRe Fund are summarized as follows:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
Fixed maturity investments	\$ 972	\$ 1,428
Equity and other investments	2,250	4,389
Investment income	3,222	5,817
Investment expenses ⁽¹⁾	9,995	(12,771)
Net investment income (expense)	\$ 13,217	\$ (6,954)

⁽¹⁾ Positive investment expense for the three months ended September 30, 2021 reflect the impact of a reversal of previously accrued InRe Fund expenses of \$14.3 million.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Net Realized and Unrealized Gains (Losses)

Components of net realized and unrealized gains (losses) for the InRe Fund were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net realized gains on sale:				
Fixed maturity securities	\$ 25,275	\$ —	\$ 79,958	\$ —
Equity investments	149,238	—	255,015	—
Other investments	(1,325)	—	(1,325)	—
Derivatives	102,278	—	263,523	—
Total net realized gains	\$ 275,466	\$ —	\$ 597,171	\$ —
Net unrealized gains (losses):				
Fixed maturity securities	\$ (54,372)	\$ —	\$ (74,175)	\$ —
Equity investments	(265,659)	—	(199,039)	—
Other investments	(12,306)	—	(10,095)	—
Derivatives	(228,335)	—	(382,338)	—
Change in net asset value of the investment in the InRe Fund ⁽¹⁾	—	309,203	76,607	629,399
Total net unrealized gains (losses)	(560,672)	309,203	(589,040)	629,399
Net realized and unrealized gains (losses)	\$ (285,206)	\$ 309,203	\$ 8,131	\$ 629,399

⁽¹⁾ Prior to the consolidation of the InRe Fund on April 1, 2021, all income or (loss) from the InRe Fund was determined by the change in NAV of our holdings in the fund, which was included within net unrealized gains (losses) from other investments.

Derivatives Not Designated or Not Qualifying as Net Investments in Hedging Instruments

The InRe Fund's activities include the purchase and sale of a variety of derivative financial instruments. These derivatives are used for trading purposes and / or managing risk (including market, credit and interest rate risk) associated with the portfolio of investments within the fund.

Derivatives are instruments that derive their value from underlying asset prices, indices, reference rates and other inputs, or a combination of these factors. Derivatives may be traded on an exchange or they may be privately negotiated contracts. Derivative contracts, including options, swaps, contracts for differences, forwards and futures, may result in off-balance sheet risk as the InRe Fund's obligations under these contracts may exceed the amounts recognized in the condensed consolidated balance sheets. All positions are reported in the condensed consolidated balance sheets at fair value and any change in fair value is reflected in the consolidated statements of earnings as a gain or loss in the period in which such change in fair value occurs.

The derivatives involve varying degrees of market, credit and interest rate risks as described below.

Market Risks

Market risks may arise from the InRe Fund's investments in equity options, contract for differences or futures (which could have unfavorable results due to changes in interest rates, foreign exchange rates, or the fair values of the instruments underlying the contracts). The InRe Fund's exposure to market risks is managed through monitoring of open positions, diversification of the portfolio and balancing the risk of movements in equity prices by entering positions designed to protect against market downturns. The InRe Fund is exposed to market risk equal to the notional value of derivative contracts purchased and is exposed to market risk in excess of the amount recognized in the consolidated balance sheets on certain derivative contracts that are sold short (which represent obligations of the InRe Fund to deliver the specified security at the contracted price at a future point in time, and thereby create a liability to repurchase the security in the market at the prevailing prices). The liability for securities sold short is marked to market based on the current fair value of the underlying security at the reporting date with changes in fair value recorded as unrealized gains or losses in the accompanying consolidated statements of earnings. These transactions may involve market risk in excess of the amount currently reflected in the accompanying condensed consolidated balance sheets.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Credit Risk

Credit risk arises from the potential inability of counterparties to perform in accordance with the terms of a contract (see “Counterparty Credit Risk” section below).

Interest Rate Risk

Interest rate risk arises due to changes in various interest rates and the related impact on valuation of investments within the InRe Fund.

The InRe Fund’s investments in instruments whose values vary with the level or volatility of interest rates exposes it to interest rate risk. These instruments include, but are not limited to, corporate bonds, convertible bonds, certain trading-related assets and liabilities and derivatives.

Financial Statement Presentation

The following table presents the notional values and estimated fair value by instrument as disclosed within the condensed consolidated balance sheet, before counterparty netting, as of September 30, 2021:

	September 30, 2021	
	Fair Value	Notional Value
Derivatives Not Designated as Hedging Instruments		
<u>Derivative Assets</u>		
Option contracts	\$ 5,440	\$ 96,847
Forward contracts	966	41,000
Total derivative assets of the InRe Fund	\$ 6,406	\$ 137,847
<u>Derivative Liabilities</u>		
Option contracts	\$ 20,601	\$ 193,695
Forward contracts	33,772	245,866
Total derivative liabilities of the InRe Fund	\$ 54,373	\$ 439,561

The following table presents the loss from derivative instruments included within the consolidated statements of earnings for the three and nine months ended September 30, 2021 (following consolidation of the InRe Fund on April 1, 2021):

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
Derivatives Not Designated as Hedging Instruments		
Option contracts	\$ (91,329)	\$ (91,247)
Forward contracts	(34,728)	(27,568)
Total net (loss) from derivative instruments, presented as a component of net realized and unrealized gains	\$ (126,057)	\$ (118,815)

Counterparty Credit Risk

Credit risk is the risk of the potential inability of counterparties to perform under the terms of contracts. The InRe Fund is exposed to the credit risk relating to whether the counterparty will meet its obligations when they come due. The InRe Fund’s exposure to credit risk at any point in time is limited to amounts recorded as assets in the condensed consolidated balance sheets. The InRe Fund seeks to reduce its credit risk by dealing with reputable counterparties that are high credit quality institutions, and by seeking to negotiate master agreements with inputs that include netting provisions that incorporate the right of “set off” (assets less liabilities) across OTC contracts with such counterparties.

The following disclosure enables users of the financial statements to evaluate the effect or potential effect of netting arrangements on the InRe Fund’s financial position for recognized assets and liabilities. These recognized assets and liabilities are financial instruments and derivative instruments that are either subject to an enforceable master netting arrangement or similar agreement or meet the following right of set off criteria: (1) the amounts owed by the InRe Fund to another party are determinable; (2) the InRe Fund has the right to set off the amounts owed

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

with the amounts owed by the other party; (3) the InRe Fund intends to set off; and (4) the InRe Fund's right of set off is enforceable at law.

As of September 30, 2021, the InRe Fund holds financial instruments and derivative instruments that are eligible for offset in the condensed consolidated balance sheet and are subject to a master netting arrangement. The master netting arrangement allows the counterparty to net applicable collateral held on behalf of the InRe Fund against applicable liabilities or payment obligations of the InRe Fund to the counterparty. These arrangements also allow the counterparty to net any of its applicable liabilities or payment obligations they have to the InRe Fund against any collateral sent to the InRe Fund.

The following table provides disclosure regarding the potential effect of offsetting of recognized assets presented in the condensed consolidated balance sheet:

As of September 30, 2021	Gross Amounts of Recognized Derivative Assets	Gross Derivative Liability Amounts Offset in the Balance Sheet	Net Amounts of Derivative Assets Presented in the Balance Sheet	Gross Amounts of Derivative Liabilities Not Offset in the Balance Sheet	Cash Collateral Received	Net Asset Amount
UBS AG	\$ 2,195	\$ —	\$ 2,195	\$ (2,195)	\$ —	\$ —
Morgan Stanley	3,160	—	3,160	(3,160)	—	—
Goldman Sachs	857	—	857	(857)	—	—
Merrill Lynch	85	—	85	(85)	—	—
Barclays Bank	109	—	109	(73)	—	36
Total	\$ 6,406	\$ —	\$ 6,406	\$ (6,370)	\$ —	\$ 36

The following table provides disclosure regarding the potential effect of offsetting of recognized liabilities presented in the condensed consolidated balance sheet:

As of September 30, 2021	Gross Amounts of Recognized Derivative Liabilities	Gross Derivative Asset Amounts Offset in the Balance Sheet	Net Amounts of Derivative Liabilities Presented in the Balance Sheet	Gross Amounts of Derivative Assets Not Offset in the Balance Sheet	Cash Collateral Pledged ⁽¹⁾	Net Amount
UBS AG	\$ (7,032)	\$ —	\$ (7,032)	\$ 2,195	\$ 4,837	\$ —
Morgan Stanley	(20,066)	—	(20,066)	3,160	16,906	—
Goldman Sachs	(10,421)	—	(10,421)	857	9,564	—
Merrill Lynch	(14,906)	—	(14,906)	85	14,821	—
JP Morgan	(1,875)	—	(1,875)	—	—	(1,875)
Barclays Bank	(73)	—	(73)	73	—	—
Total	\$ (54,373)	\$ —	\$ (54,373)	\$ 6,370	\$ 46,128	\$ (1,875)

⁽¹⁾ Collateral amounts presented, if any, are limited to the derivative balances and, accordingly, do not include any excess collateral received or pledged. Total collateral pledged not presented above was \$69.7 million with Barclays Bank Plc, \$541.6 million with Goldman Sachs, \$4.6 million with Merrill Lynch International, \$33.8 million with Morgan Stanley and \$0.3 million with UBS AG.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fair Value Hierarchy

We have categorized the InRe Fund's assets and liabilities that are recorded at fair value on a recurring basis among levels based on the observability of inputs as follows:

	September 30, 2021			
(in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Securities owned:				
Equities	\$ 337,988	\$ —	\$ —	\$ 337,988
Convertible bonds	—	24,161	28,493	52,654
Corporate bonds	—	6,342	—	6,342
Total securities owned	337,988	30,503	28,493	396,984
Derivatives assets:				
Option contracts	—	5,440	—	5,440
Forward contracts	—	966	—	966
Total derivative assets	—	6,406	—	6,406
Securities sold, not yet purchased:				
Equities	(16)	—	—	(16)
Corporate bonds	—	(34,967)	—	(34,967)
Total securities sold, but not yet purchased	(16)	(34,967)	—	(34,983)
Derivative liabilities:				
Option contracts	—	(20,601)	—	(20,601)
Forward contracts	—	(33,772)	—	(33,772)
Total Derivatives liabilities	\$ —	\$ (54,373)	\$ —	\$ (54,373)

Level 3 Measurements and Changes in Leveling

Transfers into or out of levels are recorded at their fair values as of the end of the reporting period, consistent with the date of determination of fair value. There were no securities transferred to or from Level 3 by the InRe Fund during the three and nine months ended September 30, 2021.

The InRe Fund purchased a convertible bond during the three and nine months ended September 30, 2021 that is the only Level 3 investment measured at fair value on a recurring basis using unobservable inputs as of September 30, 2021. There were no other purchases, issuances, sales or settlements of Level 3 investments by the InRe Fund during the current period.

Net unrealized losses related to Level 3 assets were \$1.5 million and are included in net realized and unrealized gains (losses) in the consolidated statements of earnings.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Valuation Techniques and Inputs

The table below presents the qualitative information related to the fair value measurements for the convertible bond investment measured at fair value on a recurring basis using Level 3 inputs:

Qualitative Information about Level 3 Fair Value Measurements

Fair Value as of September 30, 2021	Valuation Techniques	Unobservable Input	Range (Average)	Unrealized Loss
\$ 28,493	Broker Pricing	(1)	(1)	\$ (1,507)

⁽¹⁾ Where quoted market prices in active markets are not available to estimate fair values for recognition and disclosure purposes, the InRe Fund uses Broker Pricing, a technique that relies on unobservable inputs for the determination of fair value and involves a level of judgement and uncertainty. Changes in the broker price that reasonably could have been different at the reporting date may result in a higher or lower determination of fair value.

Nonconsolidated VIEs

The tables below present the fair value of our investments in nonconsolidated VIEs as well as our maximum exposure to loss associated with these VIEs:

As of September 30, 2021	Fair Value	Unfunded Commitments	Maximum Exposure to Loss
Equities			
Publicly traded equity investment in common stock	\$ 66,257	\$ —	\$ 66,257
Other investments			
Hedge funds	\$ 215,378	\$ —	\$ 215,378
Fixed income funds	135,819	67,797	203,616
Private equity funds	546,138	977,333	1,523,471
CLO equity funds	199,714	—	199,714
Private credit funds	—	50,000	50,000
Real estate funds	50,666	387,504	438,170
Other	446	—	446
Total	\$ 1,148,161	\$ 1,482,634	\$ 2,630,795
Total investments in nonconsolidated VIEs	\$ 1,214,418	\$ 1,482,634	\$ 2,697,052

As of December 31, 2020	Fair Value	Unfunded Commitments	Maximum Exposure to Loss
Equities			
Publicly traded equity investment in common stock	\$ 54,248	\$ —	\$ 54,248
Other investments			
Hedge fund	\$ 2,638,339	\$ —	\$ 2,638,339
Fixed income funds	98,974	16,538	115,512
Private equity funds	361,691	761,969	1,123,660
CLO equity funds	166,524	—	166,524
Real estate funds	11,883	17,674	29,557
Other	474	—	474
Total	\$ 3,277,885	\$ 796,181	\$ 4,074,066
Total investments in nonconsolidated VIEs	\$ 3,332,133	\$ 796,181	\$ 4,128,314

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

13. PREMIUMS WRITTEN AND EARNED

The following table provides a summary of premiums written and earned by segment:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021		2020		2021		2020	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
<i>Run-off</i>								
Gross	\$ (2,074)	\$ 42,522	\$ 3,535	\$ 20,426	\$ 28,110	\$ 198,292	\$ 1,707	\$ 52,899
Ceded	4,353	(3,642)	(111)	(2,950)	(11,172)	(44,172)	690	(8,876)
Net	\$ 2,279	\$ 38,880	\$ 3,424	\$ 17,476	\$ 16,938	\$ 154,120	\$ 2,397	\$ 44,023
<i>Legacy Underwriting</i>								
Gross	\$ 7,496	\$ 27,923	\$ 107,942	\$ 178,208	\$ 48,585	\$ 114,042	\$ 458,923	\$ 522,486
Ceded	(3,926)	(15,209)	(17,807)	(33,960)	(26,534)	(64,048)	(92,526)	(102,563)
Net	\$ 3,570	\$ 12,714	\$ 90,135	\$ 144,248	\$ 22,051	\$ 49,994	\$ 366,397	\$ 419,923
<i>Total</i>								
Gross	\$ 5,422	\$ 70,445	\$ 111,477	\$ 198,634	\$ 76,695	\$ 312,334	\$ 460,630	\$ 575,385
Ceded	427	(18,851)	(17,918)	(36,910)	(37,706)	(108,220)	(91,836)	(111,439)
Total	\$ 5,849	\$ 51,594	\$ 93,559	\$ 161,724	\$ 38,989	\$ 204,114	\$ 368,794	\$ 463,946

Gross premiums written for the three and nine months ended September 30, 2021 decreased by \$106.1 million and \$383.9 million, respectively, primarily due to StarStone International being placed into an orderly run-off in the second quarter of 2020 and the sale of Atrium in the first quarter of 2021.

14. DEBT OBLIGATIONS AND CREDIT FACILITIES

We utilize debt financing and credit facilities primarily for funding acquisitions and significant new business, investment activities and, from time to time, for general corporate purposes.

Our debt obligations were as follows:

Facility	Origination Date	Term	Principal	September 30, 2021		December 31, 2020	
				(Unamortized Cost) / Fair Value Adjustments	Carrying Value	(Unamortized Cost) / Fair Value Adjustments	Carrying Value
4.50% Senior Notes due 2022 ⁽¹⁾	March 10, 2017	5 years	\$ 280,444	\$ (220)	\$ 280,224	\$ (747)	\$ 349,253
4.95% Senior Notes due 2029	May 28, 2019	10 years	500,000	(5,173)	494,827	(5,806)	494,194
3.10% Senior Notes due 2031	August 24, 2021	10 years	500,000	(5,682)	494,318	—	—
Total Senior Notes					1,269,369		843,447
5.75% Junior Subordinated Notes due 2040	August 26, 2020	20 years	350,000	(4,991)	345,009	(5,188)	344,812
5.50% Enhanced Re's Subordinated Notes due 2031	December 20, 2018	12.1 years	70,000	6,360	76,360	—	—
Total Subordinated Notes					421,369		344,812
EGL Revolving Credit Facility	August 16, 2018	5 years			—		185,000
Total debt obligations					\$ 1,690,738		\$ 1,373,259

⁽¹⁾ Principal was \$350.0 million as of December 31, 2020.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The table below provides a summary of the total interest expense:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Interest expense on debt obligations	\$ 17,882	\$ 14,652	\$ 49,685	\$ 41,522
Amortization of debt issuance costs	363	351	968	914
Funds withheld balances and other	(87)	—	(15)	—
Total interest expense	\$ 18,158	\$ 15,003	\$ 50,638	\$ 42,436

Debt Obligations

During the third quarter of 2021, we issued the 2031 Senior Notes. In conjunction with this offering, we completed a tender offer for a portion of our 2022 Senior Notes on August 25, 2021. The aggregate principal amount tendered was \$69.6 million and we recorded a loss on the partial extinguishment of \$1.7 million during the third quarter of 2021 which was included within general and administrative expenses on our condensed consolidated statements of earnings.

On September 1, 2021, we acquired the obligations under Enhanced Re's 5.50% Subordinated Notes due 2031 which were issued in the aggregate amount of \$70.0 million and have an \$80.0 million ceiling, to Allianz, Enhanced Re's minority shareholder. The 2031 Subordinated Notes were recorded at their determined fair value of \$76.4 million as of the date of acquisition.

As of September 30, 2021, the amount of outstanding debt obligations that will become due in each of the next five years and thereafter was as follows: 2021, \$0; 2022, \$280.4 million; 2023, \$0; 2024, \$0; 2025, \$0; and thereafter, \$1.4 billion.

Credit and Deposit Facilities

We utilize unsecured and secured letters of credit ("LOCs") and a deposit facility to support certain of our (re)insurance performance obligations. We also utilize unsecured LOCs to support the regulatory capital requirements of certain of our subsidiaries.

Our credit and deposit facilities were as follows:

	Commitment	Additional Commitments Available ⁽¹⁾	Aggregate Amount Issued / Requested as Deposits / Face Amount	
			September 30, 2021	December 31, 2020
\$275.0 million Funds at Lloyd's LOC Facility ⁽²⁾	\$ 275,000	\$ 75,000	\$ 210,000	\$ 210,000
\$90.0 million Funds at Lloyd's Deposit Facility ⁽²⁾	90,000	10,000	90,000	—
\$250.0 million LOC Facility	250,000	—	250,000	—
\$100.0 million LOC Facility	100,000	—	100,000	—
\$120.0 million LOC Facility	120,000	60,000	117,932	115,720
\$800.0 million Syndicated LOC Facility ⁽³⁾	800,000	—	565,642	587,122
\$65.0 million LOC Facility	65,000	—	60,969	60,969
\$100.0 million Bermuda LOC Facility ⁽⁴⁾	100,000	—	100,000	100,000
£32.0 million United Kingdom LOC Facility ⁽⁵⁾	£ 32,000	£ —	\$ 43,074	\$ 43,692

⁽¹⁾ We may request additional commitments under the facility in an aggregate amount not to exceed this amount.

⁽²⁾ The Funds at Lloyd's ("FAL") LOC and Deposit facilities will expire on December 31, 2022 and May 6, 2023, respectively. Under the FAL Deposit facility, a third-party lender deposits a requested market valuation amount of eligible securities into Lloyd's on behalf of our Lloyd's corporate member. As of September 30, 2021 and December 31, 2020, our combined FAL comprised cash and investments of \$593.5 million (including \$89.8 million provided under the FAL Deposit Facility) and \$260.9 million, respectively, and unsecured LOCs of \$210.0 million as of both dates.

⁽³⁾ The December 31, 2020 aggregate amount of LOCs issued has been corrected from \$424.1 million that was previously disclosed in our 2020 Annual Report on Form-K. This correction has no impact on our condensed consolidated financial statements and is not considered material to previously issued financial statements.

⁽⁴⁾ The LOC issued under this facility qualifies as Eligible Capital for one of our Bermuda regulated subsidiaries.

⁽⁶⁾ The LOC issued under this facility qualifies as Ancillary Own Funds capital for one of our U.K. regulated subsidiaries.

15. NONCONTROLLING INTERESTS

We have both redeemable noncontrolling interest ("RNCI") and noncontrolling interest ("NCI") on our condensed consolidated balance sheets. RNCI with redemption features that are not solely within our control are classified within temporary equity in the condensed consolidated balance sheets and carried at fair value. The change in fair value is recognized through retained earnings. In addition, we also have NCI, which is carried at book value, does not have redemption features and is classified within equity in the condensed consolidated balance sheets.

Redeemable Noncontrolling Interest

As of December 31, 2020, the RNCI comprised the ownership interests held by the Trident V Funds (39.3%) and the Dowling Funds (1.7%) in our subsidiary North Bay. As discussed in Note 4 - "Divestitures, Held-for-Sale Businesses and Discontinued Operations," North Bay owned our investment in Northshore, the holding company that owns Atrium and Arden and SSSL, the holding company for the StarStone group, which includes StarStone International and which also owned StarStone U.S. prior to its sale to Core Specialty which was completed on November 30, 2020. Following the completion of the Exchange Transaction on January 1, 2021, there is no RNCI in respect of Northshore and the remaining RNCI as of September 30, 2021 relates only to StarStone International.

The following is a reconciliation of the beginning and ending carrying amount of the equity attributable to the RNCI:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Balance at beginning of period	\$ 177,449	\$ 366,533	\$ 365,436	\$ 438,791
Distributions paid	—	—	(202,073)	—
Net earnings (losses) attributable to RNCI	3,793	20,997	17,979	(31,102)
Change in unrealized losses on AFS investments attributable to RNCI	(490)	1,220	(701)	7,593
Change in currency translation adjustments attributable to RNCI	665	(588)	1,506	(753)
Change in redemption value of RNCI	—	(11,431)	(730)	(38,059)
Cumulative effect of change in accounting principle attributable to RNCI	—	—	—	261
Balance at end of period	\$ 181,417	\$ 376,731	\$ 181,417	\$ 376,731

The decrease in RNCI for the nine months ended September 30, 2021 was primarily driven by the Atrium Exchange Transaction, which was completed on January 1, 2021, whereas the decrease in the nine months ended September 30, 2020 was primarily attributable to net losses related to StarStone during that period.

Refer to Note 20 - "Commitments and Contingencies" for additional information regarding RNCI.

Noncontrolling Interest

As of September 30, 2021 and December 31, 2020, we had \$227.1 million and \$13.6 million, respectively, of NCI primarily related to external interests in four of our subsidiaries, including Enhanced Re. A reconciliation of the beginning and ending carrying amount of the equity attributable to NCI is included in the consolidated statement of changes in shareholder's equity.

16. SHAREHOLDERS' EQUITY

Voting and Non-Voting Ordinary Shares

Share Repurchases

On February 25, 2021, our Board of Directors approved an extension of the duration of our previously announced ordinary share repurchase program (the "Repurchase Program") through March 1, 2022. The Repurchase Program was previously set to expire on March 1, 2021. Pursuant to the Repurchase Program, the Company was able to repurchase a limited number of its ordinary shares, not to exceed \$150.0 million in aggregate, including shares repurchased prior to the extension of the Repurchase Program.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On July 15, 2021, we terminated the Repurchase Program. Prior to termination and pursuant to the Repurchase Program, during the three and nine months ended September 30, 2021, we repurchased 45,311 and 93,678 ordinary shares, at an average price of \$236.46 and \$236.42, respectively, and for an aggregate price of \$10.7 million and \$22.1 million, respectively.

On July 22, 2021, we repurchased 3,749,400 of our ordinary shares, comprising (a) 1,747,840 of our voting ordinary shares, (b) 1,496,321 of our Series C non-voting ordinary shares, and (c) 505,239 of our Series E non-voting ordinary shares, held by funds managed by Hillhouse Group, a related party, for a price of \$234.52 per share, totaling \$879.3 million in aggregate. The shares represented the Hillhouse funds' entire interest in Enstar, which constituted 16.9% of our total ordinary shares and 9.4% of our voting ordinary shares.

Warrants

Warrants to acquire 175,901 Series C Non-Voting Ordinary Shares for an exercise price of \$115.00 per share were exercised on a non-cash basis during the nine months ended September 30, 2021, which resulted in a total of 89,590 Series C Non-Voting Ordinary Shares being issued in the period.

Dividends on Preferred Shares

During the three months ended September 30, 2021 and 2020, we declared and paid dividends on Series D Preferred Shares of \$7.0 million and on Series E Preferred Shares of \$1.9 million for both periods. During the nine months ended September 30, 2021 and 2020, we declared and paid dividends on Series D Preferred Shares of \$21.0 million and on Series E Preferred Shares of \$5.8 million for both periods.

Refer to Note 22 - "Subsequent Events" for additional information related to preferred share dividends declared subsequent to September 30, 2021.

Accumulated Other Comprehensive Income

The following table presents details about the tax effects allocated to each component of other comprehensive income (loss):

	Three Months Ended September 30,					
	2021			2020		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
Unrealized gains (losses) on fixed income available-for-sale investments arising during the year	\$ (26,497)	\$ 787	\$ (25,710)	\$ 21,198	\$ —	\$ 21,198
Reclassification adjustment for change in allowance for credit losses recognized in net earnings	(2,482)	57	(2,425)	(2,379)	—	(2,379)
Reclassification adjustment for net realized (gains) losses included in net earnings	(2,211)	163	(2,048)	(9,488)	—	(9,488)
Change in currency translation adjustment	1,342	—	1,342	1,891	—	1,891
Other comprehensive income (loss)	<u>\$ (29,848)</u>	<u>\$ 1,007</u>	<u>\$ (28,841)</u>	<u>\$ 11,222</u>	<u>\$ —</u>	<u>\$ 11,222</u>

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Nine Months Ended September 30,					
	2021			2020		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
Unrealized gains (losses) on fixed income available-for-sale investments arising during the year	\$ (83,586)	\$ 3,622	\$ (79,964)	\$ 74,969	\$ —	\$ 74,969
Reclassification adjustment for change in allowance for credit losses recognized in net earnings	4,655	(149)	4,506	71	—	71
Reclassification adjustment for net realized (gains) losses included in net earnings	(3,710)	539	(3,171)	(13,498)	—	(13,498)
Reclassification to earnings on disposal of subsidiary	586	(111)	475	—	—	—
Change in currency translation adjustment	2,361	—	2,361	—	—	—
Other comprehensive income (loss)	\$ (79,694)	\$ 3,901	\$ (75,793)	\$ 61,542	\$ —	\$ 61,542

The following table presents details of amounts reclassified from accumulated other comprehensive income:

Details about AOCI components	Three Months Ended		Affected Line Item in Statement where Net Earnings are presented
	September 30, 2021	September 30, 2020	
Unrealized gains on fixed income available-for-sale investments	4,693	11,333	Net realized and unrealized gains
	—	534	Net loss from discontinued operations
	4,693	11,867	Total before tax
	(220)	—	Income tax benefit
Total reclassifications for the period, net of tax	4,473	11,867	

Details about AOCI components	Nine Months Ended		Affected Line Item in Statement where Net Earnings are presented
	September 30, 2021	September 30, 2020	
Unrealized gains (losses) on fixed income available-for-sale investments	(1,531)	12,227	Net realized and unrealized gains
	—	1,200	Net loss from discontinued operations
	(1,531)	13,427	Total before tax
	(279)	—	Income tax benefit
Total reclassifications for the period, net of tax	(1,810)	13,427	

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

17. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted net earnings per ordinary share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Numerator:				
Earnings (loss) per share attributable to Enstar ordinary shareholders:				
Net earnings (loss) from continuing operations ⁽¹⁾	\$ (195,958)	\$ 612,636	\$ 364,565	\$ 896,267
Net earnings from discontinued operations ⁽²⁾	—	2,377	—	478
Net earnings (loss) attributable to Enstar ordinary shareholders:	<u>\$ (195,958)</u>	<u>\$ 615,013</u>	<u>\$ 364,565</u>	<u>\$ 896,745</u>
Denominator:				
Weighted-average ordinary shares outstanding — basic ⁽³⁾	18,349,483	21,578,106	20,502,755	21,564,447
Effect of dilutive securities:				
Share-based compensation plans ⁽⁴⁾	198,885	143,581	210,226	180,437
Warrants ⁽⁵⁾	—	57,042	80,659	54,743
Weighted-average ordinary shares outstanding — diluted	<u>18,548,368</u>	<u>21,778,729</u>	<u>20,793,640</u>	<u>21,799,627</u>
Earnings (loss) per share attributable to Enstar ordinary shareholders:				
Basic:				
Net earnings (loss) from continuing operations	\$ (10.68)	\$ 28.39	\$ 17.78	\$ 41.56
Net earnings from discontinued operations	—	0.11	—	0.02
Net earnings (loss) per ordinary share	<u>\$ (10.68)</u>	<u>\$ 28.50</u>	<u>\$ 17.78</u>	<u>\$ 41.58</u>
Diluted ⁽⁶⁾ :				
Net earnings (loss) from continuing operations	\$ (10.68)	\$ 28.13	\$ 17.53	\$ 41.12
Net earnings from discontinued operations	—	0.11	—	0.02
Net earnings (loss) per ordinary share	<u>\$ (10.68)</u>	<u>\$ 28.24</u>	<u>\$ 17.53</u>	<u>\$ 41.14</u>

⁽¹⁾ Net earnings (loss) from continuing operations attributable to Enstar ordinary shareholders equals net earnings (loss) from continuing operations, plus net loss (earnings) from continuing operations attributable to noncontrolling interest, less dividends on preferred shares.

⁽²⁾ Net earnings from discontinued operations attributable to Enstar ordinary shareholders equals net earnings from discontinued operations, net of income tax benefit (expense), plus net earnings from discontinued operations attributable to noncontrolling interest; refer to Note 4 - "Divestitures, Held-for-Sale Businesses and Discontinued Operations" for a breakdown by period.

⁽³⁾ Weighted-average ordinary shares for basic earnings per share includes ordinary shares (voting and non-voting) but excludes ordinary shares held in the Enstar Group Limited Employee Benefit Trust (the "EB Trust") in respect of Joint Share Ownership Plan ("JSOP") awards.

⁽⁴⁾ Share-based dilutive securities include restricted shares, restricted share units, and performance share units. Certain share-based compensation awards, including the ordinary shares held in the EB Trust in respect of JSOP awards, were excluded from the calculation for the three and nine months ended September 30, 2021 and 2020 because they were anti-dilutive.

⁽⁵⁾ Warrants to acquire 175,901 Series C Non-Voting Ordinary Shares for an exercise price of \$115.00 per share were exercised on a non-cash basis during the nine months ended September 30, 2021, which resulted in a total of 89,590 Series C Non-Voting Ordinary Shares being issued in the period. As of September 30, 2021, there were no warrants outstanding following the exercise described. The warrants presented in the table above are a weighted-average of the warrants outstanding for the period.

⁽⁶⁾ During a period of loss, the basic weighted average ordinary shares outstanding is used in the denominator of the diluted loss per ordinary share computation as the effect of including potentially dilutive securities would be anti-dilutive.

18. INCOME TAXATION***Interim Tax Calculation Method***

We use the estimated annual effective tax rate method for computing our interim tax provision. This method applies our best estimate of the effective tax rate expected for the full year to our year-to-date earnings before income taxes. We provide for income tax expense or benefit based upon our pre-tax earnings and the provisions of currently enacted tax laws. Certain items deemed to be unusual, infrequent or not reliably estimated are excluded from the estimated annual effective tax rate. In the event such items are identified, the actual tax expense or benefit is reported in the same period as the related item. Certain other items are not included in the estimated annual effective tax rate, such as changes in the assessment of valuation allowance on deferred tax assets and uncertain tax positions, if any.

Interim Tax Expense

The effective tax rates on income for the three months ended September 30, 2021 and 2020 were (5.5)% and 2.1%, respectively, and for the nine months ended September 30, 2021 and 2020 were 3.2% and 2.8%, respectively. The effective tax rate on income differs from the statutory rate of 0% due to tax on foreign operations, primarily the U.S. and the U.K.

We have foreign operating subsidiaries and branch operations principally located in the U.S., U.K., Continental Europe and Australia that are subject to federal, foreign, state and local taxes in those jurisdictions. The undistributed earnings from our foreign subsidiaries will be indefinitely reinvested in those jurisdictions where the undistributed earnings were earned.

Deferred tax liabilities have not been accrued with respect to the undistributed earnings of our foreign subsidiaries. Generally, when earnings are distributed as dividends, withholding taxes may be imposed by the jurisdiction of the paying subsidiary. For our U.S. subsidiaries, we have not currently accrued any withholding taxes with respect to unremitted earnings because, solely for U.S. Federal income tax purposes, there are no accumulated positive earnings and profits that could be subject to U.S. dividend withholding tax. For our United Kingdom subsidiaries, there are no withholding taxes imposed as a matter of UK domestic tax law. For our other foreign subsidiaries, an insignificant amount of earnings is indefinitely reinvested; however, it would not be practicable to compute the related amounts of withholding taxes due to a variety of factors, including the amount, timing and manner of any repatriation. Because we operate in many jurisdictions, our net earnings are subject to risk due to changing tax laws and tax rates around the world. The current, rapidly changing economic environment may increase the likelihood of substantial changes to tax laws in the jurisdictions in which we operate.

Assessment of Valuation Allowance on Deferred Tax Assets

We have estimated the future taxable income of our foreign subsidiaries and have provided a valuation allowance in respect of loss carryforwards where we do not expect to realize a tax benefit. We have considered all available evidence using a "more likely than not" standard in determining the amount of the valuation allowance. During the three and nine months ended September 30, 2021, we have maintained a valuation allowance for deferred tax assets which management does not believe meet the "more likely than not" criteria.

Unrecognized Tax Benefits

There were no unrecognized tax benefits as of September 30, 2021 and December 31, 2020.

Tax Examinations

Our operating subsidiaries may be subject to audit by various tax authorities and may have different statutes of limitations expiration dates. With limited exceptions, our major subsidiaries that operate in the U.S., U.K. and Australia are no longer subject to tax examinations for years before 2016.

19. RELATED PARTY TRANSACTIONS

Stone Point Capital LLC

As of September 30, 2021, investment funds managed by Stone Point Capital LLC ("Stone Point") own 1,635,986 of our Voting Ordinary Shares, which constitutes 9.7% of our outstanding Voting Ordinary Shares. James D. Carey, a managing director of Stone Point, is a member of our Board of Directors.

As of September 30, 2021, investment funds managed by Stone Point have a 39.3% interest in our subsidiary, StarStone Specialty Holdings Limited ("SSHL"). SSHL owns StarStone International. As of September 30, 2021, such investment funds own 76.3% of Northshore, the holding company that owns Atrium and Arden. Additional information relating to our remaining interest in Northshore is set forth under the heading "Northshore" below. As of September 30, 2021 and December 31, 2020, the RNCI on our balance sheet relating to these co-investment transactions was \$173.9 million and \$350.2 million, respectively.

On November 30, 2020, we completed the sale and recapitalization of StarStone U.S. to Core Specialty in a transaction described in Note 4 - "Divestitures, Held-for-Sale Businesses and Discontinued Operations".

On January 1, 2021, we exchanged a portion of our indirect interest in Northshore, the holding company that owns Atrium and Arden, for all of the Trident V Funds' indirect interest in StarStone U.S. (the "Exchange Transaction"), which is described in Note 4 - "Divestitures, Held-for-Sale Businesses and Discontinued Operations".

We have made various investments in funds and separate accounts managed by Stone Point or affiliates of Stone Point, and we have also made direct investments in entities affiliated with Stone Point. Where we have made an investment in a fund, the manager of such fund generally charges certain fees to the fund, which are deducted from the net asset value.

We also have certain co-investments alongside Stone Point and its affiliates, including our investments in AmTrust and Northshore, which are described below, and Mitchell TopCo Holdings, the parent company of Mitchell International ("Mitchell"), and Genex Services in which we have invested \$25.0 million. Mitchell provides third-party outsourcing managed care services to one of our subsidiaries in the ordinary course of its business.

The following table presents the amounts included in our condensed consolidated balance sheet related to our related party transactions with Stone Point and its affiliated entities:

	September 30, 2021	December 31, 2020
Short-term investments, AFS, at fair value	\$ —	\$ 878
Fixed maturities, trading, at fair value	128,622	196,086
Fixed maturities, AFS, at fair value	314,971	227,397
Equities, at fair value	144,776	103,914
Other investments, at fair value:		
Hedge funds	—	19,844
Fixed income funds	232,837	210,017
Private equity funds	56,393	37,262
CLO equities	35,720	38,658
CLO equity funds	199,215	166,523
Private Debt	19,401	27,016
Real estate fund	30,932	27,278
Total investments	1,162,867	1,054,873
Cash and cash equivalents	27,461	23,933
Other assets	1,590	403
Other liabilities	2,435	745
Net investment	\$ 1,189,483	\$ 1,078,464

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As of September 30, 2021, we had unfunded commitments of \$200.7 million to other investments, \$34.5 million to privately held equity and \$10.5 million to fixed maturity investments managed by Stone Point or its affiliated entities.

The following table presents the amounts included in net earnings related to our transactions with Stone Point and its affiliated entities:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net investment income	\$ 3,823	\$ 2,312	\$ 8,701	\$ 11,189
Net realized and unrealized gains (losses)	22,795	35,925	70,027	(36,862)
Total net earnings (losses)	\$ 26,618	\$ 38,237	\$ 78,728	\$ (25,673)

Hillhouse

On July 22, 2021, we repurchased 3,749,400 of our ordinary shares held by funds managed by Hillhouse Group (defined below) for a price of \$234.52 per share, totaling \$879.3 million in aggregate. The shares represented the Hillhouse funds' entire equity interest in Enstar, which constituted 16.9% of our total ordinary shares and 9.4% of our voting ordinary shares. As a result, the Hillhouse Group ceased to be a related party on the same date.

During the first quarter of 2021, Hillhouse Group exercised warrants on a non-cash basis to acquire 175,901 Series C Non-Voting Ordinary Shares for an exercise price of \$115.00 per share, which resulted in a total of 89,590 Series C Non-Voting Ordinary Shares being issued to Hillhouse Group in the period.

We have historically made significant direct investments in funds (the "Hillhouse Funds") managed by Hillhouse Capital Management, Ltd. and Hillhouse Capital Advisors, Ltd. (together, "Hillhouse Group") and AnglePoint Asset Management Ltd., an affiliate of Hillhouse Group ("AnglePoint Cayman"). From February 2017 to February 2021, Jie Liu, a partner of AnglePoint HK (defined below), served on our Board.

On February 21, 2021, we entered into a Termination and Release Agreement (the "TRA") with the InRe Fund, Hillhouse Group, AnglePoint Cayman, AnglePoint Asset Management Limited ("AnglePoint HK"), and InRe Fund GP, Ltd. ("InRe GP") pursuant to which we agreed to terminate certain relationships with Hillhouse and its affiliates, primarily with respect to the InRe Fund. In connection with AnglePoint Cayman ceasing to serve as investment manager of the InRe Fund, affiliates of Hillhouse Group agreed to a deduction of \$100.0 million from amounts due to them from the InRe Fund and to waive their right to receive any performance fees that could have been earned for 2021. We also redeemed our investments in the other Hillhouse Funds at their carrying value plus an implied interim return and received \$381.3 million in the form of additional interest in the InRe Fund.

AnglePoint Cayman previously received sub-advisory services with respect to the InRe Fund from its affiliate, AnglePoint HK, an investment advisory company licensed by the Securities and Futures Commission in Hong Kong. Pursuant to the TRA, we acquired an option to buy AnglePoint HK, which we also had the right to assign to a third-party. On April 1, 2021, we entered into a Designation Agreement with Jie Liu (the "Designation Agreement"), pursuant to which we designated Mr. Liu, an AnglePoint HK partner, as the purchaser of AnglePoint HK, and he acquired the company from an affiliate of Hillhouse Group on the same day. AnglePoint Cayman simultaneously assigned its investment management agreement with the InRe Fund to AnglePoint HK. The Designation Agreement required us and AnglePoint HK to amend the InRe Fund investment management agreement and limited partnership agreement to incorporate a revised fee structure for AnglePoint HK and certain other agreed changes.

The InRe Fund qualifies as a variable interest entity and was consolidated effective April 1, 2021.

As of December 31, 2020, the carrying value (i.e., the net asset value) of our direct investment in the InRe Fund, which was then managed by AnglePoint Cayman, was \$2.4 billion. Hillhouse Group and AnglePoint Cayman charged investment management and performance fees to funds they manage, which are deducted from the Hillhouse Funds' reported net asset values. For the full year ended December 31, 2020, we incurred management and performance fees of \$489.0 million. This amount has been revised from \$394.0 million disclosed in our 2020 Annual Report on Form 10-K to correct management and performance fees for full year 2020. This correction has no impact on our consolidated financial statements and is not considered material to previously issued financial statements.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On September 1, 2021, we completed the purchase of the Hillhouse Group's entire 27.7% interest in Enhanced Re for a purchase price of \$217.1 million. Following the completion of the transaction, our equity interest in Enhanced Re increased from 47.4% to 75.1%, resulting in the consolidation of Enhanced Re, which was previously accounted for as an equity method investment. On the same date, we assumed the Hillhouse Group's remaining outstanding capital commitment to Enhanced Re of \$40.2 million.

As of December 31, 2020, Enhanced Re was an equity method investee and had investments in a fund managed by AnglePoint Cayman, as set forth in the table below. Our condensed consolidated balance sheet included the following balances related to transactions with Hillhouse Group and its affiliates (as applicable):

	December 31, 2020
Investments in funds managed by AnglePoint Cayman, held by Enhanced Re	\$ 851,435
Our ownership percentage of Enhanced Re	47.4 %
Our share of Enhanced Re's investment in funds managed by AnglePoint Cayman held by Enhanced Re (through our equity method investment ownership)	\$ 403,580
Investment in other funds managed by Hillhouse Group and its affiliates:	
InRe Fund ⁽¹⁾	\$ 2,365,158
Other funds	369,508
	<u>\$ 2,734,666</u>

⁽¹⁾ Effective April 1, 2021, AnglePoint HK assumed the role of manager of the InRe Fund as described above refer to AnglePoint HK disclosures below.

During the second quarter of 2021, Enhanced Re redeemed \$902.2 million of its investments in funds managed by AnglePoint Cayman.

The following table presents the amounts included in net earnings related to our related party transactions with Hillhouse Group and its affiliates:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
InRe Fund ^{(1) (2)}	\$ —	\$ 309,203	\$ 76,607	\$ 629,399
Other Funds	—	37,860	20,871	73,244
Net realized and unrealized gains	<u>\$ —</u>	<u>\$ 347,063</u>	<u>\$ 97,478</u>	<u>\$ 702,643</u>

⁽¹⁾ Effective April 1, 2021, AnglePoint HK assumed the role of manager of the InRe Fund as described above; refer to AnglePoint HK disclosures below.

⁽²⁾ The nine months ended September 30, 2021 includes the impact of a deduction of \$100.0 million from amounts due to affiliates of Hillhouse Group from the InRe Fund, which had the effect of increasing our NAV in the InRe Fund on February 21, 2021.

AnglePoint HK

As of September 30, 2021, the carrying value (i.e., the net asset value) of our direct investment in the InRe Fund and another fund, which is managed by AnglePoint HK (defined and discussed above), was \$447.7 million and \$10.2 million, respectively.

On April 1, 2021, we entered into a Designation Agreement with Jie Liu (the "Designation Agreement"), pursuant to which we designated Mr. Liu, an AnglePoint HK partner, as the purchaser of AnglePoint HK, and he acquired the company from an affiliate of Hillhouse Group on the same day. AnglePoint Cayman simultaneously assigned its investment management agreement with the InRe Fund to AnglePoint HK. Pursuant to the Designation Agreement, we entered into amendments to the investment management agreement and limited partnership agreement with AnglePoint HK that provided that AnglePoint HK's fees for managing the InRe Fund would consist of a reimbursement of AnglePoint HK's reasonable operating expenses, plus a performance fee equal to 10% of our return on investment in the InRe Fund. For calendar year 2021, there is also a minimum performance fee payable to AnglePoint HK of \$10.0 million. As described in Note 22 - "Subsequent Events," we terminated the AnglePoint HK investment management agreement with the InRe Fund on October 15, 2021.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table presents the amounts included in net earnings related to our related party transactions with AnglePoint HK (as applicable):

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
InRe Fund	\$ 13,217	\$ (6,954)
Other Fund	—	—
Net investment income (expenses) ⁽¹⁾	13,217	(6,954)
InRe Fund	(285,206)	(68,476)
Other Fund	240	240
Net realized and unrealized losses	(284,966)	(68,236)
	<u>\$ (271,749)</u>	<u>\$ (75,190)</u>

⁽¹⁾ The InRe Fund net investment expenses primarily include management and performance fee accruals which were previously included in the change in NAV and included within net realized and unrealized gains prior to consolidation of the fund.

Northshore

Following the completion of the Exchange Transaction with the Stone Point managed Trident V Funds on January 1, 2021 as described in Note 4 - "Divestitures, Held-for-Sale Businesses and Discontinued Operations", our equity interest in Northshore, the holding company that owns Atrium and Arden, was reduced to 13.8% from 54.1% while the Trident V Funds' total equity interest in Northshore increased from 36.0% to 76.3%. We have accounted for our residual equity interest in Northshore as an investment in a privately held equity security at fair value. The carrying value of our investment in Northshore was \$35.0 million as of September 30, 2021.

Concurrent with the closing of the Exchange Transaction on January 1, 2021, one of our wholly-owned subsidiaries and Northshore entered into a TSA through which our wholly-owned subsidiary agreed to provide certain transitional services to Northshore over a transition period of up to 18 months.

In addition, concurrent with the completion of the Exchange Transaction on January 1, 2021, Arden also entered into an LPT Retrocession Agreement with one of our majority owned subsidiaries, through which Arden fully reinsured its non-life run-off portfolio with total liabilities of \$19.0 million to our majority owned subsidiary, in exchange for a retrocession premium consideration of an equal amount. Arden retained the premium under a funds held arrangement, to secure the payment obligations of our majority owned subsidiary.

Our condensed consolidated balance sheet included the following balances between us and Arden:

	September 30, 2021
Balances under LPT Retrocession Agreement:	
Premiums Receivable	\$ 12,881
Loss and loss adjustment expenses	12,578
Other liabilities	256

Our condensed consolidated statement of earnings included the following amounts between us and Arden:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
Transactions under LPT Retrocession Agreement:		
Net incurred losses and LAE	\$ 20	\$ 366
Interest expense	20	(63)
Total net earnings	<u>\$ 40</u>	<u>\$ 303</u>

Furthermore, as described in Note 4 - "Divestitures, Held-for-Sale Businesses and Discontinued Operations", through our wholly-owned subsidiary SGL No.1, a Lloyd's corporate member, we provided 25% of the underwriting capacity on the 2017 to 2020 underwriting years of Atrium's Syndicate 609 at Lloyd's. Effective January 1, 2021,

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

and in conjunction with the completion of the Exchange Transaction, SGL No.1 ceased its provision of underwriting capacity on Syndicate 609. Accordingly, the 2020 underwriting year was the last underwriting year that SGL No. 1 participated in with respect to the Atrium business. We will continue to report SGL No. 1's 25% gross share of the 2020 and prior underwriting years of Syndicate 609 until the 2020 underwriting year completes an RITC into a successor year, which will be no earlier than December 31, 2022.

	December 31, 2020
Distributions of SGL No.1 Share of Syndicate 609 results	\$ 19,115
Due to Arden under reinsurance agreement	(7,965)
Due to Atrium 5 limited under capacity lease agreement	(11,150)
Net balances with Northshore Group	<u>\$ —</u>

There is no net retention for Enstar on Atrium's 2020 and prior underwriting years as the business was contractually transferred to the Atrium entities that were divested in the Exchange Transaction. Effective January 1, 2021, all balances that SGL No. 1 has with Atrium and Arden are no longer eliminated in our condensed consolidated financial statements.

Our condensed consolidated balance sheet includes the following balances related to our participation in Atrium's Syndicate 609 through our wholly-owned subsidiary SGL No. 1. The balances are disclosed on a gross basis and therefore include the reinsurance balances recoverable from Arden under a quota share reinsurance agreement as well as the net results arising from our participation which is payable by SGL No. 1 to Atrium under a capacity lease tenancy agreement as described further below:

	September 30, 2021
Balances under quota share agreement	
Fixed maturities, trading, at fair value	\$ 187,102
Fixed maturities, available-for-sale, at fair value	944
Other investments, at fair value	13,919
Cash and cash equivalents	23,303
Restricted cash and cash equivalents	5,975
Premiums receivable	6,741
Reinsurance balances recoverable on paid and unpaid losses	71,023
Funds held by reinsured companies	36,912
Other assets	1,817
Losses and loss adjustment expenses	233,739
Insurance and reinsurance balances payable	74,626
Other liabilities	28,035
Balances under lease capacity agreement	
Other liabilities	<u>\$ 12,023</u>

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Our condensed consolidated statement of earnings included the following amounts related to our participation in Atrium's Syndicate 609 through our wholly-owned subsidiary SGL No. 1. These amounts reflect the impact of cessions by SGL No. 1 to Arden under a quota share reinsurance agreement with the net results arising from our participation being payable by SGL No. 1 to Atrium under a capacity lease tenancy agreement as described further below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021		2021	
Transactions under quota share agreement				
Net premiums earned	\$	12,714	\$	49,994
Net investment income		295		1,341
Net realized and unrealized losses		(527)		(1,626)
Other expense		(4,093)		(2,811)
Net incurred losses and loss adjustment expenses		(5,498)		(20,257)
Acquisition costs		(2,894)		(12,793)
General and administrative expenses		(2,061)		(5,563)
Transactions under lease capacity agreement				
Other income (expense)	\$	2,064	\$	(8,285)
Total net earnings	\$	—	\$	—

As discussed above, Enstar does not retain any of the economics related to its participation in Atrium's 2020 and prior underwriting years through its wholly-owned subsidiary SGL No. 1 since this business is contractually transferred to the Atrium entities that were divested in the Exchange Transaction, through a quota share reinsurance agreement with Arden covering 65% of the business written by Atrium's Syndicate 609 and a capacity lease tenancy agreement covering the net results arising from the residual business written but not covered by the 65% quota share reinsurance agreement with Arden.

Monument Re

On July 27, 2021, we entered into a subscription agreement with Monument Insurance Group Limited ("Monument Re") with the other common shareholders to subscribe to a newly issued class of Monument Re preferred stock. As part of this agreement, our existing classes of preferred shares in Monument Re (including any accrued unpaid dividends thereon) will be exchanged for the new class of preferred shares. In connection with the transaction we will continue to own 20.0% of the common shares of Monument Re and 13.2% of the new class of preferred shares upon closing on a committed capital basis. The subscription agreement is subject to customary closing conditions including regulatory approvals and amending the existing shareholders' agreement and bye-laws of Monument Re. A fund managed by Stone Point Capital has agreed to acquire 11.4% of the new class of preferred shares. The transaction is expected to close before the end of the first quarter of 2022.

Our investment in the common and preferred shares of Monument Re, which is included in equity method investments on our condensed consolidated balance sheet, as of September 30, 2021 and December 31, 2020 was \$202.1 million and \$193.7 million, respectively.

During the three months ended September 30, 2021 and 2020 our share of net earnings on our investment in Monument Re was \$2.6 million and \$65.2 million, respectively. During the nine months ended September 30, 2021 and 2020 our share of net earnings on our investment in Monument Re was \$19.3 million and \$63.7 million, respectively.

One of our representatives serves on Monument Re's board of directors. During the three and nine months ended September 30, 2021 and 2020 we received director fees from Monument of \$0 and less than \$0.1 million, respectively, and \$0.1 million and \$0.1 million, respectively.

AmTrust

We own 8.4% of the equity interest in Evergreen Parent L.P. ("Evergreen") and Trident Pine Acquisition LP ("Trident Pine") owns 21.8%. Evergreen owns all of the equity interest in AmTrust Financial Services, Inc. ("AmTrust"). Trident Pine is an entity owned by private equity funds managed by Stone Point.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Our indirect investment in the shares of AmTrust, carried in equities on our condensed consolidated balance sheet, as of September 30, 2021 and December 31, 2020 was \$225.9 million and \$230.3 million, respectively.

The following table presents the amounts included in net earnings related to our related party transactions with AmTrust (excluding withholding taxes):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net investment income	\$ 1,516	\$ —	\$ 4,502	\$ 4,367
Net realized and unrealized gains (losses)	(1,515)	45	(4,460)	3,854
Total net earnings	\$ 1	\$ 45	\$ 42	\$ 8,221

Citco

As of September 30, 2021 and December 31, 2020, we owned 31.9% of the common shares in HH CTCO Holdings Limited, which in turn owns 15.4% of the convertible preferred shares, amounting to a 6.2% interest in the total equity of Citco III Limited ("Citco"). Pursuant to an investment agreement and in consideration for participation therein, a related party of Hillhouse Group provided us with investment support. As of September 30, 2021 and December 31, 2020, Trident owned 3.4% interest in Citco. Mr. Carey currently serves as an observer to the board of directors of Citco in connection with Trident's investment therein.

Our indirect investment in the shares of Citco, which is included in equity method investments on our condensed consolidated balance sheet, as of September 30, 2021 and December 31, 2020 was \$54.4 million and \$53.0 million, respectively.

During the three months ended September 30, 2021 and 2020 our share of net earnings on our indirect investment in Citco was \$0.5 million and \$0.4 million, respectively. During the nine months ended September 30, 2021 and 2020 our share of net earnings on our indirect investment in Citco was \$1.9 million and \$0.7 million, respectively.

Enhanced Re

Enhanced Re was a joint venture between Enstar, Allianz SE ("Allianz") and Hillhouse Group that was capitalized in December 2018. Enhanced Re is a Bermuda-based Class 4 and Class E reinsurer that reinsures life, non-life run-off, and property and casualty insurance business, initially sourced from Allianz and Enstar. Enstar, Allianz and Hillhouse Group have made initial equity investment commitments in the aggregate of \$470.0 million to Enhanced Re.

On September 1, 2021, we completed the purchase of the Hillhouse Group's entire 27.7% interest in Enhanced Re for a purchase price of \$217.1 million and assumed its remaining outstanding capital commitment to Enhanced Re of \$40.2 million. Following the completion of the transaction, our equity interests in Enhanced Re increased from 47.4% to 75.1% with Allianz continuing to own the remaining 24.9%. Upon closing, we consolidated Enhanced Re (previously accounted for as an equity method investment) and as a result, it ceased to be a related party on the same date.

Enstar acts as the (re)insurance manager for Enhanced Re, and an affiliate of Allianz provides investment management services to Enhanced Re.

Our investment in the common shares of Enhanced Re, which was included in equity method investments on our condensed consolidated balance sheet, as of December 31, 2020 was \$330.3 million.

During the three months ended September 30, 2021 and 2020 our share of net earnings (loss) on our investment in Enhanced Re was \$(22.1) million and \$82.8 million, respectively. During the nine months ended September 30, 2021 and 2020 our share of net earnings on our investment in Enhanced Re was \$81.6 million and \$88.7 million, respectively.

We have ceded 10% of the 2019 Zurich transaction, the 2020 AXA Group transaction and the 2021 Liberty Mutual, CNA transactions and AXA Group, which are described in Note 3 - "Significant New Business," to Enhanced Re on the same terms and conditions as those received by Enstar.

During the fourth quarter of 2020, one of our UK-based run-off subsidiaries entered into a 50% Quota Share reinsurance agreement with Enhanced Re. The reinsurance is on a funds held basis with fixed crediting rates.

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Our condensed consolidated balance sheet included the following balances between us and Enhanced Re:

	<u>December 31, 2020</u>
Balances under ceding quota share:	
Reinsurance balances recoverable	\$ 208,379
Funds held	193,981
Insurance balances payables	1,276
Other assets	730

Our condensed consolidated statement of earnings included the following amounts between us and Enhanced Re:

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Amounts under ceding quota share:				
Ceded premium earned	\$ (333)	\$ —	\$ (1,974)	\$ —
Fees and commission income	90	393	323	393
Net investment expense	(1,565)	(819)	(4,002)	(819)
Net realized and unrealized gains (losses)	167	(679)	299	(679)
Other income	412	2,881	1,874	—
Net incurred losses and LAE	(1,090)	(1)	(36)	(14)
Acquisition costs	638	(46)	1,011	(23)
Total net earnings (loss)	<u>\$ (1,681)</u>	<u>\$ 1,729</u>	<u>\$ (2,505)</u>	<u>\$ (1,142)</u>
Change in unrealized gains (losses) on AFS investments	1,913	(2,239)	625	(2,239)

Core Specialty

Following the sale and recapitalization of StarStone U.S. as described in Note 4 - "Divestitures, Held-for-Sale Businesses and Discontinued Operations," our investment in the common shares of Core Specialty, which is included in equity method investments on our condensed consolidated balance sheet, was \$229.2 million as of September 30, 2021 (December 31, 2020: \$235.0 million). As a result of the completion of the Exchange Transaction on January 1, 2021, as discussed in Note 4 - "Divestitures, Held-for-Sale Businesses and Discontinued Operations", as well as in Note 15 - "Noncontrolling Interests", our investment in Core Specialty was reduced by \$4.0 million as of September 30, 2021. During the three and nine months ended September 30, 2021 our share of net earnings (loss) on our investment in Core Specialty was \$4.9 million and \$(1.8) million, respectively. We account for our equity method investment in Core Specialty on a one quarter lag.

In connection with the sale and recapitalization of StarStone U.S. we entered into an LPT and ADC reinsurance agreement with respect to StarStone U.S.' legacy reserves. Concurrent with the closing of the LPT and ADC reinsurance agreement, we entered into an ASA with StarStone U.S., through which one of our wholly-owned subsidiaries was appointed as an independent contractor to provide certain administrative services covering the business we assumed from StarStone U.S. through the LPT and ADC reinsurance agreement.

In addition, concurrent with the sale of StarStone U.S. to Core Specialty, one of our wholly-owned subsidiaries entered into a TSA with Core Specialty through which our subsidiary and Core Specialty agreed to provide certain transitional services to each other relating to the StarStone U.S. businesses for a specified period of time.

On completion of the sale and recapitalization of StarStone U.S. on November 30, 2020, we received \$235.0 million of Core Specialty shares and \$51.5 million of cash. Subsequently, the cash component of the consideration was determined to be \$47.0 million with the surplus cash received of \$4.5 million being repaid to Core Specialty during the nine months ended September 30, 2021.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Furthermore, there are existing reinsurance agreements whereby (i) certain of our subsidiaries provide reinsurance protection to StarStone U.S. ("the assuming reinsurances") and (ii) StarStone U.S. provides reinsurance protection to certain of our subsidiaries ("the ceding reinsurances"). These arrangements remain in place.

Our condensed consolidated balance sheets as of September 30, 2021 and December 31, 2020 included the following balances between us and Core Specialty:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Balances under assuming quota share, LPT and ADC reinsurances:		
Funds held by reinsured companies	\$ 45,370	\$ 58,086
Other assets	8,345	38,846
Premiums receivable	51	—
Reinsurance balances recoverable on paid and unpaid losses	476	—
Losses and loss adjustment expenses	590,228	682,637
Insurance and reinsurance balances payable	11,005	24,806
Other liabilities	101	5,003
Balances under ceding reinsurances:		
Reinsurance balances recoverable on paid and unpaid losses	1,691	1,736
Balances under service agreements:		
Other assets	6,141	6,727
Other liabilities	53	328
Balances under sale and recapitalization agreement:		
Other liabilities	—	4,512

Our consolidated statement of earnings included the following amounts between us and Core Specialty:

	<u>Three Months Ended September 30, 2021</u>	<u>Nine Months Ended September 30, 2021</u>
Transactions under assuming quota share, LPT and ADC reinsurances:		
Net premiums earned	\$ 4,595	\$ 7,530
Net incurred losses and loss adjustment expenses	(12,001)	(2,780)
Acquisition costs	(951)	2,266
Net investment expense	(121)	—
Other income	185	170
Transactions under service agreements:		
Fees and commission income	3,016	10,515
Transactions under sale and recapitalization agreement:		
Other Income	—	567
Interest expense	—	(15)
Total net earnings (loss)	<u>\$ (5,277)</u>	<u>\$ 18,253</u>

20. COMMITMENTS AND CONTINGENCIES

Concentration of Credit Risk

We believe that there are no significant concentrations of credit risk associated with our cash and cash equivalents, fixed maturity investments, or other investments. Our cash and investments are managed pursuant to guidelines that follow prudent standards of diversification and liquidity, and limit the allowable holdings of a single

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

issue and issuers. We are also subject to custodial credit risk on our investments, which we manage by diversifying our holdings amongst large financial institutions that are highly regulated.

We have exposure to credit risk on certain of our assets pledged to ceding companies under insurance contracts. In addition, we are potentially exposed should any insurance intermediaries be unable to fulfill their contractual obligations with respect to payments of balances owed to and by us.

Credit risk exists in relation to (re)insurance balances recoverable on paid and unpaid losses. We remain liable to the extent that counterparties do not meet their contractual obligations and, therefore, we evaluate and monitor concentration of credit risk among our (re)insurers.

We are also subject to credit risk in relation to funds held by reinsured companies and funds held - directly managed. Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to our reinsurance subsidiaries. The funds may be placed into trust or subject to other security arrangements. However, we generally have the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by us. As of September 30, 2021, we had a significant funds held concentration of \$3.3 billion (December 31, 2020: \$955.0 million) and \$1.2 billion (December 31, 2020: \$182.4 million) to reinsured companies with financial strength credit ratings of A+ from A.M. Best and AA from S&P, and A+ from A.M. Best and AA- from S&P, respectively.

We limit the amount of credit exposure to any one counterparty, and none of our counterparty credit exposures, excluding U.S. government instruments and the counterparties noted above, exceeded 10% of shareholders' equity as of September 30, 2021. Our credit exposure to the U.S. government was \$1.3 billion as of September 30, 2021 (December 31, 2020: \$1.4 billion).

For additional information relating to credit risk for the InRe Fund, refer to Note 12 - "Variable Interest Entities."

Legal Proceedings

We are, from time to time, involved in various legal proceedings in the ordinary course of business, including litigation and arbitration regarding claims. Estimated losses relating to claims arising in the ordinary course of business, including the anticipated outcome of any pending arbitration or litigation, are included in the liability for losses and LAE in our condensed consolidated balance sheets. In addition to claims litigation, we may be subject to other lawsuits and regulatory actions in the normal course of business, which may involve, among other things, allegations of underwriting errors or omissions or bad faith, employment claims or regulatory activity. We do not believe that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will have a material effect on our business, results of operations or financial condition. We anticipate that, similar to the rest of the (re)insurance industry, we will continue to be subject to litigation and arbitration proceedings in the ordinary course of business, including litigation generally related to the scope of coverage with respect to asbestos and environmental and other claims.

Unfunded Investment Commitments

As of September 30, 2021, we had unfunded commitments of \$1.5 billion to other investments, \$44.7 million to privately held equity, \$10.5 million to fixed maturity investments and \$108.9 million to our majority owned subsidiary Enhanced Re.

Guarantees

As of September 30, 2021 and December 31, 2020, parental guarantees and capital instruments supporting subsidiaries' (re)insurance obligations were \$2.1 billion and \$1.7 billion, respectively. We also guarantee the Junior Subordinated Notes, which are described in Note 14 - "Debt Obligations and Credit Facilities."

Redeemable Noncontrolling Interest

We have the right to purchase the RNCI interests from the RNCI holders at certain times in the future (each such right, a "call right") and the RNCI holders have the right to sell their RNCI interests to us at certain times in the future (each such right, a "put right"). Following the closing of the Exchange Transaction, we have a call right over the portion of SSSL owned by the Trident V Funds and the Dowling Funds, and they have put rights to transfer those interests to us.

21. SEGMENT INFORMATION

Effective January 1, 2021, we revised our segment structure to align with how our chief operating decision maker ("CODM"), who was determined to be our Chief Executive Officer, views our business, assesses performance and allocates resources to our business components. Following the acquisition of Enhanced Re on September 1, 2021, our business is organized into four reportable segments:

(i) Run-off: consists of our acquired property and casualty and other (re)insurance business and StarStone International (from January 1, 2021) following our decision to place it into an orderly run-off. This segment also includes our consulting and management business, which manages the run-off portfolios of third parties through our service companies. Our primary objective with respect to the Run-off segment is to generate reserve/claims savings over time by settling claims in a timely, cost efficient manner using our claims management expertise, including settling claims for lower than outstanding ultimate loss estimates and implementation of reinsurance and commutation strategies;

(ii) Enhanced Re: consists of life and catastrophe business that we have assumed via the acquisition of the controlling interest in Enhanced Re. Our primary objective of the Enhanced Re segment is to reinsure products that focus on longevity and investment risks. We seek to deliver returns by taking advantage of our composite capital structure and product expertise;

(iii) Investments: consists of our investment activities and the performance of our investment portfolio, excluding those investable assets attributable to our Legacy Underwriting segment. Our primary objective of the Investments segment is to obtain the highest possible risk and capital adjusted returns while maintaining prudent diversification of assets and operating within the constraints of a global regulated (re)insurance company. We additionally consider the liquidity requirements and duration of our claims, policyholder benefits and contract liabilities; and

(iv) Legacy Underwriting: consists of businesses that we have either, in the case of Atrium, exited via the sale of the majority of our interest in or, in the case of StarStone International (included in the Legacy Underwriting Segment through December 31, 2020), placed into run-off. Prior to January 1, 2021, this segment comprised SGL No. 1's 25% net share of Atrium's Syndicate 609 business at Lloyd's and StarStone International (through December 31, 2020). From January 1, 2021, this segment comprises SGL No.1's 25% gross share of the 2020 and prior underwriting years of Atrium's Syndicate 609 at Lloyd's, offset by the contractual transfer of the results of that business to the Atrium entities that were divested in the Exchange Transaction. There is no net retention for Enstar on Atrium's 2020 and prior underwriting years. For further information on the Exchange Transaction and the StarStone International Run-off, refer to Note 4 - "Divestitures, Held-for-Sale Businesses and Discontinued Operations."

In addition, our corporate and other activities, which do not qualify as an operating segment, includes income and expense items that are not directly attributable to our reportable segments. These include, (a) holding company income and expenses, (b) the amortization of deferred charge assets and deferred gain liabilities on retroactive reinsurance contracts, (c) the amortization of fair value adjustments associated with the acquisition of companies, (d) changes in the fair value of assets and liabilities related to our assumed retroactive reinsurance contracts for which we have elected the fair value option, (e) corporate expenses not allocated to our reportable segments, (f) debt servicing costs, (g) net foreign exchange (gains) losses, (h) gains (losses) arising on the purchases and sales of subsidiaries (if any), (i) income tax benefit (expense), (j) net earnings (losses) from discontinued operations, net of income tax (if any), (k) net (earnings) loss attributable to noncontrolling interest, and (l) preferred share dividends.

Items (b), (c) and (d) highlighted above are included within corporate and other activities since the CODM evaluates the performance of the Run-off and Legacy Underwriting segments without consideration of these amounts. Refer to "(p) Acquisitions, Goodwill and Intangible Assets" and "(q) Retroactive Reinsurance" within Note 2 - "Significant Accounting Policies" to our consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2020 for further information.

Our assets are reviewed on a consolidated basis by management for decision making purposes since they support business operations across all of our four reportable segments as well as our corporate & other activities. We do not allocate assets to our reportable segments with the exception of reinsurance balances recoverable on paid and unpaid losses and goodwill that are directly attributable to our reportable segments.

Expenses that are directly attributable to our four reportable segments are disclosed under those segments while non-direct expenses, as well as costs related to shared services that are not directly attributable to our

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

reportable segments, are allocated to our reportable segments as well as to our corporate and other activities, on the basis of the actual or proportion of benefit derived from the services provided.

Following the re-organization of our reportable segments during the first quarter of 2021 as detailed above, we restated the prior period comparatives to conform to the current period presentation.

The following tables set forth selected and condensed consolidated statement of earnings results by segment and for our corporate and other activities:

	Three Months Ended September 30, 2021					Total
	Run-off	Enhanced Re ⁽¹⁾	Investments ⁽¹⁾	Legacy Underwriting	Corporate & Other ⁽²⁾	
INCOME						
Net premiums earned	\$ 38,880	\$ —	\$ —	\$ 12,714	\$ —	\$ 51,594
Fees and commission income	6,653	—	—	—	—	6,653
Net investment income	—	—	92,430	295	—	92,725
Net realized and unrealized losses	—	—	(272,738)	(527)	—	(273,265)
Other income (expense)	5,979	—	—	(2,029)	1,328	5,278
Net gain on purchase and sales of subsidiaries	—	—	—	—	46,688	46,688
	51,512	—	(180,308)	10,453	48,016	(70,327)
EXPENSES						
Net incurred losses and loss adjustment expenses	(50,140)	—	—	5,498	17,931	(26,711)
Acquisition costs	8,053	—	—	2,894	—	10,947
General and administrative expenses	47,062	—	8,786	2,061	35,590	93,499
	4,975	—	8,786	10,453	53,521	77,735
EARNINGS (LOSS) BEFORE INTEREST EXPENSE, FOREIGN EXCHANGE AND INCOME TAXES	46,537	—	(189,094)	—	(5,505)	(148,062)
Loss from equity method investments	—	—	(14,147)	—	—	(14,147)
SEGMENT INCOME (LOSS)	\$ 46,537	\$ —	\$ (203,241)	\$ —	(5,505)	(162,209)
Interest expense					(18,158)	(18,158)
Net foreign exchange gains					2,584	2,584
Income tax expense					(9,839)	(9,839)
NET LOSS						(187,622)
Net loss attributable to noncontrolling interest					589	589
NET LOSS ATTRIBUTABLE TO ENSTAR						(187,033)
Dividends on preferred shares					(8,925)	(8,925)
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS					\$ (39,254)	\$ (195,958)

⁽¹⁾ On September 1, 2021, we acquired control of Enhanced Re through a step acquisition. Prior to that date, the results of Enhanced Re were recorded in earnings from equity method investments within the Investments segment. As we record Enhanced Re's results on a one quarter lag, there are no Enhanced Re operating results to report for this quarter.

⁽²⁾ Other income (expense) for corporate and other activities includes the amortization of fair value adjustments associated with the acquisition of DCo and Morse TEC. Net incurred losses and loss adjustment expenses for corporate and other activities includes the amortization of deferred charge assets and deferred gain liabilities on retroactive reinsurance contracts and fair value adjustments associated with the acquisition of companies and the changes in the fair value of liabilities related to our assumed retroactive reinsurance agreements for which we have elected the fair value option.

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended September 30, 2020				
	Run-off	Investments	Legacy Underwriting	Corporate & Other ⁽¹⁾	Total
INCOME					
Net premiums earned	\$ 17,476	\$ —	\$ 144,248	\$ —	\$ 161,724
Fees and commission income	3,637	—	7,150	—	10,787
Net investment income	—	64,054	8,076	—	72,130
Net realized and unrealized gains	—	486,671	13,334	—	500,005
Other income (expense)	55,659	—	171	(7,426)	48,404
	<u>76,772</u>	<u>550,725</u>	<u>172,979</u>	<u>(7,426)</u>	<u>793,050</u>
EXPENSES					
Net incurred losses and loss adjustment expenses	(1,976)	—	75,874	35,788	109,686
Acquisition costs	2,730	—	34,978	—	37,708
General and administrative expenses	42,173	7,549	32,669	33,437	115,828
	<u>42,927</u>	<u>7,549</u>	<u>143,521</u>	<u>69,225</u>	<u>263,222</u>
EARNINGS (LOSS) BEFORE INTEREST EXPENSE, FOREIGN EXCHANGE AND INCOME TAXES					
	33,845	543,176	29,458	(76,651)	529,828
Earnings from equity method investments	—	149,065	—	—	149,065
SEGMENT INCOME (LOSS)	<u>\$ 33,845</u>	<u>\$ 692,241</u>	<u>\$ 29,458</u>	<u>(76,651)</u>	<u>678,893</u>
Interest expense				(15,003)	(15,003)
Net foreign exchange losses				(8,156)	(8,156)
Income tax expense				(13,915)	(13,915)
NET EARNINGS FROM CONTINUING OPERATIONS					
					641,819
Net earnings from discontinued operations, net of income taxes				4,031	4,031
NET EARNINGS					
					645,850
Net earnings attributable to noncontrolling interest				(21,912)	(21,912)
NET EARNINGS ATTRIBUTABLE TO ENSTAR					
					623,938
Dividends on preferred shares				(8,925)	(8,925)
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS					
				<u>\$ (140,531)</u>	<u>\$ 615,013</u>

⁽¹⁾ Other income (expense) for corporate and other activities includes the amortization of fair value adjustments associated with the acquisition of DCo and Morse TEC. Net incurred losses and loss adjustment expenses for corporate and other activities includes the amortization of deferred charge assets and deferred gain liabilities on retroactive reinsurance contracts and fair value adjustments associated with the acquisition of companies and the changes in the fair value of liabilities related to our assumed retroactive reinsurance agreements for which we have elected the fair value option.

ENSTAR GROUP LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Nine Months Ended September 30, 2021					
	Run-off	Enhanced Re ⁽¹⁾	Investments ⁽¹⁾	Legacy Underwriting	Corporate & Other ⁽²⁾	Total
INCOME						
Net premiums earned	\$ 154,120	\$ —	\$ —	\$ 49,994	\$ —	\$ 204,114
Fees and commission income	24,525	—	—	—	—	24,525
Net investment income	—	—	229,620	1,341	—	230,961
Net realized and unrealized gains (losses)	—	—	112,793	(1,626)	—	111,167
Other income (expense)	23,490	—	—	(11,096)	(9,924)	2,470
Net gain on purchase and sales of subsidiaries	—	—	—	—	61,582	61,582
	<u>202,135</u>	<u>—</u>	<u>342,413</u>	<u>38,613</u>	<u>51,658</u>	<u>634,819</u>
EXPENSES						
Net incurred losses and loss adjustment expenses	(62,512)	—	—	20,257	(659)	(42,914)
Acquisition costs	37,124	—	—	12,793	—	49,917
General and administrative expenses	138,791	—	24,629	5,563	100,233	269,216
	<u>113,403</u>	<u>—</u>	<u>24,629</u>	<u>38,613</u>	<u>99,574</u>	<u>276,219</u>
EARNINGS (LOSS) BEFORE INTEREST EXPENSE, FOREIGN EXCHANGE AND INCOME TAXES	<u>88,732</u>	<u>—</u>	<u>317,784</u>	<u>—</u>	<u>(47,916)</u>	<u>358,600</u>
Earnings from equity method investments	—	—	100,825	—	—	100,825
SEGMENT INCOME (LOSS)	<u>\$ 88,732</u>	<u>\$ —</u>	<u>\$ 418,609</u>	<u>\$ —</u>	<u>(47,916)</u>	<u>459,425</u>
Interest expense					(50,638)	(50,638)
Net foreign exchange gains					9,089	9,089
Income tax expense					(13,279)	(13,279)
NET EARNINGS						<u>404,597</u>
Net earnings attributable to noncontrolling interest					(13,257)	(13,257)
NET EARNINGS ATTRIBUTABLE TO ENSTAR						<u>391,340</u>
Dividends on preferred shares					(26,775)	(26,775)
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS					<u>\$ (142,776)</u>	<u>\$ 364,565</u>

⁽¹⁾ On September 1, 2021, we acquired control of Enhanced Re through a step acquisition. Prior to that date, the results of Enhanced Re were recorded in earnings from equity method investments within the Investments segment. As we record Enhanced Re's results on a one quarter lag, there are no Enhanced Re operating results to report this period.

⁽²⁾ Other income (expense) for corporate and other activities includes the amortization of fair value adjustments associated with the acquisition of DCo and Morse TEC. Net incurred losses and loss adjustment expenses for corporate and other activities includes the amortization of deferred charge assets and deferred gain liabilities on retroactive reinsurance contracts and fair value adjustments associated with the acquisition of companies and the changes in the fair value of liabilities related to our assumed retroactive reinsurance agreements for which we have elected the fair value option.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Nine Months Ended September 30, 2020				
	Run-off	Investments	Legacy Underwriting	Corporate & Other ⁽¹⁾	Total
INCOME					
Net premiums earned	\$ 44,023	\$ —	\$ 419,923	\$ —	\$ 463,946
Fees and commission income	12,588	—	15,737	—	28,325
Net investment income	—	215,280	26,007	—	241,287
Net realized and unrealized gains	—	838,483	69	—	838,552
Other income (expense)	84,321	—	321	(16,881)	67,761
	<u>140,932</u>	<u>1,053,763</u>	<u>462,057</u>	<u>(16,881)</u>	<u>1,639,871</u>
EXPENSES					
Net incurred losses and loss adjustment expenses	(89,418)	—	276,787	152,309	339,678
Acquisition costs	13,226	—	119,592	—	132,818
General and administrative expenses	118,026	21,817	128,789	90,454	359,086
	<u>41,834</u>	<u>21,817</u>	<u>525,168</u>	<u>242,763</u>	<u>831,582</u>
EARNINGS (LOSS) BEFORE INTEREST EXPENSE, FOREIGN EXCHANGE AND INCOME TAXES					
	99,098	1,031,946	(63,111)	(259,644)	808,289
Earnings from equity method investments	—	152,725	—	—	152,725
SEGMENT INCOME (LOSS)	<u>\$ 99,098</u>	<u>\$ 1,184,671</u>	<u>\$ (63,111)</u>	<u>(259,644)</u>	<u>961,014</u>
Interest expense				(42,436)	(42,436)
Net foreign exchange losses				(1,375)	(1,375)
Income tax expense				(25,295)	(25,295)
NET EARNINGS FROM CONTINUING OPERATIONS					
					891,908
Net earnings from discontinued operations, net of income taxes				810	810
NET EARNINGS					
					892,718
Net loss attributable to noncontrolling interest				30,802	30,802
NET EARNINGS ATTRIBUTABLE TO ENSTAR					
					923,520
Dividends on preferred shares				(26,775)	(26,775)
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS					
				<u>\$ (323,913)</u>	<u>\$ 896,745</u>

⁽¹⁾ Other income (expense) for corporate and other activities includes the amortization of fair value adjustments associated with the acquisition of DCo and Morse TEC. Net incurred losses and loss adjustment expenses for corporate and other activities includes the amortization of deferred charge assets and deferred gain liabilities on retroactive reinsurance contracts and fair value adjustments associated with the acquisition of companies and the changes in the fair value of liabilities related to our assumed retroactive reinsurance agreements for which we have elected the fair value option.

ENSTAR GROUP LIMITED

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

22. SUBSEQUENT EVENTS***Significant New Business***

The table below sets forth a summary of significant new business that was announced or completed subsequent to September 30, 2021:

Transaction	Date Transaction Announced or Completed	Initial Estimate of Liabilities Assumed	Type of Transaction and Primary Nature of Business
RSA	Completed on October 1, 2021	\$ 94,225	ADC on a diversified mix of commercial and personal insurance lines across the U.K. and Ireland

Related Party Transactions

On October 15, 2021, we delivered written notice to AnglePoint HK of our decision to terminate the investment management agreement among InRe Fund, the general partner of InRe Fund and AnglePoint HK. At the same time, InRe Fund, the general partner of InRe Fund and Neuberger Berman Investment Advisers LLC (“Neuberger Berman”) entered into an investment management agreement pursuant to which Neuberger Berman was retained as investment manager to oversee an orderly liquidation of InRe Fund.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition as of September 30, 2021 and our results of operations for the three and nine months ended September 30, 2021 and 2020 should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this quarterly report and the audited consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2020 and the related filings with the SEC subsequent thereto. Some of the information contained in this discussion and analysis or included elsewhere in this quarterly report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and the timing of events could differ materially from those anticipated by these forward-looking statements as a result of many factors, including those discussed under "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" included in this Quarterly Report on Form 10-Q and Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020.

Table of Contents

Section	Page
Business Overview	78
Operational and Performance Highlights	79
Consolidated Results of Operations — Three and Nine Months Ended September 30, 2021 and 2020	80
Key Performance Indicator	82
Non-GAAP Financial Measures	83
Current Outlook	85
Results of Operations by Segment — Three and Nine Months Ended September 30, 2021 and 2020	87
Run-off Segment	88
Enhanced Re Segment	92
Investments Segment	92
Legacy Underwriting Segment	94
Corporate and Other	96
Investable Assets	98
Liquidity and Capital Resources	108
Critical Accounting Estimates	115

Business Overview

We are a leading global insurance group that offers innovative capital release solutions through our network of group companies in Bermuda, the United States, the United Kingdom, Continental Europe, Australia, and other international locations. Our core focus is acquiring and managing (re)insurance companies and portfolios of (re)insurance business in run-off.

Since the formation of our Bermuda-based holding company in 2001, we have completed or announced over 110 acquisitions or portfolio transfers. The majority of our transactions have been in our run-off business, which generally includes property and casualty, workers' compensation, asbestos and environmental, construction defect, marine, aviation and transit, and other closed and discontinued blocks of business.

Our primary corporate objective is growing our book value per share. We strive to achieve this primarily through growth in net earnings derived from both organic and accretive sources, such as the completion of new transactions, the generation of reserve/claims savings and investment income through the effective management of companies and portfolios in run-off and returns on strategic investments.

As a result of the sale and recapitalization of StarStone U.S., the sale of the majority of our interest in Atrium and the placing of StarStone's business outside the United States into run-off, we have largely exited our previously controlled active underwriting platforms.

Following our acquisition of the controlling interest in Enhanced Reinsurance Ltd. ("Enhanced Re") on September 1, 2021, we consolidated Enhanced Re and added a new reporting segment as described below.

Operational and Performance Highlights

Our consolidated results for the nine months ended September 30, 2021 reflect our continued focus on providing capital release solutions to our clients by acquiring and managing their run-off portfolios. We continue to operate our business during heightened uncertainty and investment volatility as a result of the COVID-19 pandemic.

As part of a strategy re-alignment to reduce our exposure to hedge fund investments, we redeemed \$1.5 billion from the InRe Fund during the third quarter of 2021. Following our decision to redeem, the InRe Fund's investments were impacted by significant volatility in Chinese and other global equity markets. As a result of this volatility, we recorded \$285.2 million of net realized and unrealized losses from the InRe Fund for the three months ended September 30, 2021. On October 15, 2021, we appointed a new investment manager to oversee the orderly wind down of the InRe Fund's remaining investment portfolio, which was \$447.7 million as of September 30, 2021.

During the first nine months of 2021 we:

- Experienced a reduction in Run-off segment net incurred losses and LAE of \$62.5 million, which included a reduction in estimates of net ultimate losses relating to prior periods of \$139.4 million. We also experienced a reduction in estimates of net ultimate defendant asbestos and environmental liabilities relating to prior periods of \$19.0 million that is reported as a component of other income within the Run-off segment, resulting in non-GAAP reserve/claims savings¹ of \$158.4 million, which was a 2.6% increase over the comparative period as a result of our continued dynamic and disciplined approach to claims management.
- Assumed \$3.7 billion of liabilities in six run-off transactions. Five of these transactions totaling \$2.2 billion² of liabilities are LPTs where we anticipate generating future reserve/claims savings that we will record as favorable prior period development. We also executed a \$1.5 billion ADC where we may have favorable prior period development from our pricing of the risk. In all cases, we anticipate investment returns as we manage the \$3.5 billion of investment assets we assumed. In addition, we recorded \$0.3 billion of deferred charge assets, which we will amortize over the estimated claim payment period of the related contract.
- Earned \$342.1 million of investment returns, representing a 68.3% decrease over the prior period. This represents a 1.73% return on our average aggregate invested assets of \$19.8 billion. This includes returns from the InRe Fund where we experienced current year investment returns of \$1.2 million.
- Completed the strategic exit from our active underwriting lines with our sales of:
 - Northshore to Trident V Funds through an exchange transaction, whereby we exchanged a portion of our indirect interest in Northshore, the holding company that owns Atrium and Arden, for an indirect interest in StarStone U.S., now owned through an interest in Core Specialty; and
 - StarStone Underwriting Limited, together with the right to operate Lloyd's Syndicate 1301, to Inigo for consideration of \$30.0 million in the form of Inigo shares and \$0.6 million in cash.
- Repurchased 3,749,400 ordinary shares held by funds managed by Hillhouse Group for a price of \$234.52 per share, totaling \$879.3 million in aggregate.
- Completed a \$500.0 million notes offering and redeemed \$69.6 million of debt expiring in 2022 through a tender offer.
- Reduced our investment in the InRe Fund by \$2.3 billion and initiated the wind down of the remaining assets as part of our strategy re-alignment to reduce our exposure to hedge fund investments as described above. Our investment in the InRe Fund has delivered an inception to date total return of 247.1% (or 29.9% annualized average per year)³.
- Purchased an additional 27.7% in Enhanced Re, a company that has reinsured life, non-life run-off and catastrophe business and was previously accounted for as an equity investment. We now own 75.1% of this company and have consolidated it as of September 1, 2021.

Overall, we grew fully diluted book value per ordinary share by 9.2% since December 31, 2020, despite the decline in diluted net earnings per share of 57.4% and diluted non-GAAP operating income¹ per share of 48.1% over the same period last year.

¹ Non-GAAP financial measure. Refer to "Non-GAAP Financial Measures" for further details.

² Includes \$177.6 million of liabilities from the ADC element of the ProSight LPT and ADC transaction.

³ Total return of the InRe Fund inception to date and average per year were computed using the modified Dietz method, which divides the total gain or loss in value of the portfolio, net of external flows, by the average value of the portfolio over the period of measurement.

Consolidated Results of Operations - For the Three and Nine Months Ended September 30, 2021 and 2020

The following table sets forth our condensed consolidated statements of earnings for each of the periods indicated. For a discussion of the critical accounting estimates that affect the results of operations, see "Critical Accounting Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2020, and within this Quarterly Report on Form 10-Q.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Change	2021	2020	Change
	(in thousands of U.S. dollars)					
INCOME						
Net premiums earned	\$ 51,594	\$ 161,724	\$ (110,130)	\$ 204,114	\$ 463,946	\$ (259,832)
Fees and commission income	6,653	10,787	(4,134)	24,525	28,325	(3,800)
Net investment income ⁽¹⁾	92,725	72,130	20,595	230,961	241,287	(10,326)
Net realized and unrealized gains (losses) ⁽¹⁾	(273,265)	500,005	(773,270)	111,167	838,552	(727,385)
Other income	5,278	48,404	(43,126)	2,470	67,761	(65,291)
Net gain on purchase and sales of subsidiaries	46,688	—	46,688	61,582	—	61,582
	(70,327)	793,050	(863,377)	634,819	1,639,871	(1,005,052)
EXPENSES						
Net incurred losses and LAE	(26,711)	109,686	(136,397)	(42,914)	339,678	(382,592)
Acquisition costs	10,947	37,708	(26,761)	49,917	132,818	(82,901)
General and administrative expenses	93,499	115,828	(22,329)	269,216	359,086	(89,870)
Interest expense	18,158	15,003	3,155	50,638	42,436	8,202
Net foreign exchange (gains) losses	(2,584)	8,156	(10,740)	(9,089)	1,375	(10,464)
	93,309	286,381	(193,072)	317,768	875,393	(557,625)
EARNINGS (LOSS) BEFORE INCOME TAXES	(163,636)	506,669	(670,305)	317,051	764,478	(447,427)
Income tax expense	(9,839)	(13,915)	4,076	(13,279)	(25,295)	12,016
Earnings (loss) from equity method investments	(14,147)	149,065	(163,212)	100,825	152,725	(51,900)
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	(187,622)	641,819	(829,441)	404,597	891,908	(487,311)
Net earnings from discontinued operations, net of income taxes	—	4,031	(4,031)	—	810	(810)
NET EARNINGS (LOSS)	(187,622)	645,850	(833,472)	404,597	892,718	(488,121)
Net (earnings) loss attributable to noncontrolling interest	589	(21,912)	22,501	(13,257)	30,802	(44,059)
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR	(187,033)	623,938	(810,971)	391,340	923,520	(532,180)
Dividends on preferred shares	(8,925)	(8,925)	—	(26,775)	(26,775)	—
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	\$ (195,958)	\$ 615,013	\$ (810,971)	\$ 364,565	\$ 896,745	\$ (532,180)

⁽¹⁾ Includes amounts attributed to the InRe Fund, refer to Note 12 - "Variable Interest Entities" to our condensed consolidated financial statements included within Item 1 of this Quarterly Report on Form 10-Q for additional information.

Consolidated Results Overview - 2021
Three months ended September 30, 2021

Consolidated net loss attributable to Enstar ordinary shareholders was \$196.0 million for the three months ended September 30, 2021. The most significant drivers of our financial performance included:

- Net realized and unrealized losses of \$273.3 million, primarily driven by net unrealized losses in the InRe Fund, principally driven by volatility in Chinese and other global equity markets; and
- Loss from equity method investments of \$14.1 million primarily driven by Enhanced Re's losses on catastrophe business in the second quarter of 2021; partially offset by,
- Net investment income of \$92.7 million, primarily a result of an increase in our average aggregate fixed maturities and cash and cash equivalents from new business;

- A reduction in net incurred losses and LAE of \$26.7 million, which included favorable development on prior periods of \$69.1 million, driven primarily by favorable development on professional indemnity/directors and officers claims as well as continued favorable loss emergence, notably in the workers' compensation and construction defect lines. This was partially offset by net incurred losses and LAE of \$42.4 million relating to current period net earned premium; and
- Net gain on purchase and sales of subsidiaries of \$46.7 million relating to the Enhanced Re Step Acquisition.

Non-GAAP operating loss⁴ attributable to Enstar ordinary shareholders was \$176.0 million for the three months ended September 30, 2021, primarily driven by net realized and unrealized losses on the InRe Fund, other investments and equities of \$215.5 million.

Nine months ended September 30, 2021

Consolidated net earnings attributable to Enstar ordinary shareholders was \$364.6 million for the nine months ended September 30, 2021. The most significant drivers of our financial performance included:

- Net investment income of \$231.0 million, primarily a result of an increase in our average aggregate fixed maturities and cash and cash equivalents from new business;
- Net realized and unrealized gains of \$111.2 million, primarily driven by gains in private equity funds, fixed income funds and private debt funds, equity and equity funds and CLO equities, principally driven by a rally in risk assets and global equity markets as economies continued to re-open following the shutdowns related to the COVID-19 pandemic. The gains were partially offset by losses on fixed income securities primarily driven by an increase in interest rates, partially offset by a tightening of credit spreads;
- A reduction in net incurred losses and LAE of \$42.9 million, which included favorable development on prior periods of \$188.5 million, driven primarily by favorable development in our professional indemnity/directors and officers line of business across our Lloyd's portfolios, continued favorable loss emergence in our workers' compensation and general casualty lines of business as well as favorable development across multiple StarStone International books of business, partially offset by net incurred losses of \$20.9 million due to our reevaluation of our gross and net exposure on COVID-19 pandemic related losses. This was further offset by net incurred losses and LAE of \$145.6 million relating to current period net earned premium; and
- Earnings from equity method investments of \$100.8 million driven primarily by our investments in Enhanced Re and Monument Re.

Non-GAAP operating income⁴ attributable to Enstar ordinary shareholders was \$398.2 million for the nine months ended September 30, 2021, primarily attributable to net realized and unrealized gains on the InRe Fund, other investments and equities of \$299.8 million and earnings from equity method investments of \$100.8 million.

Consolidated Results Overview - 2020

Three months ended September 30, 2020

Consolidated net earnings attributable to Enstar ordinary shareholders were \$615.0 million for the three months ended September 30, 2020. The most significant drivers of our financial performance included:

- Net realized and unrealized gains of \$500.0 million, primarily driven by unrealized gains in the InRe Fund, fixed income funds, equity funds, CLO equities and CLO equity funds principally driven by tightening credit spreads and a continued recovery of the global equity markets in the third quarter of 2020 as markets normalized after the COVID-related dislocation and spread widening experienced in the first quarter of 2020;
- Earnings from equity method investments of \$149.1 million, primarily driven by our investments in Enhanced Re and Monument Re; and
- Other income of \$48.4 million which was primarily driven by the reduction in the estimate of ultimate net defendant asbestos and environmental liabilities; partially offset by,
- Net incurred losses and LAE of \$109.7 million, which included net incurred losses and LAE of \$79.0 million related to current period net earned premium and \$30.7 million related to prior periods primarily driven by unfavorable changes in the fair value of liabilities for which we have elected the fair value option as a result of narrowing credit spreads on corporate bond yields in the period.

⁴ Non-GAAP financial measure. Refer to "Non-GAAP Financial Measures" below for further details.

Non-GAAP operating income attributable to Enstar ordinary shareholders was \$574.4 million for the three months ended September 30, 2020. This was primarily driven by net realized and unrealized gains on our other investments of \$432.7 million and earnings from equity method investments of \$149.1 million.

Nine months ended September 30, 2020

Consolidated net earnings attributable to Enstar ordinary shareholders was \$896.7 million for the nine months ended September 30, 2020. The most significant drivers of our financial performance included:

- Net realized and unrealized gains of \$838.6 million, primarily comprised of unrealized gains in the InRe Fund, private equity and private debt funds, and fixed income funds, partially offset by losses in our equity funds, CLO equities and CLO equity funds, due to the disruption in global financial markets associated with the COVID-19 pandemic;
- Net investment income of \$241.3 million, primarily driven by an increase of \$591.0 million in our average aggregate fixed maturities and cash and cash equivalents as a result of new business; and
- Earnings from equity method investments of \$152.7 million, primarily driven by our investments in Enhanced Re and Monument Re; partially offset by
- Net incurred losses and LAE of \$339.7 million, which included net incurred losses and LAE of \$314.1 million related to current period net earned premium and \$25.6 million related to prior periods primarily driven by unfavorable changes in the fair value of liabilities for which we have elected the fair value option as a result of narrowing credit spreads on corporate bond yields in the period. This was partially offset by a reduction in estimates of net ultimate losses relating to prior periods.

Non-GAAP operating income attributable to Enstar ordinary shareholders was \$804.2 million for the nine months ended September 30, 2020. This was primarily attributable to net realized and unrealized gains on the InRe Fund, other investments and equities of \$631.5 million and earnings from equity method investments of \$152.7 million.

Key Performance Indicator

Our primary corporate objective is growing our book value per share, and we believe that long-term growth in fully diluted book value per share is the most appropriate measure of our financial performance.

During the nine months ended September 30, 2021, our fully diluted book value per ordinary share increased by 9.2% to \$307.09. The table below summarizes the calculation of our fully diluted book value per ordinary share:

	September 30, 2021	December 31, 2020	Change
	(In thousands of U.S. dollars, except share and per share data)		
Numerator:			
Total Enstar shareholder's equity	\$ 6,079,865	\$ 6,674,395	\$ (594,530)
Less: Series D and E preferred shares	510,000	510,000	—
Total Enstar ordinary shareholders' equity (A)	5,569,865	6,164,395	(594,530)
Proceeds from assumed conversion of warrants ⁽¹⁾	—	20,229	(20,229)
Numerator for fully diluted book value per ordinary share calculations (B)	<u>\$ 5,569,865</u>	<u>\$ 6,184,624</u>	<u>\$ (614,759)</u>
Denominator:			
Ordinary shares outstanding (C) ⁽²⁾	17,817,704	21,519,602	(3,701,898)
Effect of dilutive securities:			
Share-based compensation plans ⁽³⁾	319,855	298,095	21,760
Warrants ⁽¹⁾	—	175,901	(175,901)
Fully diluted ordinary shares outstanding (D)	<u>18,137,559</u>	<u>21,993,598</u>	<u>(3,856,039)</u>
Book value per ordinary share:			
Basic book value per ordinary share = (A) / (C)	\$ 312.60	\$ 286.45	\$ 26.15
Fully diluted book value per ordinary share = (B) / (D)	\$ 307.09	\$ 281.20	\$ 25.89

⁽¹⁾ Warrants to acquire 175,901 Series C Non-Voting Ordinary Shares for an exercise price of \$115.00 per share were exercised on a non-cash

basis during the nine months ended September 30, 2021, which resulted in a total of 89,590 Series C Non-Voting Ordinary Shares being issued in the period.

⁽²⁾ Ordinary shares outstanding includes voting and non-voting shares but excludes ordinary shares held in the Enstar Group Limited Employee Benefit Trust (the "EB Trust") in respect of awards made under our JSOP.

⁽³⁾ Share-based dilutive securities include restricted shares, restricted share units, and performance share units ("PSUs"). The amounts for PSUs and ordinary shares held in the EB Trust in respect of the JSOP are adjusted at the end of each period end to reflect the latest estimated performance multipliers for the respective awards. The JSOP shares did not have a dilutive effect as of September 30, 2021.

Non-GAAP Financial Measures

Our non-GAAP measures shown below enable readers of the condensed consolidated financial statements to analyze our results in a way that is more aligned with the manner in which our management measures our underlying performance. We believe that presenting these non-GAAP financial measures, which may be defined and calculated differently by other companies, improves the understanding of our consolidated results of operations. These measures should not be viewed as a substitute for those calculated in accordance with U.S. GAAP.

Non-GAAP Operating Income

In addition to presenting net earnings (loss) attributable to Enstar ordinary shareholders and diluted earnings (loss) per ordinary share determined in accordance with U.S. GAAP, we believe that presenting non-GAAP operating income (loss) attributable to Enstar ordinary shareholders and non-GAAP diluted operating income (loss) per ordinary share provides investors with valuable measures of our performance.

Non-GAAP operating income (loss) attributable to Enstar ordinary shareholders is calculated by the addition or subtraction of certain items from within our consolidated statements of earnings to or from net earnings (loss) attributable to Enstar ordinary shareholders, the most directly comparable GAAP financial measure, as illustrated in the table below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(expressed in thousands of U.S. dollars, except share and per share data)			
Net earnings (loss) attributable to Enstar ordinary shareholders	\$ (195,958)	\$ 615,013	\$ 364,565	\$ 896,745
Adjustments:				
Net realized and unrealized (gains) losses on fixed maturity investments and funds held - directly managed ⁽¹⁾	86,816	(67,294)	182,855	(207,097)
Change in fair value of insurance contracts for which we have elected the fair value option	(10,877)	21,042	(68,636)	96,848
Net gain on purchase and sales of subsidiaries	(46,688)	—	(61,582)	—
Net earnings from discontinued operations	—	(4,031)	—	(810)
Tax effects of adjustments ⁽²⁾	(3,317)	5,771	(14,596)	19,070
Adjustments attributable to noncontrolling interest ⁽³⁾	(6,013)	3,881	(4,372)	(536)
Non-GAAP operating income (loss) attributable to Enstar ordinary shareholders ⁽⁴⁾	<u>\$ (176,037)</u>	<u>\$ 574,382</u>	<u>\$ 398,234</u>	<u>\$ 804,220</u>
Diluted net earnings (loss) per ordinary share ⁽⁵⁾	<u>\$ (10.68)</u>	<u>\$ 28.24</u>	<u>\$ 17.53</u>	<u>\$ 41.14</u>
Adjustments:				
Net realized and unrealized (gains) losses on fixed maturity investments and funds held - directly managed ⁽¹⁾	4.73	(3.09)	8.79	(9.50)
Change in fair value of insurance contracts for which we have elected the fair value option	(0.59)	0.97	(3.30)	4.44
Net gain on purchase and sales of subsidiaries	(2.54)	—	(2.96)	—
Net earnings from discontinued operations	—	(0.19)	—	(0.04)
Tax effects of adjustments ⁽²⁾	(0.18)	0.26	(0.70)	0.87
Adjustments attributable to noncontrolling interest ⁽³⁾	(0.33)	0.18	(0.21)	(0.02)
Diluted non-GAAP operating income (loss) per ordinary share ^{(4) (5)}	<u>\$ (9.59)</u>	<u>\$ 26.37</u>	<u>\$ 19.15</u>	<u>\$ 36.89</u>
Weighted average ordinary shares outstanding:				
Basic	18,349,483	21,578,106	20,502,755	21,564,447
Diluted	18,548,368	21,778,729	20,793,640	21,799,627

⁽¹⁾ Represents the net realized and unrealized gains and losses related to fixed maturity securities recognized in net earnings (loss). Our fixed maturity securities are held directly on our balance sheet and also within the "Funds held - directly managed" balance. Refer to Note 5 - "Investments" to our condensed consolidated financial statements included within Item 1 of this Quarterly Report on Form 10-Q for further details on our net realized and unrealized gains and losses.

⁽²⁾ Represents an aggregation of the tax expense or benefit associated with the specific country to which the pre-tax adjustment relates, calculated at the applicable jurisdictional tax rate.

⁽³⁾ Represents the impact of the adjustments on the net earnings (loss) attributable to noncontrolling interest associated with the specific subsidiaries to which the adjustments relate.

⁽⁴⁾ Non-GAAP financial measure.

⁽⁵⁾ During a period of loss, the basic weighted average ordinary shares outstanding is used in the denominator of the diluted loss per ordinary share computation as the effect of including potentially dilutive securities would be anti-dilutive.

Non-GAAP operating income (loss) is net earnings (loss) attributable to Enstar ordinary shareholders excluding:

- (i) net realized and unrealized (gains) losses on fixed maturity investments and funds held - directly managed included in net earnings (loss);
- (ii) change in fair value of insurance contracts for which we have elected the fair value option;
- (iii) (gain) loss on purchases and sales of subsidiaries, if any;
- (iv) net (earnings) loss from discontinued operations, if any;

(v) tax effect of these adjustments, where applicable; and

(vi) attribution of share of adjustments to noncontrolling interest, where applicable.

We eliminate the impact of net realized and unrealized (gains) losses on fixed maturity investments and funds held - directly managed and change in fair value of insurance contracts for which we have elected the fair value option because these items are subject to significant fluctuations in fair value from period to period, driven primarily by market conditions and general economic conditions, and therefore their impact on our earnings is not reflective of the performance of our core operations.

We eliminate the impact of (gain) loss on purchases and sales of subsidiaries and net (earnings) loss on discontinued operations because these are not reflective of the performance of our core operations.

Diluted Non-GAAP operating income (loss) per ordinary share is diluted net earnings (loss) per ordinary share excluding the per diluted share amounts of each of the adjustments used to calculate non-GAAP operating income (loss).

Reserve/Claims Savings

Reserve/Claims Savings is a non-GAAP measure calculated using components of amounts determined in accordance with U.S. GAAP for our Run-off segment. Reserve/Claims Savings is calculated by adding:

- (i) the reduction (increase) in estimates of net ultimate losses relating to prior periods, included in net incurred losses and LAE, and
- (ii) the reduction (increase) in estimates of ultimate net defendant asbestos and environmental ("defendant A&E") liabilities relating to prior periods, included in other income (expense).

Because the reduction (increase) in estimates of ultimate defendant A&E liabilities for prior periods is presented as a component of other income (expense) in our consolidated statement of earnings, there is not a U.S. GAAP measure that is directly comparable to Reserve/Claims Savings presented on a non-GAAP basis.

However, we believe Reserve/Claims Savings provides investors with a meaningful measure of claims management performance within our Run-off segment that is consistent with management's view of the business because it combines the reduction (increase) in estimates of net ultimate losses related to our direct exposure to certain acquired asbestos and environmental liabilities with the reduction (increase) in estimates of net ultimate losses related to liabilities that we have insured.

For a reconciliation showing the calculation of Reserve/Claims Savings using the applicable components of amounts determined in accordance with U.S. GAAP for our Run-off segment, refer to "Results of Operations by Segment - Run-off Segment" below.

Current Outlook

As with others in our industry, we are subject to economic factors such as interest rates, inflationary pressures, market volatility, foreign exchange rates, underwriting events, regulation, tax policy changes, political risks and other market risks that can impact our strategy and operations. For additional information on these risks, refer to "Item 1A. Risk Factors - Risks Relating to our Run-off Business" in our Annual Report on Form 10-K for the year ended December 31, 2020.

COVID-19

The evolving COVID-19 pandemic, which began to affect the Company late in the first quarter of 2020, has caused significant disruption in global financial markets and economies worldwide.

Although the overall financial and operational impact to us has been minimal to-date, with virtually all of our employees working remotely or on an agile basis, the scope, duration and magnitude of the direct and indirect effects of the COVID-19 pandemic are highly uncertain and difficult or impossible to anticipate.

We remain focused on implementing our active investment management strategies to deliver meaningful returns across our diversified investment portfolio. We anticipate continued volatility in the global investment markets as a result of the economic conditions and uncertainty stemming from the COVID-19 pandemic, which could have a significant impact on the return profile of our investments. These uncertainties include, among others, inflationary pressures arising from the impact of monetary and fiscal policy measures adopted by governments seeking to stabilize the financial markets, and the consequential impact on interest rates. Our other investments (which include equities, the InRe Fund, investments accounted for under equity method accounting and other non-fixed income investments) carry higher expected returns, have a longer investment time horizon, and provide diversification from our core fixed income portfolio. Given the higher risk and return profile of these investments, their returns can be more volatile over the short term relative to our core fixed income investments.

In addition, investments that are accounted for under equity method typically report their financial statement information to the Company three months following the end of the reporting period. Accordingly, the potential effects of volatility across global financial markets, including the impact of the COVID-19 pandemic, on our private equity and equity method investments is generally reflected in our financial statements on a quarter lag basis.

During the nine months ended September 30, 2021, our Run-off and Legacy Underwriting segments incurred COVID-19 related net underwriting losses of \$18.5 million⁵ and \$0.4 million, respectively. Our Run-off segment experienced an increase in net incurred losses during the year due to our reevaluation of our gross and net exposure to COVID-19 pandemic related losses.

As of September 30, 2021, our Run-off, Enhanced Re and Legacy Underwriting segments had COVID-19 related net loss reserves of \$83.7 million, \$56.1 million and \$4.2 million, respectively. \$10.0 million of the Run-off segment's COVID-19 related net loss reserves were assumed from the loss portfolio transfer and adverse development cover reinsurance agreement with StarStone U.S.

As a result of the wide-ranging uncertainty and volatility of the COVID-19 pandemic, we are unable to predict its overall impact on our results for the remainder of 2021.

Enhanced Re

Upon completion of the Step Acquisition of Enhanced Re on September 1, 2021, we acquired future policyholder benefits of \$1.5 billion. We may enter into further life and annuity reinsurance transactions which would increase our exposure to interest rate movements and longevity risks, as well as other risks associated with life reinsurance.

We also acquired Enhanced Re's share of Allianz's catastrophe reinsurance business and associated net losses related to events occurring during 2021. This includes the German Floods, Hurricane Ida, the European Storms and the Texas Winter Storms, as well as net loss reserves relating to prior period loss events, which primarily relates to business interruption claims arising from COVID-19.

As a component of the acquired treaties remain in effect until the end of the year, we may be exposed to further significant catastrophe losses. Our results could also be impacted by net favorable or unfavorable current and prior period loss development.

We are currently evaluating this catastrophe business with a view to non-renew these treaties for 2022.

Transactions

We continue to evaluate transactions in our active pipeline including LPTs, ADCs, and other transaction types, including acquisitions, and seek opportunities to execute on creative and accretive transactions by offering innovative capital solutions that enable our clients to meet their capital and risk management objectives.

Investments

On October 15, 2021, we appointed a new investment manager to oversee the orderly wind down of the InRe Fund's remaining investment portfolio, which was \$447.7 million as of September 30, 2021. We expect the liquidation of InRe Fund to be completed in an orderly manner as market conditions permit. As a result of the InRe Fund's exposure to global equity markets, including Chinese equities, market volatility could lead to realized losses as the InRe Fund is wound down.

⁵ Run-off segment COVID-19 related net underwriting losses of \$18.5 million includes net incurred losses of \$20.9 million, partially offset by reinstatement premiums of \$2.5 million.

Results of Operations by Segment - For the Three and Nine Months Ended September 30, 2021 and 2020

Upon completion of our strategic transactions related to both Atrium and StarStone, our segment structure was revised effective January 1, 2021.

Following the acquisition of Enhanced Re on September 1, 2021, our business is organized into four reportable segments: (i) Run-off; (ii) Enhanced Re; (iii) Investments; and (iv) Legacy Underwriting. In addition, our corporate and other activities, which do not qualify as an operating segment, include income and expense items that are not directly attributable to our reportable segments.

For a description of our segments and corporate and other activities, see Note 21 - "Segment Information" to our condensed consolidated financial statements included within Item 1 of this Quarterly Report on Form 10-Q.

The below table provides our results by segment and for our corporate and other activities:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Change	2021	2020	Change
(in thousands of U.S. dollars)						
Results by segment:						
Run-off	\$ 46,537	\$ 33,845	\$ 12,692	\$ 88,732	\$ 99,098	\$ (10,366)
Enhanced Re ⁽¹⁾	—	—	—	—	—	—
Investments	(203,241)	692,241	(895,482)	418,609	1,184,671	(766,062)
Legacy Underwriting	—	29,458	(29,458)	—	(63,111)	63,111
Corporate and other	(39,254)	(140,531)	101,277	(142,776)	(323,913)	181,137
Net earnings (loss) attributable to Enstar ordinary shareholders	\$ (195,958)	\$ 615,013	\$ (810,971)	\$ 364,565	\$ 896,745	\$ (532,180)

⁽¹⁾ On September 1, 2021, we acquired control of Enhanced Re through a step acquisition. Prior to that date, the results of Enhanced Re were recorded in earnings from equity method investments within the Investments segment. As we record Enhanced Re's results on a one quarter lag, there are no Enhanced Re operating results to report for the three and nine months ended September 30, 2021.

The following is a discussion of our results of operations by segment.

Run-off Segment

The following is a discussion and analysis of the results of operations for our Run-off segment.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Change	2021	2020	Change
(in thousands of U.S. dollars)						
INCOME						
Net premiums earned	\$ 38,880	\$ 17,476	\$ 21,404	\$ 154,120	\$ 44,023	\$ 110,097
Fees and commission income	6,653	3,637	3,016	24,525	12,588	11,937
Other income	5,979	55,659	(49,680)	23,490	84,321	(60,831)
	<u>51,512</u>	<u>76,772</u>	<u>(25,260)</u>	<u>202,135</u>	<u>140,932</u>	<u>61,203</u>
EXPENSES						
Net incurred losses and LAE	(50,140)	(1,976)	(48,164)	(62,512)	(89,418)	26,906
Acquisition costs	8,053	2,730	5,323	37,124	13,226	23,898
General and administrative expenses	47,062	42,173	4,889	138,791	118,026	20,765
	<u>4,975</u>	<u>42,927</u>	<u>(37,952)</u>	<u>113,403</u>	<u>41,834</u>	<u>71,569</u>
SEGMENT INCOME	<u>\$ 46,537</u>	<u>\$ 33,845</u>	<u>\$ 12,692</u>	<u>\$ 88,732</u>	<u>\$ 99,098</u>	<u>\$ (10,366)</u>
Supplemental information:						
Reconciliation of reserve/claims savings to GAAP line items in the Run-off segment:						
Net incurred losses and LAE:						
Reduction (increase) in estimates of net ultimate losses - prior periods (A)	\$ 72,302	\$ (4,411)	\$ 76,713	\$ 139,365	\$ 79,062	\$ 60,303
Increase in estimates of net ultimate losses - current period	(35,020)	(8,218)	(26,802)	(118,155)	(24,153)	(94,002)
Reduction in provisions for unallocated LAE	12,858	14,605	(1,747)	41,302	34,509	6,793
Net incurred losses and LAE	<u>50,140</u>	<u>1,976</u>	<u>48,164</u>	<u>62,512</u>	<u>89,418</u>	<u>(26,906)</u>
Other income:						
Reduction in estimates of net ultimate defendant A&E liabilities - prior periods (B)	4,983	48,439	(43,456)	18,985	75,332	(56,347)
Reduction in estimated future defendant A&E expenses	997	3,124	(2,127)	4,505	6,127	(1,622)
All other income	(1)	4,096	(4,097)	—	2,862	(2,862)
Other income	<u>5,979</u>	<u>55,659</u>	<u>(49,680)</u>	<u>23,490</u>	<u>84,321</u>	<u>(60,831)</u>
Reserve/claims savings: total reduction in net ultimate losses ⁽¹⁾ = (A) + (B)	<u>\$ 77,285</u>	<u>\$ 44,028</u>	<u>\$ 33,257</u>	<u>\$ 158,350</u>	<u>\$ 154,394</u>	<u>\$ 3,956</u>

⁽¹⁾ Non-GAAP financial measure. Refer to "Non-GAAP Financial Measures" above for further details.

Overall Results

Three Months Ended September 30, 2021 versus 2020: Segment income from our Run-off segment increased by \$12.7 million for the three months ended September 30, 2021 compared to the same period in 2020. The increase in segment income was primarily due to a reduction in estimates of prior period net ultimate losses as a result of favorable development on large professional indemnity/directors and officers claims as well as continued favorable loss emergence, notably in the workers' compensation and construction defect lines, in addition to increases in premiums earned from StarStone International business and new business transactions executed in this and recent periods. The increase in segment income was partially offset by a decrease in other income as a result of a lower reduction in the estimates of ultimate net liabilities relating to our defendant asbestos and environmental exposures in the current period versus the comparative period.

Nine Months Ended September 30, 2021 versus 2020: Segment income from our Run-off segment decreased by \$10.4 million for the nine months ended September 30, 2021 compared to the same period in 2020. The decrease in segment income was primarily due to a decrease in other income as a result of a lower reduction in the estimates of ultimate net liabilities relating to our defendant asbestos and environmental exposures in the current period versus the comparative period, and increases in current period net incurred losses and LAE, acquisition costs and general and administrative expenses relating to the run-off of StarStone International business, which was transferred from the Legacy Underwriting segment on January 1, 2021. This was partially offset by premiums earned from StarStone International business and new business transactions executed in this and recent periods and higher favorable development on our Lloyd's syndicates relative to 2020.

Net Premiums Earned

The following table shows the gross and net premiums written and earned for the Run-off segment.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Change	2021	2020	Change
	(in thousands of U.S. dollars)					
Gross premiums written	\$ (2,074)	\$ 3,535	\$ (5,609)	\$ 28,110	\$ 1,707	\$ 26,403
Ceded premiums written	4,353	(111)	4,464	(11,172)	690	(11,862)
Net premiums written	<u>2,279</u>	<u>3,424</u>	<u>(1,145)</u>	<u>16,938</u>	<u>2,397</u>	<u>14,541</u>
Gross premiums earned	\$ 42,522	\$ 20,426	22,096	\$ 198,292	\$ 52,899	145,393
Ceded premiums earned	(3,642)	(2,950)	(692)	(44,172)	(8,876)	(35,296)
Net premiums earned	<u>\$ 38,880</u>	<u>\$ 17,476</u>	<u>21,404</u>	<u>\$ 154,120</u>	<u>\$ 44,023</u>	<u>110,097</u>

Since business in this segment is in run-off, our general expectation is for premiums associated with legacy business to decline in future periods. However, the actual amount in any particular year will be impacted by new transactions during the year and the run-off of unearned premiums from transactions completed in recent years. Premiums earned in this segment are generally offset by net incurred losses and LAE related to the premiums. Premiums earned may be higher than premiums written as we may acquire or assume unearned premium without the writing of gross premiums.

Three Months Ended September 30, 2021 versus 2020: Net premiums earned of \$38.9 million in 2021 included \$16.9 million of premiums from StarStone International whereas net premiums earned in 2020 were primarily related to the AmTrust RITC transactions assumed in 2019.

Nine Months Ended September 30, 2021 versus 2020: Net premiums earned of \$154.1 million in 2021 included \$89.7 million of premiums from StarStone International whereas net premiums earned in 2020 were primarily related to the AmTrust RITC transactions assumed in 2019.

Net Incurred Losses and LAE:

The following tables show the components of net incurred losses and LAE for the Run-off segment.

	Three Months Ended September 30,					
	2021			2020		
	Prior Periods	Current Period	Total	Prior Periods	Current Period	Total
	(in thousands of U.S. dollars)					
Net losses paid	\$ 284,216	\$ 3,107	\$ 287,323	\$ 283,143	\$ 739	\$ 283,882
Net change in case and LAE reserves ⁽¹⁾	(174,118)	17,192	(156,926)	(49,854)	(33)	(49,887)
Net change in IBNR reserves ⁽²⁾	(182,400)	14,721	(167,679)	(228,878)	7,512	(221,366)
Increase (reduction) in estimates of net ultimate losses	(72,302)	35,020	(37,282)	4,411	8,218	12,629
Increase (reduction) in provisions for unallocated LAE ⁽³⁾	(13,606)	748	(12,858)	(14,605)	—	(14,605)
Net incurred losses and LAE	<u>\$ (85,908)</u>	<u>\$ 35,768</u>	<u>\$ (50,140)</u>	<u>\$ (10,194)</u>	<u>\$ 8,218</u>	<u>\$ (1,976)</u>

⁽¹⁾ Comprises the movement during the year in specific case reserve liabilities as a result of claims settlements or changes advised to us by our policyholders and attorneys, less changes in case reserves recoverable advised by us to our reinsurers as a result of the settlement or movement of assumed claims.

⁽²⁾ Represents the gross change in our actuarial estimates of IBNR, less amounts recoverable.

⁽³⁾ Represents the change in the estimate of the total future costs to administer the claims.

Three Months Ended September 30, 2021: Current period net incurred losses and LAE of \$35.8 million primarily related to the net earned premium from the run-off of StarStone International business which was transferred from the Legacy Underwriting segment on January 1, 2021. The reduction in estimates of net ultimate losses relating to prior periods of \$72.3 million was primarily related to favorable development on large professional indemnity/directors and officers claims as well as continued favorable loss emergence, notably in the workers' compensation and construction defect lines.

Three Months Ended September 30, 2020: Current period net incurred losses and LAE of \$8.2 million related to current period net earned premium, primarily in respect of the run-off of the AmTrust RITC transactions. Net ultimate losses relating to prior periods increased by \$4.4 million primarily due to unfavorable development of \$128.4 million within our motor line of business which was largely offset by favorable development across workers' compensation and other lines of business.

	Nine Months Ended September 30,					
	2021			2020		
	Prior Periods	Current Period	Total	Prior Periods	Current Period	Total
	(in thousands of U.S. dollars)					
Net losses paid	\$ 969,283	\$ 5,863	\$ 975,146	\$ 824,473	\$ 1,777	\$ 826,250
Net change in case and LAE reserves ⁽¹⁾	(421,265)	22,229	(399,036)	(301,382)	809	(300,573)
Net change in IBNR reserves ⁽²⁾	(687,383)	90,063	(597,320)	(602,153)	21,567	(580,586)
Increase (reduction) in estimates of net ultimate losses	(139,365)	118,155	(21,210)	(79,062)	24,153	(54,909)
Increase (reduction) in provisions for unallocated LAE ⁽³⁾	(44,485)	3,183	(41,302)	(34,509)	—	(34,509)
Net incurred losses and LAE	<u>\$ (183,850)</u>	<u>\$ 121,338</u>	<u>\$ (62,512)</u>	<u>\$ (113,571)</u>	<u>\$ 24,153</u>	<u>\$ (89,418)</u>

⁽¹⁾ Comprises the movement during the year in specific case reserve liabilities as a result of claims settlements or changes advised to us by our policyholders and attorneys, less changes in case reserves recoverable advised by us to our reinsurers as a result of the settlement or movement of assumed claims.

⁽²⁾ Represents the gross change in our actuarial estimates of IBNR, less amounts recoverable.

⁽³⁾ Represents the change in the estimate of the total future costs to administer the claims.

Nine Months Ended September 30, 2021: Current period net incurred losses and LAE of \$121.3 million related to current period net earned premium, primarily in respect of the run-off of StarStone International business which was transferred from the Legacy Underwriting segment on January 1, 2021. The reduction in estimates of net ultimate losses relating to prior periods of \$139.4 million was primarily related to favorable development in our professional indemnity/directors and officers line of business across our Lloyd's portfolios arising from a change in estimates and reductions in case reserve estimates for large claims, continued favorable loss emergence in our workers' compensation and general casualty lines of business as well as favorable development across multiple StarStone International books of business. Partially offsetting this favorable development was an increase in net incurred losses of \$20.9 million due to our reevaluation of our gross and net exposure on COVID-19 pandemic related losses.

Nine Months Ended September 30, 2020: Current period net incurred losses and LAE of \$24.2 million related to current period net earned premium, primarily in respect of the run-off of the AmTrust RITC transactions. The reduction in estimates of net ultimate losses relating to prior periods of \$79.1 million was largely attributable to favorable development within our workers' compensation as well as other lines of business, partially offset by unfavorable development of \$122.4 million within our motor line of business.

Other Items

Three Months Ended September 30, 2021 versus 2020:

- Other income decreased by \$49.7 million primarily driven by a more significant reduction in the estimate of ultimate net defendant A&E liabilities in the comparative period.
- General and administrative expenses increased by \$4.9 million primarily a result of the transfer of the StarStone International business into the Run-off segment, in addition to an increase in claims costs. The increase in expenses was partially offset by reductions in performance-based salaries and benefits costs.
- Acquisition costs increased by \$5.3 million primarily due to the transfer of StarStone International from the Legacy Underwriting segment on January 1, 2021.

Nine Months Ended September 30, 2021 versus 2020:

- Other income decreased by \$60.8 million primarily driven by a more significant reduction in the estimates of ultimate net defendant A&E liabilities in the comparative period.
- Acquisition costs increased by \$23.9 million primarily due to the transfer of StarStone International from the Legacy Underwriting segment on January 1, 2021.
- General and administrative expenses increased by \$20.8 million primarily due to the transfer of the StarStone International business into the Run-off segment, in addition to an increase in claims costs. The increase in expenses was partially offset by reductions in performance-based salaries and benefits costs.

Enhanced Re Segment

On September 1, 2021, we acquired control of Enhanced Re through a step acquisition. Prior to that date, the results of Enhanced Re were recorded in earnings from equity method investments within the Investments segment. As we record Enhanced Re's results on a one quarter lag, there are no Enhanced Re operating results for the three and nine months ended September 30, 2021.

Investments Segment

The following is a discussion and analysis of the results of operations for our Investments segment by portfolio.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Change	2021	2020	Change
INCOME						
Net investment income ⁽¹⁾	\$ 92,430	\$ 64,054	\$ 28,376	\$ 229,620	\$ 215,280	\$ 14,340
Net realized and unrealized gains (losses) ⁽¹⁾	(272,738)	486,671	(759,409)	112,793	838,483	(725,690)
	(180,308)	550,725	(731,033)	342,413	1,053,763	(711,350)
EXPENSES						
General and administrative expenses	8,786	7,549	1,237	24,629	21,817	2,812
	8,786	7,549	1,237	24,629	21,817	2,812
EARNINGS (LOSS) BEFORE INTEREST EXPENSE, FOREIGN EXCHANGE AND INCOME TAXES						
	(189,094)	543,176	(732,270)	317,784	1,031,946	(714,162)
Earnings (loss) from equity method investments	(14,147)	149,065	(163,212)	100,825	152,725	(51,900)
SEGMENT INCOME (LOSS)	\$ (203,241)	\$ 692,241	\$ (895,482)	\$ 418,609	\$ 1,184,671	\$ (766,062)
Supplemental information:						
Net investment income ⁽¹⁾	\$ 92,430	\$ 64,054	\$ 28,376	\$ 229,620	\$ 215,280	\$ 14,340
Net realized and unrealized gains (losses) ⁽¹⁾	(272,738)	486,671	(759,409)	112,793	838,483	(725,690)
Total investment return included in net earnings (loss)	(180,308)	550,725	(731,033)	342,413	1,053,763	(711,350)

⁽¹⁾ Includes amounts attributable to the InRe Fund, refer to Note 12 - "Variable Interest Entities" to our condensed consolidated financial statements included within Item 1 of this Quarterly Report on Form 10-Q for additional information.

Overall Results

Three Months Ended September 30, 2021 versus 2020: Segment income from our Investments segment decreased by \$895.5 million primarily due to net realized and unrealized losses of \$272.7 million, representing a decrease of \$759.4 million from net realized and unrealized gains of \$486.7 million recorded in the comparative period.

The net realized and unrealized losses for the three months ended September 30, 2021 were primarily a result of net unrealized losses in the InRe Fund, principally driven by volatility in Chinese and other global equity markets.

The net realized and unrealized gains for the three months ended September 30, 2020 primarily comprised unrealized gains in the InRe Fund, fixed income funds, equity funds, CLO equities and CLO equity funds principally driven by tightening of credit spreads and a continued recovery of the global equity markets in the third quarter of 2020 as markets normalized after the COVID-related dislocation and spread widening experienced in the first quarter of 2020.

The segment loss for the three months ended September 30, 2021 was further driven by losses from equity method investments of \$14.1 million, a decrease of \$163.2 million from earnings of \$149.1 million in the comparative period, primarily driven by Enhanced Re losses of \$22.1 million reflective of \$74.7 million of catastrophe losses from the European storms, German Floods and worsening of COVID-19 claims recognized in

the second quarter of 2021, partially offset by higher net investment income primarily due to the impact of favorable yield curve movements on its fixed income portfolio. The Enhanced Re losses were partially offset by earnings from Core Specialty of \$4.9 million.

Earnings from equity method investments for the three months ended September 30, 2020 were driven primarily by our investments in Enhanced Re, which reflected significant net realized and unrealized gains on investments in the second quarter of 2020, and Monument Re.

Nine Months Ended September 30, 2021 versus 2020: Segment income from our Investments segment decreased by \$766.1 million primarily due to a decrease in net realized and unrealized gains of \$725.7 million.

Net realized and unrealized gains for the nine months ended September 30, 2021 were primarily a result of gains in private equity funds, fixed income funds and private debt funds, equity and equity funds and CLO equities, principally driven by a rally in risk assets and global equity markets as economies continued to re-open following the shutdowns related to the COVID-19 pandemic. The gains were partially offset by losses on fixed income securities driven by an increase in interest rates, partially offset by a tightening of credit spreads.

Net realized and unrealized gains for the nine months ended September 30, 2020 were driven by unrealized gains in the InRe Fund, private equity and private debt funds, and fixed income funds, partially offset by losses in our equity funds, CLO equities and CLO equity funds, due to the disruption in global financial markets associated with the COVID-19 pandemic.

The decrease in segment income for the nine months ended September 30, 2021 was further driven by a decrease in earnings from equity method investments of \$51.9 million, primarily relating to a decrease in Enhanced Re earnings as a result of the unfavorable impact of \$74.7 million of catastrophe losses from the European storms and worsening of COVID-19 claims sustained in the second quarter of 2021, partially offsetting favorable results driven by significant net realized and unrealized gains on investments in the last quarter of 2020.

Earnings from equity method investments for the nine months ended September 30, 2020 were driven primarily by our investments in Enhanced Re, which reflected significant net realized and unrealized gains on investments in the second and third quarters of 2020, and Monument Re.

Refer to "Investments Results - Consolidated" below for further details and discussion.

Legacy Underwriting Segment

The following is a discussion and analysis of the results of operations for our Legacy Underwriting segment.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Change	2021	2020	Change
(in thousands of U.S. dollars)						
INCOME						
Net premiums earned	\$ 12,714	\$ 144,248	\$ (131,534)	\$ 49,994	\$ 419,923	\$ (369,929)
Fees and commission income	—	7,150	(7,150)	—	15,737	(15,737)
Net investment income	295	8,076	(7,781)	1,341	26,007	(24,666)
Net realized and unrealized gains (losses)	(527)	13,334	(13,861)	(1,626)	69	(1,695)
Other income (expense)	(2,029)	171	(2,200)	(11,096)	321	(11,417)
	10,453	172,979	(162,526)	38,613	462,057	(423,444)
EXPENSES						
Net incurred losses and LAE	5,498	75,874	(70,376)	20,257	276,787	(256,530)
Acquisition costs	2,894	34,978	(32,084)	12,793	119,592	(106,799)
General and administrative expenses	2,061	32,669	(30,608)	5,563	128,789	(123,226)
	10,453	143,521	(133,068)	38,613	525,168	(486,555)
SEGMENT INCOME	\$ —	\$ 29,458	\$ (29,458)	\$ —	\$ (63,111)	\$ 63,111

Overall Results

Three and Nine Months Ended September 30, 2021 versus 2020: The results for 2021 comprise SGL No.1's 25% gross share of the 2020 and prior underwriting years of Atrium's syndicate 609 whereas the results for 2020 comprise SGL No.1's 25% net share of Atrium's syndicate 609 and StarStone International, which was transferred to the Run-off segment effective January 1, 2021.

As of January 1, 2021, SGL No.1 settles its share of the 2020 and prior underwriting years for the economic benefit of Atrium, and there is no net retention by Enstar.

Investment results are separately discussed below in "Investments Results - Consolidated."

Net Premiums Earned:

The following table provides gross and net premiums written and earned by line of business for the Legacy Underwriting segment.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Change	2021	2020	Change
(in thousands of U.S. dollars)						
Gross premiums written	\$ 7,496	\$ 107,942	\$ (100,446)	\$ 48,585	\$ 458,923	\$ (410,338)
Ceded premiums written	(3,926)	(17,807)	13,881	(26,534)	(92,526)	65,992
Net premiums written	3,570	90,135	(86,565)	22,051	366,397	(344,346)
Gross premiums earned	\$ 27,923	\$ 178,208	\$ (150,285)	\$ 114,042	\$ 522,486	\$ (408,444)
Ceded premiums earned	(15,209)	(33,960)	18,751	(64,048)	(102,563)	38,515
Net premiums earned	\$ 12,714	\$ 144,248	\$ (131,534)	\$ 49,994	\$ 419,923	\$ (369,929)

Three and Nine Months Ended September 30, 2021 versus 2020: Gross premiums written and net premiums earned each decreased in the 2021 periods primarily due to the transfer of StarStone International to the Run-off segment in 2021.

Net Incurred Losses and LAE:

The following table shows the components of net incurred losses and LAE for the Legacy Underwriting segment.

	Three Months Ended September 30,					
	2021			2020		
	Prior Period	Current Period	Total	Prior Period	Current Period	Total
	(in thousands of U.S. dollars)					
Net losses paid	\$ 5,816	\$ 219	\$ 6,035	\$ 60,917	\$ 16,455	\$ 77,372
Net change in case and LAE reserves ⁽¹⁾	4,122	(2,326)	1,796	(22,833)	31,093	8,260
Net change in IBNR reserves ⁽²⁾	(10,518)	8,518	(2,000)	(32,706)	27,997	(4,709)
Increase (reduction) in estimates of net ultimate losses	(580)	6,411	5,831	5,378	75,545	80,923
Increase (reduction) in provisions for unallocated LAE ⁽³⁾	(548)	215	(333)	(251)	(4,798)	(5,049)
Net incurred losses and LAE	\$ (1,128)	\$ 6,626	\$ 5,498	\$ 5,127	\$ 70,747	\$ 75,874

	Nine Months Ended September 30,					
	2021			2020		
	Prior Period	Current Period	Total	Prior Period	Current Period	Total
	(in thousands of U.S. dollars)					
Net losses paid	\$ 11,446	\$ 9,857	\$ 21,303	\$ 245,590	\$ 30,527	\$ 276,117
Net change in case and LAE reserves ⁽¹⁾	(570)	(141)	(711)	(96,173)	39,886	(56,287)
Net change in IBNR reserves ⁽²⁾	(13,822)	14,510	688	(162,492)	196,003	33,511
Increase (reduction) in estimates of net ultimate losses	(2,946)	24,226	21,280	(13,075)	266,416	253,341
Increase (reduction) in provisions for unallocated LAE ⁽³⁾	(1,078)	55	(1,023)	(68)	23,514	23,446
Net incurred losses and LAE	\$ (4,024)	\$ 24,281	\$ 20,257	\$ (13,143)	\$ 289,930	\$ 276,787

⁽¹⁾ Comprises the movement during the year in specific case reserve liabilities as a result of claims settlements or changes advised to us by our policyholders and attorneys, less changes in case reserves recoverable advised by us to our reinsurers as a result of the settlement or movement of assumed claims.

⁽²⁾ Represents the gross change in our actuarial estimates of IBNR, less amounts recoverable.

⁽³⁾ Represents the change in the estimate of the total future costs to administer the claims.

Three and Nine Months Ended September 30, 2021 versus 2020: Net incurred losses and LAE decreased by \$70.4 million and \$256.5 million for the three and nine months ended September 30, 2021 compared to 2020, respectively, primarily due to the transfer of StarStone International to the Run-off segment in 2021. Net incurred losses for the three and nine months ended September 30, 2020 included \$2.9 million and \$37.1 million, respectively, of losses related to the COVID-19 pandemic.

Other Items

Three and Nine Months Ended September 30, 2021 versus 2020: The decrease in acquisition costs of \$32.1 million and \$106.8 million, respectively, and general and administrative expenses of \$30.6 million and \$123.2 million, respectively, was primarily driven by the decision to place StarStone International into run-off and the related subsequent transfer of StarStone International to the Run-off segment.

Corporate and Other

The following is a discussion and analysis of our results of operations for our corporate and other activities.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Change	2021	2020	Change
	(in thousands of U.S. dollars)					
INCOME						
Other income (expense) ⁽¹⁾	\$ 1,328	\$ (7,426)	\$ 8,754	\$ (9,924)	\$ (16,881)	\$ 6,957
Net gain on purchase and sales of subsidiaries	46,688	—	46,688	61,582	—	61,582
	48,016	(7,426)	55,442	51,658	(16,881)	68,539
EXPENSES						
Net incurred losses and LAE ⁽²⁾	17,931	35,788	(17,857)	(659)	152,309	(152,968)
General and administrative expenses	35,590	33,437	2,153	100,233	90,454	9,779
	53,521	69,225	(15,704)	99,574	242,763	(143,189)
LOSS BEFORE INTEREST EXPENSE, FOREIGN EXCHANGE AND INCOME TAXES						
Interest expense	(5,505)	(76,651)	71,146	(47,916)	(259,644)	211,728
Net foreign exchange gains (losses)	(18,158)	(15,003)	(3,155)	(50,638)	(42,436)	(8,202)
Income tax (expense)	2,584	(8,156)	10,740	9,089	(1,375)	10,464
Net earnings from discontinued operations, net of income taxes	(9,839)	(13,915)	4,076	(13,279)	(25,295)	12,016
Net loss (earnings) attributable to noncontrolling interest	—	4,031	(4,031)	—	810	(810)
Dividends on preferred shares	589	(21,912)	22,501	(13,257)	30,802	(44,059)
	(8,925)	(8,925)	—	(26,775)	(26,775)	—
NET LOSS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	\$ (39,254)	\$ (140,531)	\$ 101,277	\$ (142,776)	\$ (323,913)	\$ 181,137

⁽¹⁾ Includes the amortization of fair value adjustments associated with the acquisition of DCo and Morse TEC.

⁽²⁾ Includes the amortization of deferred charge assets and deferred gain liabilities on retroactive reinsurance contracts and fair value adjustments associated with the acquisition of companies and the changes in the fair value of liabilities related to our assumed retroactive reinsurance agreements for which we have elected the fair value option.

Overall Results

Three and Nine Months Ended September 30, 2021 versus 2020: Net loss from our corporate and other activities decreased by \$101.3 million and \$181.1 million for the three and nine months ended September 30, 2021 compared to 2020, respectively, primarily as a result of the net gain recognized on the purchase and sales of subsidiaries and favorable change in the value of the fair value option related to liabilities on our assumed retroactive reinsurance agreements for which we have elected the fair value option.

Net Incurred Losses and LAE

The following table shows the components of net incurred losses and LAE for corporate and other activities.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(in thousands of U.S. dollars)			
Amortization of deferred charges and gains ⁽¹⁾	\$ 24,021	\$ 9,882	\$ 55,101	\$ 34,615
Amortization of fair value adjustments ⁽²⁾	4,787	4,864	12,876	20,846
Changes in fair value - fair value option ⁽³⁾	(10,877)	21,042	(68,636)	96,848
Net incurred losses and LAE	\$ 17,931	\$ 35,788	\$ (659)	\$ 152,309

⁽¹⁾ Relates to the amortization of deferred charge assets and deferred gain liabilities on retroactive reinsurance contracts.

⁽²⁾ Relates to the amortization of fair value adjustments associated with the acquisition of companies.

⁽³⁾ Represents the changes in the fair value of liabilities related to our assumed retroactive reinsurance agreements for which we have elected the fair value option.

Three and Nine Months Ended September 30, 2021 versus 2020: The reduction in net incurred losses and LAE of \$17.9 million and \$153.0 million, respectively, was primarily driven by the change in the fair value of liabilities for which we have elected the fair value option due to increases in corporate bond yields in the three and nine months ended September 30, 2021 compared to narrowing credit spreads in the three months ended September 30, 2020 and declining interest rates partially offset by widening credit spreads in the nine months ended September 30, 2020.

Other Items

Three Months Ended September 30, 2021 versus 2020:

- The net gain on purchase and sales of subsidiaries of \$46.7 million represents the total gain recognized on the step acquisition of Enhanced Re, comprised of gains recognized on bargain purchase, remeasurement of our previously held equity investment to fair value and the settlement of pre-existing relationships.
- The favorable change in net (earnings) loss attributable to noncontrolling interest of \$22.5 million was due to losses in 2021, in comparison to earnings for the same period in 2020, for those companies where there is a noncontrolling interest.
- The favorable change in net foreign exchange gains (losses) of \$10.7 million was primarily the result of increased volatility in foreign exchange markets associated with the COVID-19 pandemic and the resulting impact on non-U.S. dollar denominated investments and technical balances in 2020.

Nine Months Ended September 30, 2021 versus 2020:

- The net gain on purchase and sales of subsidiaries of \$61.6 million has two components: i) the \$46.7 million gain recognized on the step acquisition of Enhanced Re and ii) the net gain on sales of subsidiaries of \$14.9 million, primarily driven by a gain on the sale of SUL of \$23.1 million, partially offset by a loss on the sale of Atrium of \$7.8 million.
- The unfavorable change in net earnings (loss) attributable to noncontrolling interest of \$44.1 million was due to higher earnings in 2021 for those companies where there is a noncontrolling interest.
- The favorable change in income tax expense of \$12.0 million was driven by lower taxable earnings in the U.K. and tax benefits arising from a reduction to deferred tax liabilities as a result of the change in the tax status of a U.K.-based entity.

Discontinued Operations (StarStone U.S.):

Three and Nine Months Ended September 30, 2020: The sale of StarStone U.S. was completed on November 30, 2020. The StarStone U.S. business, included in discontinued operations, includes the results of intra-group reinsurance cessions which were non-renewed as of January 1, 2018. The effect of these intra-group reinsurance cessions on net earnings, net of income taxes for the StarStone U.S. business was as follows:

	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
	(in thousands of U.S. dollars)	
StarStone U.S. Group net earnings before Intra-Group Cessions	\$ 6,192	\$ 24,386
Intra-Group Cessions	(2,161)	(23,576)
StarStone U.S. net earnings, net of income taxes	<u>\$ 4,031</u>	<u>\$ 810</u>

Investable Assets

We define investable assets as the sum of total investments, cash and cash equivalents, restricted cash and cash equivalents, funds held and the net variable interest entity assets of the InRe Fund. Investments consist primarily of investment grade, liquid, fixed maturity securities of short-to-medium duration, equities and other investments. Cash and cash equivalents and restricted cash and cash equivalents are comprised mainly of cash, high-grade fixed deposits, and other highly liquid instruments such as commercial paper with maturities of less than three months at the time of acquisition and money market funds. Funds held primarily consist of investment grade, liquid, fixed maturity securities of short-to-medium duration.

Investable assets were \$21.9 billion as of September 30, 2021 as compared to \$17.3 billion as of December 31, 2020, an increase of 26.6% primarily attributable to the step acquisition of Enhanced Re and significant new business in 2021.

A description of our investment strategies is included in "Item 1. Business - Investments" in our Annual Report on Form 10-K for the year ended December 31, 2020.

Composition of Investable Assets

We strive to structure our investment holdings and the duration of our investments in a manner that recognizes our liquidity needs, including our obligation to pay losses and policyholder benefits.

We consider the duration characteristics of our liabilities in determining our selection of asset durations depending on our other investment strategies and to the extent practicable. If our liquidity needs or general liability profile change unexpectedly, we may adjust the structure of our investment portfolio to meet our revised expectations.

The following tables summarize the composition of total investable assets by segment and portfolio:

	September 30, 2021				
	Investments			Legacy Underwriting	Total
	Run-off	Enhanced Re	Total		
	(in thousands of U.S. dollars)				
Short-term investments, trading, at fair value	\$ 14,236	\$ —	\$ 14,236	\$ —	\$ 14,236
Short-term investments, AFS, at fair value	81,641	—	81,641	—	81,641
Fixed maturities, trading, at fair value	3,734,441	—	3,734,441	187,102	3,921,543
Fixed maturities, AFS, at fair value	5,378,152	—	5,378,152	944	5,379,096
Funds held - directly managed	1,386,753	1,669,639	3,056,392	—	3,056,392
Equities, at fair value	1,952,425	—	1,952,425	—	1,952,425
Other investments, at fair value	2,037,799	—	2,037,799	13,919	2,051,718
Equity method investments	505,488	—	505,488	—	505,488
Total investments	15,090,935	1,669,639	16,760,574	201,965	16,962,539
Cash and cash equivalents (including restricted cash)	2,004,648	—	2,004,648	30,043	2,034,691
Funds held by reinsured companies	2,344,010	29,099	2,373,109	36,912	2,410,021
Net variable interest entity assets of the InRe Fund ⁽¹⁾	447,726	—	447,726	—	447,726
Total investable assets	\$ 19,887,319	\$ 1,698,738	\$ 21,586,057	\$ 268,920	\$ 21,854,977
Duration (in years) ⁽²⁾	4.64	16.39	5.85	2.32	5.89
Average credit rating ⁽³⁾	A+	A-	A+	AA-	A+

	December 31, 2020		
	Investments	Legacy	
	Run-off	Underwriting	Total
	(in thousands of U.S. dollars)		
Short-term investments, trading, at fair value	\$ 5,129	\$ —	\$ 5,129
Short-term investments, AFS, at fair value	263,795	—	263,795
Fixed maturities, trading, at fair value	4,145,956	448,936	4,594,892
Fixed maturities, AFS, at fair value	3,194,327	200,773	3,395,100
Funds held - directly managed	1,074,890	—	1,074,890
Equities, at fair value	773,744	73,051	846,795
Other investments, at fair value	4,146,271	97,763	4,244,034
Equity method investments	597,295	235,000	832,295
Total investments	14,201,407	1,055,523	15,256,930
Cash and cash equivalents (including restricted cash)	1,112,273	260,843	1,373,116
Funds held by reinsured companies	553,973	81,846	635,819
Total investable assets	\$ 15,867,653	\$ 1,398,212	\$ 17,265,865
Duration (in years) ⁽²⁾	5.09	1.96	4.82
Average credit rating ⁽³⁾	A+	AA-	A+

⁽¹⁾ Effective April 1, 2021, the InRe Fund was consolidated by us. As a result, the carrying amounts of the assets and liabilities of the InRe Fund are presented separately in "variable interest entity assets of the InRe Fund" and "variable interest liabilities of the InRe Fund" within the condensed consolidated balance sheet as of September 30, 2021. Refer to Note 12 - "Variable Interest Entities" to our condensed consolidated financial statements included within Item 1 of this Quarterly Report on Form 10-Q for further information.

⁽²⁾ The duration calculation includes cash and cash equivalents, short-term investments, fixed maturities and the fixed maturities within our funds held - directly managed portfolios at September 30, 2021 and December 31, 2020.

⁽³⁾ The average credit ratings calculation includes cash and cash equivalents, short-term investments, fixed maturities and the fixed maturities within our funds held - directly managed portfolios at September 30, 2021 and December 31, 2020.

As of both September 30, 2021 and December 31, 2020, our fixed income investment portfolio, including funds held - directly managed, had an average credit quality rating of A+.

As of September 30, 2021 and December 31, 2020, our fixed maturity investments (classified as trading and AFS and our fixed maturity investments included within funds held - directly managed) that were non-investment grade (i.e. rated lower than BBB- and non-rated securities) comprised 3.9% and 3.7%, respectively, of our total fixed maturity investment portfolio.

Composition of Investment Portfolio By Asset Class

The following tables summarize the composition of our investment portfolio by asset class:

	September 30, 2021		December 31, 2020	
	Total	%	Total	%
(in thousands of U.S. dollars, except percentages)				
Fixed maturity and short-term investments, trading and AFS and funds held - directly managed				
U.S. government & agency	\$ 848,492	4.9 %	\$ 951,048	6.2 %
U.K. government	35,988	0.2 %	51,082	0.3 %
Other government	677,494	3.9 %	502,153	3.3 %
Corporate	6,721,668	38.7 %	5,686,732	37.3 %
Municipal	289,798	1.7 %	162,669	1.1 %
Residential mortgage-backed	602,217	3.5 %	553,945	3.6 %
Commercial mortgage-backed	1,080,582	6.2 %	854,090	5.6 %
Asset-backed	944,036	5.4 %	557,460	3.7 %
Structured products	1,033,097	6.0 %	—	— %
Total	12,233,372	70.5 %	9,319,179	61.1 %
Other assets included within funds held - directly managed	219,536	1.3 %	14,627	0.1 %
Equities				
Publicly traded equities	257,470	1.5 %	260,767	1.7 %
Exchange-traded funds	1,335,831	7.7 %	311,287	2.0 %
Privately held equities	359,124	2.1 %	274,741	1.8 %
Total	1,952,425	11.3 %	846,795	5.5 %
Other investments				
Hedge funds ⁽¹⁾	215,378	1.2 %	2,638,339	17.3 %
Fixed income funds	597,982	3.4 %	552,541	3.6 %
Equity funds	4,831	— %	190,767	1.3 %
Private equity funds	598,901	3.4 %	363,103	2.4 %
CLO equities	153,795	0.9 %	128,083	0.8 %
CLO equity funds	199,714	1.2 %	166,523	1.1 %
Private credit funds	230,004	1.3 %	192,319	1.3 %
Real estate debt fund	50,666	0.3 %	11,883	0.1 %
Other	447	— %	476	— %
Total	2,051,718	11.7 %	4,244,034	27.9 %
Equity method investments	505,488	2.9 %	832,295	5.4 %
Total investments	16,962,539	97.7 %	15,256,930	100.0 %
Fixed maturity investments, trading of the InRe Fund	58,996	0.3 %	—	— %
Equities of the InRe Fund	337,988	2.0 %	—	— %
Total investments of the InRe Fund ⁽²⁾	396,984	2.3 %	—	— %
Total investments, plus InRe Fund investments	\$ 17,359,523	100.0 %	\$ 15,256,930	100.0 %

⁽¹⁾ As of December 31, 2020, includes our investment in the InRe Fund of \$2.4 billion.

⁽²⁾ Effective April 1, 2021, the InRe Fund was consolidated by us. As a result, the carrying amounts of the assets and liabilities of the InRe Fund are presented separately in "variable interest entity assets of the InRe Fund" and "variable interest liabilities of the InRe Fund" within the condensed consolidated balance sheet as of September 30, 2021. Refer to Note 12 - "Variable Interest Entities" to our condensed consolidated financial statements included within Item 1 of this Quarterly Report on Form 10-Q for additional information.

[Table of Contents](#)

The amortized cost, gross unrealized gains and losses and the fair value of our short-term investments and fixed maturity investments were as follows:

As of September 30, 2021	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
			Non-Credit Related Losses	Allowance for Credit Losses	
(in thousands of U.S. dollars)					
U.S. government and agency	\$ 847,653	\$ 8,619	\$ (7,780)	\$ —	\$ 848,492
U.K. government	35,916	806	(734)	—	35,988
Other government	671,438	20,305	(14,222)	(27)	677,494
Corporate	6,543,670	242,361	(59,536)	(4,827)	6,721,668
Municipal	274,218	16,892	(1,312)	—	289,798
Residential mortgage-backed	599,415	6,097	(3,293)	(2)	602,217
Commercial mortgage-backed	1,066,391	23,903	(9,670)	(42)	1,080,582
Asset-backed	947,989	2,415	(6,366)	(2)	944,036
Structured products	1,071,142	—	(38,045)	—	1,033,097
	12,057,832	321,398	(140,958)	(4,900)	12,233,372
InRe Fund ⁽¹⁾	63,808	221	(5,033)	—	58,996
	<u>\$ 12,121,640</u>	<u>\$ 321,619</u>	<u>\$ (145,991)</u>	<u>\$ (4,900)</u>	<u>\$ 12,292,368</u>

As of December 31, 2020	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
			Non-Credit Related Losses	Allowance for Credit Losses	
(in thousands of U.S. dollars)					
U.S. government and agency	\$ 935,014	\$ 17,148	\$ (1,114)	\$ —	\$ 951,048
U.K. government	46,988	4,094	—	—	51,082
Other government	463,765	38,460	(72)	—	502,153
Corporate	5,226,238	463,459	(2,784)	(181)	5,686,732
Municipal	145,469	17,210	(10)	—	162,669
Residential mortgage-backed	545,628	9,640	(1,323)	—	553,945
Commercial mortgage-backed	828,155	37,318	(11,250)	(133)	854,090
Asset-backed	567,638	3,682	(13,852)	(8)	557,460
	<u>\$ 8,758,895</u>	<u>\$ 591,011</u>	<u>\$ (30,405)</u>	<u>\$ (322)</u>	<u>\$ 9,319,179</u>

⁽¹⁾ Includes amounts attributed to the InRe Fund, refer to Note 12 - "Variable Interest Entities" to our condensed consolidated financial statements included within Item 1 of this Quarterly Report on Form 10-Q for additional information.

We have historically accounted for our fixed income securities as a trading portfolio, whereby unrealized gains or losses are reflected in earnings. However, from October 1, 2019, we have also elected to use AFS accounting. As trading fixed income securities mature or are disposed, the proceeds are generally reinvested in fixed income securities classified as AFS securities for the Run-off portfolio of the Investments segment.⁶

The Enhanced Re portfolio of the Investments segment is mainly classified as funds held-directly managed, whereby the unrealized gains or losses are reflected in earnings, consistent with a trading portfolio.

The difference in the treatment of the fixed income securities is that unrealized changes on investments classified as trading are recorded through earnings, whereas unrealized changes on investments classified as AFS are recorded directly to shareholders' equity as a component of other comprehensive income.

We may experience unrealized losses on our fixed maturity investments, depending on investment conditions and general economic conditions. Unrealized amounts would only become realized in the event of a sale of the specific securities prior to maturity, allowances for credit losses or a credit default. For further information on the

⁶ The investment results of StarStone International were included in the Legacy Underwriting segment prior to January 1, 2021 and the Investments segment from January 1, 2021.

[Table of Contents](#)

sensitivity of our portfolio to changes in interest rates, refer to the Interest Rate Risk section within "Item 3. Quantitative and Qualitative Disclosures About Market Risk", included within this Quarterly Report on Form 10-Q.

The following table summarizes the composition of our top ten corporate issuers included within our short-term and fixed maturity investments, classified as trading and AFS and the fixed maturity investments included within our funds held - directly managed balance as of September 30, 2021:

	Fair Value	Average Credit Rating
	(in thousands of U.S. dollars)	
Bank of America Corp	\$ 164,539	A
JPMorgan Chase & Co	138,853	A
Citigroup Inc	128,036	A-
Morgan Stanley	118,201	A
Wells Fargo & Co	100,775	A+
Comcast Corp	92,918	A-
Apple Inc	73,929	AA+
AT&T Inc	61,600	BBB
Verizon Communications Inc	56,754	BBB+
HSBC Holdings PLC	56,466	A-
	<u>\$ 992,071</u>	

Investment Results - Consolidated

Comparability of our investment results between periods is impacted by our significant new business.

The following tables summarize our consolidated investment results.

	Three Months Ended September 30, 2021		
	Investments	Legacy Underwriting	Total
	(in thousands of U.S. dollars)		
Net investment income:			
Fixed income securities ⁽¹⁾	\$ 70,384	\$ 629	\$ 71,013
Cash and restricted cash	(214)	(332)	(546)
Other investments, including equities	14,401	1	14,402
Less: Investment expenses	(5,359)	(2)	(5,361)
Net investment income (expense) of the InRe Fund ⁽²⁾	13,217	—	13,217
Total net investment income	\$ 92,429	\$ 296	\$ 92,725
Net realized gains:			
Fixed income securities ⁽¹⁾	\$ 18,804	\$ 48	\$ 18,852
Other investments, including equities	21,452	—	21,452
Net realized gains of the InRe Fund ⁽²⁾	275,466	—	275,466
Total net realized gains	\$ 315,722	\$ 48	\$ 315,770
Net unrealized gains (losses):			
Fixed income securities, trading ⁽¹⁾	\$ (75,887)	\$ (684)	\$ (76,571)
Other investments, including equities	48,099	109	48,208
Net unrealized losses of the InRe Fund ⁽²⁾	(560,672)	—	(560,672)
Total net unrealized losses	\$ (588,460)	\$ (575)	\$ (589,035)
Total investment return included in earnings (A)	\$ (180,309)	\$ (231)	\$ (180,540)
Other comprehensive loss:			
Unrealized losses, on fixed income securities, AFS, net of reclassification adjustments excluding foreign exchange (B) ⁽¹⁾	\$ (26,271)	\$ (6)	\$ (26,277)
Total investment return = (A) + (B)	\$ (206,580)	\$ (237)	\$ (206,817)
Annualized income from fixed income assets ⁽³⁾	\$ 280,680	\$ 1,188	\$ 281,868
Average aggregate fixed income assets, at cost ⁽³⁾⁽⁴⁾	15,851,023	230,921	16,081,944
Annualized investment book yield	1.77 %	0.51 %	1.75 %
Average aggregate invested assets, at fair value ⁽⁴⁾	\$ 20,696,999	\$ 247,121	\$ 20,944,120
Investment return included in net earnings	(0.87)%	(0.09)%	(0.86)%
Total investment return	(1.00)%	(0.10)%	(0.99)%

⁽¹⁾ Fixed income securities includes both trading and AFS short-term and fixed maturity investments as well as funds held - directly managed whereas fixed income securities, trading excludes AFS investments and fixed income securities, AFS excludes trading investments.

⁽²⁾ Effective April 1, 2021, the InRe Fund was consolidated by us. Prior to this, all income or loss from the InRe Fund was determined by the change in net asset value (NAV) of our holdings in the fund, which was included within net unrealized gains (losses) from other investments, including equities. Prior period amounts have been reclassified to net unrealized gains (losses) of the InRe Fund to conform to current period presentation.

⁽³⁾ Fixed income assets includes fixed income securities and cash and restricted cash.

⁽⁴⁾ These amounts are an average of the amounts disclosed in our quarterly U.S. GAAP consolidated financial statements.

Three Months Ended September 30, 2020

	Investments	Legacy Underwriting	Total
(in thousands of U.S. dollars)			
Net investment income:			
Fixed income securities ⁽¹⁾	\$ 56,646	\$ 6,826	\$ 63,472
Cash and restricted cash	90	588	678
Other investments, including equities	9,162	1,609	10,771
Less: Investment expenses	(1,844)	(947)	(2,791)
Total net investment income	\$ 64,054	\$ 8,076	\$ 72,130
Net realized gains:			
Fixed income securities ⁽¹⁾	\$ 42,761	\$ 2,395	\$ 45,156
Other investments, including equities	8,287	45	8,332
Total net realized gains	\$ 51,048	\$ 2,440	\$ 53,488
Net unrealized gains:			
Fixed income securities, trading ⁽¹⁾	\$ 18,900	\$ 3,238	\$ 22,138
Other investments, including equities	107,520	7,656	115,176
Net unrealized gains of the InRe Fund ⁽²⁾	309,203	—	309,203
Total net unrealized gains	\$ 435,623	\$ 10,894	\$ 446,517
Total investment return included in earnings (A)	\$ 550,725	\$ 21,410	\$ 572,135
Other comprehensive income:			
Unrealized gains, on fixed income securities, AFS, net of reclassification adjustments excluding foreign exchange (B) ⁽¹⁾	\$ 2,484	\$ 464	\$ 2,948
Total investment return = (A) + (B)	\$ 553,209	\$ 21,874	\$ 575,083
Annualized income from fixed income assets ⁽³⁾	\$ 226,944	\$ 29,656	\$ 256,600
Average aggregate fixed income assets, at cost ⁽³⁾⁽⁴⁾	9,677,102	1,307,690	10,984,792
Annualized investment book yield	2.35 %	2.27 %	2.34 %
Average aggregate invested assets, at fair value ⁽⁴⁾	\$ 14,009,838	\$ 1,519,172	\$ 15,529,010
Investment return included in net earnings	3.93 %	1.41 %	3.68 %
Total investment return	3.95 %	1.44 %	3.70 %

⁽¹⁾ Fixed income securities includes both trading and AFS short-term and fixed maturity investments as well as funds held - directly managed whereas fixed income securities, trading excludes AFS investments and fixed income securities, AFS excludes trading investments.

⁽²⁾ Effective April 1, 2021, the InRe Fund was consolidated by us. Prior to this, all income or loss from the InRe Fund was determined by the change in net asset value (NAV) of our holdings in the fund, which was included within net unrealized gains (losses) from other investments, including equities. Prior period amounts have been reclassified to net unrealized gains (losses) of the InRe Fund to conform to current period presentation.

⁽³⁾ Fixed income assets includes fixed income securities and cash and restricted cash.

⁽⁴⁾ These amounts are an average of the amounts disclosed in our quarterly U.S. GAAP consolidated financial statements.

Net Investment Income

Three Months Ended September 30, 2021 versus 2020: Net investment income increased by \$20.6 million primarily due to an increase in our average aggregate fixed income assets due to new business, which included the Hiscox, CNA, Liberty Mutual, AXA Group, Coca-Cola and ProSight transactions in 2021 and the Hannover Re and Munich Re transactions in 2020.

Furthermore, net investment income benefited from a reversal of previously accrued InRe Fund expenses of \$14.3 million, which primarily include management and performance fee accruals which were previously included in the change in NAV prior to consolidation of the fund. The increase was partially offset by a 59 basis point decline in our annualized investment book yield, primarily due to reinvestment of fixed income securities at lower yields and time required to invest new premium.

Net Realized and Unrealized Gains (Losses):

Three Months Ended September 30, 2021 versus 2020: Net realized and unrealized losses were \$273.3 million for the three months ended September 30, 2021, compared to net realized and unrealized gains of \$500.0 million for the three months ended September 30, 2020, a decrease of \$773.3 million. Included in net realized and unrealized gains (losses) are the following items:

- Net realized and unrealized losses on fixed income securities, including fixed income securities within our funds held portfolios of \$57.7 million for the three months ended September 30, 2021, compared to net realized and unrealized gains of \$67.3 million for the three months ended September 30, 2020, a decrease of \$125.0 million. The losses for the three months ended September 30, 2021 were primarily driven by rising interest rates, while the gains for the three months ended September 30, 2020 were primarily driven by a tightening in credit spreads as markets normalized after the COVID-related dislocation and spread widening experienced in the first quarter of 2020.
- Net realized and unrealized losses on other investments, including equities and the InRe Fund, of \$215.5 million for the three months ended September 30, 2021, compared to net realized and unrealized gains of \$432.7 million for the three months ended September 30, 2020, a decrease of \$648.3 million. The net realized and unrealized losses for the three months ended September 30, 2021 were driven primarily by net unrealized losses in the InRe Fund, principally driven by volatility in Chinese and other global equity markets. The realized and unrealized gains for the three months ended September 30, 2020 primarily comprised unrealized gains in the InRe Fund, fixed income funds, equity funds, CLO equities and CLO equity funds principally driven by tightening credit spreads and a continued recovery of the global equity markets in the third quarter of 2020 as markets normalized after the COVID-related dislocation and spread widening experienced in the first quarter of 2020.

The following tables summarize our investment results for the nine months ended September 30, 2021 and 2020:

	Nine Months Ended September 30, 2021		
	Investments	Legacy Underwriting	Total
(in thousands of U.S. dollars)			
Net investment income:			
Fixed income securities ⁽¹⁾	\$ 207,840	\$ 1,874	\$ 209,714
Cash and restricted cash	(560)	(453)	(1,013)
Other investments, including equities	41,457	—	41,457
Less: Investment expenses	(12,164)	(79)	(12,243)
Net investment expense of the InRe Fund ⁽²⁾	(6,954)	—	(6,954)
Total net investment income	\$ 229,619	\$ 1,342	\$ 230,961
Net realized gains:			
Fixed income securities ⁽¹⁾	\$ 43,444	\$ 61	\$ 43,505
Other investments, including equities	21,435	—	21,435
Net realized gains of the InRe Fund ⁽²⁾	597,171	—	597,171
Total net realized gains	\$ 662,050	\$ 61	\$ 662,111
Net unrealized gains (losses):			
Fixed income securities, trading ⁽¹⁾	\$ (230,076)	\$ (2,067)	\$ (232,143)
Other investments, including equities	269,859	380	270,239
Net unrealized losses of the InRe Fund ⁽²⁾	(589,040)	—	(589,040)
Total net unrealized losses	\$ (549,257)	\$ (1,687)	\$ (550,944)
Total investment return included in earnings (A)	\$ 342,412	\$ (284)	\$ 342,128
Other comprehensive loss:			
Unrealized losses, on fixed income securities, AFS, net of reclassification adjustments excluding foreign exchange (B) ⁽¹⁾	\$ (73,117)	\$ (61)	\$ (73,178)
Total investment return = (A) + (B)	\$ 269,295	\$ (345)	\$ 268,950
Annualized income from fixed income assets ⁽³⁾	\$ 276,373	\$ 1,893	\$ 278,266
Average aggregate fixed income assets, at cost ⁽³⁾⁽⁴⁾	14,278,235	228,170	14,506,405
Annualized investment book yield	1.94 %	0.83 %	1.92 %
Average aggregate invested assets, at fair value ⁽⁴⁾	\$ 19,578,073	\$ 243,711	\$ 19,821,784
Investment return included in net earnings	1.75 %	(0.12)%	1.73 %
Total investment return	1.38 %	(0.14)%	1.36 %

⁽¹⁾ Fixed income securities includes both trading and AFS short-term and fixed maturity investments as well as funds held - directly managed whereas fixed income securities, trading excludes AFS investments and fixed income securities, AFS excludes trading.

⁽²⁾ Effective April 1, 2021, the InRe Fund was consolidated by us. Prior to this, all income or loss from the InRe Fund was determined by the change in net asset value (NAV) of our holdings in the fund, which was included within net unrealized gains (losses) from other investments, including equities. Prior period amounts have been reclassified to net unrealized gains (losses) of the InRe Fund to conform to current period presentation.

⁽³⁾ Fixed income assets includes fixed income securities and cash and restricted cash.

⁽⁴⁾ These amounts are an average of the amounts disclosed in our quarterly U.S. GAAP condensed consolidated financial statements.

Nine Months Ended September 30, 2020

	Investments	Legacy Underwriting	Total
(in thousands of U.S. dollars)			
Net investment income:			
Fixed income securities ⁽¹⁾	\$ 192,998	\$ 21,132	\$ 214,130
Cash and restricted cash	2,332	1,214	3,546
Other investments, including equities	28,207	5,673	33,880
Less: Investment expenses	(8,257)	(2,012)	(10,269)
Total net investment income	\$ 215,280	\$ 26,007	\$ 241,287
Net realized gains:			
Fixed income securities ⁽¹⁾	\$ 102,588	\$ 3,095	\$ 105,683
Other investments, including equities	7,579	1,632	9,211
Total net realized gains	\$ 110,167	\$ 4,727	\$ 114,894
Net unrealized gains (losses):			
Fixed income securities, trading ⁽¹⁾	\$ 105,787	\$ (4,373)	\$ 101,414
Other investments, including equities	(6,870)	(285)	(7,155)
Net unrealized gains of the InRe Fund ⁽²⁾	629,399	—	629,399
Total net unrealized gains (losses)	\$ 728,316	\$ (4,658)	\$ 723,658
Total investment return included in earnings (A)	\$ 1,053,763	\$ 26,076	\$ 1,079,839
Other comprehensive income:			
Unrealized gains, on fixed income securities, AFS, net of reclassification adjustments excluding foreign exchange (B) ⁽¹⁾	\$ 41,683	\$ 2,046	\$ 43,729
Total investment return = (A) + (B)	\$ 1,095,446	\$ 28,122	\$ 1,123,568
Annualized income from fixed income assets ⁽³⁾	\$ 260,440	\$ 29,795	\$ 290,235
Average aggregate fixed income assets, at cost ⁽³⁾⁽⁴⁾	9,438,885	1,296,593	10,735,478
Annualized investment book yield	2.76 %	2.30 %	2.70 %
Average aggregate invested assets, at fair value ⁽⁴⁾	\$ 13,072,825	\$ 1,518,373	\$ 14,591,198
Investment return included in net earnings	8.06 %	1.72 %	7.40 %
Total investment return	8.38 %	1.85 %	7.70 %

⁽¹⁾ Fixed income securities includes both trading and AFS short-term and fixed maturity investments as well as funds held - directly managed whereas fixed income securities, trading excludes AFS investments and fixed income securities, AFS excludes trading investments.

⁽²⁾ Effective April 1, 2021, the InRe Fund was consolidated by us. Prior to this, all income or loss from the InRe Fund was determined by the change in net asset value (NAV) of our holdings in the fund, which was included within net unrealized gains (losses) from other investments, including equities. Prior period amounts have been reclassified to net unrealized gains (losses) of the InRe Fund to conform to current period presentation.

⁽³⁾ Fixed income assets includes fixed income securities and cash and restricted cash.

⁽⁴⁾ These amounts are an average of the amounts disclosed in our quarterly U.S. GAAP condensed consolidated financial statements.

Net Investment Income:

Nine Months Ended September 30, 2021 versus 2020: Net investment income decreased by \$10.3 million, primarily due to a \$4.4 million decrease in net investment income from fixed income securities and \$7.0 million of expenses related to the InRe Fund. The InRe Fund expenses primarily include management and performance fee accruals which were previously included in the change in NAV prior to consolidation of the fund. Our annualized investment book yield declined by 78 basis points, primarily due to reinvestment of fixed income securities at lower yields and time required to invest new premium, partially offset by an increase in our average aggregate fixed income assets due to new business, which included the Hiscox, CNA, Liberty Mutual, AXA Group, Coca-Cola and ProSight transactions in 2021 and the Hannover Re, Munich Re, Aspen, AXA Group and Lyft transactions in 2020.

Net Realized and Unrealized Gains:

Nine Months Ended September 30, 2021 versus 2020: Net realized and unrealized gains were \$111.2 million for 2021, compared to \$838.6 million for 2020, a decrease of \$727.4 million. Included in net realized and unrealized gains are the following items:

- Net realized and unrealized losses on fixed income securities, including fixed income securities within our funds held portfolios, of \$188.6 million for the nine months ended September 30, 2021, compared to net realized and unrealized gains of \$207.1 million for the nine months ended September 30, 2020, a decrease of \$395.7 million. The losses in the current period were primarily driven by an increase in interest rates partially offset by tightening of credit spreads. The gains in 2020 were due to a decline in interest rates partially offset by the widening of credit spreads;
- Net realized and unrealized gains on other investments, including equities and the InRe Fund, of \$299.8 million for the nine months ended September 30, 2021, compared to gains of \$631.5 million for the nine months ended September 30, 2020, a decrease of \$331.7 million. The net realized and unrealized gains for the nine months ended September 30, 2021 were led by gains in private equity funds, fixed income funds and private debt funds, equity and equity funds and CLO equities, principally driven by a rally in risk assets and global equity markets as economies continued to re-open following the shutdowns related to the COVID-19 pandemic. The net realized and unrealized gains for the nine months ended September 30, 2020 primarily comprised of unrealized gains in the InRe Fund, private equity and private debt funds, and fixed income funds, partially offset by losses in our equity funds, CLO equities and CLO equity funds, due to the disruption in global financial markets associated with the COVID-19 pandemic.

Liquidity and Capital Resources

Overview

We aim to generate cash flows from our (re)insurance operations and investments, preserve sufficient capital for future acquisitions and new business, and develop relationships with lenders who provide borrowing capacity at competitive rates.

Our capital resources as of September 30, 2021 included ordinary shareholders' equity of \$5.6 billion, preferred equity of \$510.0 million, redeemable noncontrolling interest of \$181.4 million, and debt obligations of \$1.7 billion. Based on our current loss reserves position, our portfolios of in-force (re)insurance business, and our investment positions, we believe we are well capitalized.

The following table details our capital position:

	September 30, 2021	December 31, 2020	Change
(in thousands of U.S. dollars)			
Ordinary shareholders' equity	\$ 5,569,865	\$ 6,164,395	\$ (594,530)
Series D and E Preferred Shares	510,000	510,000	—
Total Enstar Shareholders' Equity (A)	6,079,865	6,674,395	(594,530)
Noncontrolling interest	227,072	13,609	213,463
Total Shareholders' Equity (B)	6,306,937	6,688,004	(381,067)
Senior Notes	1,269,369	843,447	425,922
Subordinated Notes	421,369	344,812	76,557
Revolving credit facility	—	185,000	(185,000)
Total debt (C)	1,690,738	1,373,259	317,479
Redeemable noncontrolling interest (D)	181,417	365,436	(184,019)
Total capitalization = (B) + (C) + (D)	\$ 8,179,092	\$ 8,426,699	\$ (247,607)
Total capitalization attributable to Enstar = (A) + (C)	\$ 7,770,603	\$ 8,047,654	\$ (277,051)
Debt to total capitalization	20.7 %	16.3 %	4.4 %
Debt and Series D and E Preferred Shares to total capitalization	26.9 %	22.3 %	4.6 %
Debt to total capitalization attributable to Enstar	21.8 %	17.1 %	4.7 %
Debt and Series D and E Preferred Shares to total capitalization attributable to Enstar	28.3 %	23.4 %	4.9 %

As of September 30, 2021, we had \$1.6 billion of cash and cash equivalents, excluding restricted cash that supports (re)insurance operations, and included in this amount was \$286.6 million held by our foreign subsidiaries outside of Bermuda.

Based on our group's current corporate structure with a Bermuda domiciled parent company and the jurisdictions in which we operate, if the cash and cash equivalents held by our foreign subsidiaries were to be distributed to us, as dividends or otherwise, such amounts would not be subject to incremental income taxes; however, in certain circumstances withholding taxes may be imposed by some jurisdictions, including by the United States.

Based on existing tax laws, regulations and our current intentions, there were no accruals as of September 30, 2021 for any material withholding taxes on dividends or other distributions.

Dividends

Historically, Enstar has not declared and has no current expectation to declare a dividend on its ordinary shares. Our strategy has been to retain earnings and invest distributions from operating subsidiaries into our business. We may re-evaluate this strategy from time to time based on overall market conditions and other factors.

We have issued 16,000 Series D Preferred Shares with an aggregate liquidation value of \$400.0 million and 4,400 Series E Preferred Shares with an aggregate liquidation value of \$110.0 million. The dividends on both Series of Preferred Shares are non-cumulative and may be paid quarterly in arrears on the first day of March, June, September and December of each year, only when, as and if declared.

Any payment of common or preferred dividends must be approved by our Board of Directors. Our ability to pay ordinary and preferred dividends is subject to certain restrictions.

Sources and Uses of Cash

Holding Company Liquidity

The potential sources of cash flows to Enstar as a holding company consist of cash flows from our subsidiaries including dividends, advances and loans, and interest income on loans to our subsidiaries. We also utilize our credit and loan facilities, and we have issued senior notes and preferred shares and guaranteed junior subordinated notes issued by one of our subsidiaries.

On September 1, 2021, we acquired the obligations under Enhanced Re's 5.50% Subordinated Notes due 2031 (the "2031 Subordinated Notes") which were issued to Allianz, Enhanced Re's minority shareholder.

We use cash to fund new acquisitions of companies and significant new business. We also utilize cash for our operating expenses associated with being a public company and to pay dividends on our preference shares and interest and principal on loans from subsidiaries and on debt obligations, including loans under our credit facilities, our Senior and Junior Subordinated Notes and Enhanced Re's 2031 Subordinated Notes (together with the Junior Subordinated Notes, the "Subordinated Notes").

Under the eligible capital rules of the Bermuda Monetary Authority, the Senior Notes qualify as Tier 3 capital and the Preferred Shares and Subordinated Notes qualify as Tier 2 capital when considering the Bermuda Solvency Capital Requirements.

We may, from time to time, raise capital from the issuance of equity, debt or other securities as we continuously evaluate our strategic opportunities. We filed an automatic shelf registration statement on August 17, 2020 with the U.S. Securities and Exchange Commission ("SEC") to allow us to conduct future offerings of certain securities, if desired, including debt, equity and other securities.

As we are a holding company and have no substantial operations of our own, our assets consist primarily of investments in subsidiaries and our loans and advances to subsidiaries. Dividends from our (re)insurance subsidiaries are restricted by (re)insurance laws and regulations, as described below. The ability of all of our subsidiaries to make distributions and transfers to us may also be restricted by, among other things, other applicable laws and regulations and the terms of our credit facilities and our subsidiaries' bank loans and other issued debt instruments.

U.S. Finance Company Liquidity

Enstar Finance LLC ("Enstar Finance") is a wholly-owned finance subsidiary and is dependent upon funds from other subsidiaries to pay any amounts due under the Junior Subordinated Notes. In addition, as noted above, we are a holding company that conducts substantially all of our operations through our subsidiaries. Our only significant assets are the capital stock of our subsidiaries. Because substantially all of our operations are conducted through our (re)insurance subsidiaries, substantially all of our consolidated assets are held by our subsidiaries and most of our cash flow, and, consequently, our ability to pay any amounts due under the guaranty of the Junior Subordinated Notes, is dependent upon the earnings of our subsidiaries and the transfer of funds by those subsidiaries to us in the form of distributions or loans.

In addition, the ability of our (re)insurance subsidiaries to make distributions or other transfers to Enstar Finance or us is limited by applicable insurance laws and regulations, as described below. These laws and regulations and the determinations by the regulators implementing them may significantly restrict such distributions and transfers, and, as a result, adversely affect the overall liquidity of Enstar Finance or us. The ability of all of our subsidiaries to make distributions and transfers to Enstar Finance and us may also be restricted by, among other things, other applicable laws and regulations and the terms of our credit facilities and our subsidiaries' bank loans and other issued debt instruments.

Operating Company Liquidity

The ability of our (re)insurance subsidiaries to pay dividends and make other distributions is limited by the applicable laws and regulations of the jurisdictions in which our (re)insurance subsidiaries operate, including Bermuda, the United Kingdom, the United States, Australia and Continental Europe, which subject these subsidiaries to significant regulatory restrictions.

These laws and regulations require, among other things, certain of our (re)insurance subsidiaries to maintain minimum capital requirements and limit the amount of dividends and other payments that these subsidiaries can pay to us, which in turn may limit our ability to pay dividends and make other payments.

As of September 30, 2021, all of our (re)insurance subsidiaries' capital requirement levels were in excess of the minimum levels required. Our subsidiaries' ability to pay dividends and make other forms of distributions may also be limited by our repayment obligations under certain of our outstanding credit facility agreements and other debt instruments. Variability in ultimate loss payments may also result in increased liquidity requirements for our subsidiaries.

Sources of funds primarily consist of cash and investment portfolios acquired on the completion of acquisitions and new business, investment income earned, proceeds from sales and maturities of investments and collection of premiums receivable.

Cash balances acquired upon the purchase of (re)insurance companies are classified as cash provided by investing activities, whereas cash from new business is classified as cash provided by operating activities.

We expect to use funds from cash and investment portfolios, collected premiums, collections from reinsurance debtors, fees and commission income, investment income and proceeds from sales and redemptions of investments to meet expected claims payments and operational expenses, with the remainder used for acquisitions and additional investments. Cash provided by operating activities was positive for the nine months ended September 30, 2021 and 2020 as the cash from new business and the sale of trading securities exceeded cash used in the purchase of trading securities, with the net proceeds being used in the purchase of AFS securities and other investments included within investing cash flows.

Overall, we expect our cash flows, together with our existing capital base and cash and investments acquired and from new business, to be sufficient to meet cash requirements and to operate our business.

Cash Flows

The following table summarizes our consolidated cash flows provided by (used in) operating, investing and financing activities:

	Nine Months Ended September 30,		Change
	2021	2020	
	(in thousands of U.S. dollars)		
Cash provided by (used in):			
Operating activities	\$ 3,857,903	\$ 2,104,030	\$ 1,753,873
Investing activities	(2,050,743)	(2,011,034)	(39,709)
Financing activities	(676,143)	202,623	(878,766)
Net cash flows from discontinued operations	—	(20,735)	20,735
Effect of exchange rate changes on cash	3,863	1,727	2,136
Net increase in cash and cash equivalents	1,134,880	276,611	858,269
Cash, cash equivalents and restricted cash, beginning of period	1,373,116	971,349	401,767
Net change in cash of businesses held-for-sale	223,200	(50,638)	273,838
Total cash and cash equivalents and restricted cash, end of period	\$ 2,731,196	\$ 1,197,322	\$ 1,533,874

Reconciliation to Condensed Consolidated Balance Sheets:

Cash and Cash equivalents	\$ 1,587,158	\$ 640,601	\$ 946,557
Restricted cash and cash equivalents	447,533	556,721	(109,188)
Cash and restricted cash and cash equivalents of the InRe Fund	696,505	—	696,505
Total cash, cash equivalents and restricted cash	\$ 2,731,196	\$ 1,197,322	\$ 1,533,874

Nine Months Ended September 30, 2021 versus 2020: Cash and cash equivalents increased by \$1.1 billion during the nine months ended September 30, 2021 compared to an increase of \$276.6 million during the nine months ended September 30, 2020.

For the nine months ended September 30, 2021, cash and cash equivalents increased by \$1.1 billion, as cash provided by operating activities of \$3.9 billion offset cash used in investing and financing activities of \$2.1 billion and \$676.1 million, respectively.

Cash provided by operations for the nine months ended September 30, 2021 was predominantly driven by:

- (i) cash, restricted cash and cash equivalents from new business of \$1.9 billion; and
- (ii) the cash inflows from net sales and maturities of trading securities of \$2.6 billion, primarily driven by the InRe Fund; partially offset by,
- (iii) the timing of paid losses.

Cash used in investing activities for the nine months ended September 30, 2021 primarily related to:

- (i) net purchases of AFS securities of \$1.8 billion; and
- (ii) the purchase and sales of subsidiaries, net of cash acquired and sold, respectively, of \$437.8 million; partially offset by,
- (iii) the impact of consolidating the opening cash and restricted cash balances of the InRe Fund of \$574.1 million.

Cash used in financing activities for the nine months ended September 30, 2021 was attributable to share repurchases and preferred share dividends, partially offset by the net receipt of loans of \$241.3 million.

The change in cash of businesses held-for-sale is due to the disposal of Northshore.

For the nine months ended September 30, 2020, cash and cash equivalents increased by \$276.6 million, as cash provided by operating and financing activities of \$2.1 billion and \$202.6 million, respectively, was partially offset by cash used in investing activities of \$2.0 billion.

Cash provided by operations for the nine months ended September 30, 2020 was largely the result of the proceeds from net sales and maturities of trading securities and cash and restricted cash from new business partially offset by the timing of paid losses.

Cash provided by financing activities for the nine months ended September 30, 2020 was primarily attributable to the net debt obligations drawdown of \$254.8 million, partially offset by share repurchases and preferred share dividends.

Cash used in investing activities for the nine months ended September 30, 2020 was primarily related to net purchases of AFS securities of \$1.5 billion and net subscriptions of other investments of \$530.3 million.

The change in cash of businesses held-for-sale is due to the classification of the assets and liabilities of Northshore as held-for-sale as of September 30, 2020.

Investable Assets

We define investable assets as the sum of total investments, cash and cash equivalents, restricted cash and cash equivalents, funds held and the net variable interest entity assets of the InRe Fund. Investable assets were \$21.9 billion as of September 30, 2021 as compared to \$17.3 billion as of December 31, 2020, an increase of 26.6% primarily attributable to the step acquisition of Enhanced Re and significant new business in 2021.

Reinsurance Balances Recoverable on Paid and Unpaid Losses

As of September 30, 2021 and December 31, 2020, we had reinsurance balances recoverable on paid and unpaid losses of \$1.7 billion and \$2.1 billion, respectively.

Our (re)insurance run-off subsidiaries and assumed portfolios, prior to acquisition, used retrocessional agreements to reduce their exposure to the risk of (re)insurance assumed. Previously, on an annual basis, StarStone International, included within the Run-off segment from January 1, 2021, purchased a tailored outwards reinsurance program designed to manage its risk profile. The majority of StarStone International's third-party reinsurance is with highly rated reinsurers or is collateralized by letters of credit.

We remain liable to the extent that retrocessionaires do not meet their obligations under these agreements, and therefore, we evaluate and monitor concentration of credit risk among our reinsurers. Provisions are made for amounts considered potentially uncollectible.

Debt Obligations

We utilize debt financing and loan facilities primarily for funding acquisitions and significant new business, investment activities and, from time to time, for general corporate purposes.

Our debt obligations were as follows:

Facility	Origination Date	Term	September 30, 2021	December 31, 2020
			(in thousands of U.S. dollars)	
4.50% Senior Notes due 2022	March 10, 2017	5 years	\$ 280,224	\$ 349,253
4.95% Senior Notes due 2029	May 28, 2019	10 years	494,827	494,194
3.10% Senior Notes due 2031	August 24, 2021	10 years	494,318	—
Total Senior Notes			1,269,369	843,447
5.75% Junior Subordinated Notes due 2040	August 26, 2020	20 years	345,009	344,812
5.50% Enhanced Re's Subordinated Notes due 2031	December 20, 2018	12.1 years	76,360	—
Total Subordinated Notes			421,369	344,812
EGL Revolving Credit Facility	August 16, 2018	5 years	—	185,000
Total debt obligations			\$ 1,690,738	\$ 1,373,259

Our debt obligations increased by \$317.5 million from December 31, 2020, primarily due to the issuance of our 2031 Senior Notes and the step acquisition of Enhanced Re, partially offset by the repayment of our Revolving Credit Facility and our tender offer for a portion of our 2022 Senior Notes.

Credit Ratings

The following table presents our credit ratings as of November 4, 2021:

Credit ratings ⁽¹⁾	Standard and Poor's	Fitch Ratings
Long-term issuer	BBB (Outlook: Positive)	BBB (Outlook: Positive)
2022 and 2029 Senior Notes	BBB	BBB-
2031 Senior Notes	BBB-	BBB-
Junior Subordinated Notes	BB+	BB+
2031 Subordinated Notes	Not Rated	Not Rated
Series D and E preferred shares	BB+	BB+

⁽¹⁾ Credit ratings are provided by third parties, Standard and Poor's and Fitch Ratings, and are subject to certain limitations and disclaimers. For information on these ratings, refer to the rating agencies' websites and other publications.

Agency ratings are not a recommendation to buy, sell or hold any of our securities and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating. For information on risks related to our credit ratings, refer to "Item 1A. Risk Factors - Risks Relating to Liquidity and Capital Resources" and "Item 1A. Risk Factors - Risks Relating to Ownership of our Shares" in our Annual Report on Form 10-K for the year ended December 31, 2020.

Contractual Obligations

The following table summarizes, as of September 30, 2021, our future payments under material contractual obligations and estimated payments for losses and LAE and future policyholder benefits for the Run-off and Enhanced Re segments by expected payment date. The table includes only obligations that are expected to be settled in cash.

	Total	Short-term	Long-term			
		Less than 1 Year	1 - 3 years	3 - 5 years	6 - 10 years	More than 10 Years
(in millions of U.S. dollars)						
Operating Activities						
Estimated gross reserves for losses and LAE for the Run-off segment ⁽¹⁾						
Asbestos	\$ 2,126.7	\$ 189.1	\$ 332.3	\$ 261.5	\$ 387.6	\$ 956.2
Environmental	288.4	32.4	55.6	42.3	57.6	100.5
General Casualty	3,200.2	282.4	368.4	489.2	1,688.9	371.3
Workers' compensation/personal accident	3,121.1	252.5	514.4	496.8	655.3	1,202.1
Marine, aviation and transit	319.9	70.1	84.0	49.1	60.4	56.3
Construction defect	154.5	27.5	53.8	38.1	27.4	7.7
Professional indemnity/ Directors & Officers	1,506.2	263.9	328.8	257.5	531.8	124.2
Motor	730.6	230.4	195.0	77.3	81.4	146.5
Property	153.0	55.5	46.8	21.4	17.5	11.8
Other	561.1	136.9	146.7	87.3	82.6	107.6
StarStone International (Non-U.S.)	1,125.8	375.6	396.9	184.8	135.3	33.2
Total outstanding losses and IBNR	13,287.5	1,916.3	2,522.7	2,005.3	3,725.8	3,117.4
ULAE	436.0	67.1	91.2	65.7	101.0	111.0
Estimated gross reserves for losses and LAE for the Run-off segment ⁽¹⁾	13,723.5	1,983.4	2,613.9	2,071.0	3,826.8	3,228.4
Estimated gross reserves for losses and LAE for the Enhanced Re segment						
Catastrophe	177.2	88.6	88.6	—	—	—
ULAE	2.7	1.3	1.4	—	—	—
Estimated gross reserves for losses and LAE for the Enhanced Re segment ⁽¹⁾	179.9	89.9	90.0	—	—	—
Future policyholder benefits ⁽²⁾	1,635.1	57.7	161.4	144.7	275.3	996.0
Investing Activities						
Unfunded investment commitments ⁽³⁾	1,703.6	510.5	638.2	356.9	198.0	—
Financing Activities						
Loan repayments (including estimated interest payments)	2,483.7	354.4	130.0	128.5	1,339.7	531.1
Total	\$ 19,725.8	\$ 2,995.9	\$ 3,633.5	\$ 2,701.1	\$ 5,639.8	\$ 4,755.5

⁽¹⁾ The reserves for losses and LAE represent management's estimate of the ultimate cost of settling losses. The estimation of losses is based on various complex and subjective judgments. Actual losses paid may differ, perhaps significantly, from the reserve estimates reflected in our condensed consolidated financial statements. Similarly, the timing of payment of our estimated losses is not fixed and there may be significant changes in actual payment activity. The assumptions used in estimating the likely payments due by period are based on our historical claims payment experience and industry payment patterns, but due to the inherent uncertainty in the process of estimating the timing of such payments, there is a risk that the amounts paid in any such period can be significantly different from the amounts disclosed above. The

amounts in the above table represent our estimates of known liabilities as of September 30, 2021 and do not take into account corresponding reinsurance recoverable amounts that would be due to us. Furthermore, certain of the reserves included in the condensed consolidated financial statements as of September 30, 2021 were acquired by us and initially recorded at fair value with subsequent amortization, whereas the expected payments by period in the table above are the estimated payments at a future time and do not reflect the fair value adjustment in the amount payable.

⁽²⁾ Future policyholder benefits recorded in our condensed consolidated balance sheet as of September 30, 2021 of \$1.5 billion are computed on a discounted basis, whereas the expected payments by period in the table above are the estimated payments at a future time and do not reflect a discount of the amount payable.

⁽³⁾ Refer to "Unfunded Investment Commitments" in Note 20 - "Commitments and Contingencies" for further details.

We generally attempt to match the duration of our investment portfolio to the duration of our general liability profile. We generally seek to maintain investment portfolios that are shorter or of equivalent duration to the liabilities in order to provide liquidity for the settlement of losses and, where possible, to avoid having to liquidate longer-dated investments. The settlement of liabilities also has the potential to accelerate the natural payout of losses and policyholder benefits, which may require additional liquidity.

In addition to the contractual obligations noted in the table above, as of September 30, 2021 we have the right to purchase the RNCI related to StarStone International from the Trident V Funds and the Dowling Funds after a certain time in the future (a "call right") and the RNCI holders have the right to sell their RNCI interests to us after a certain time in the future (a "put right"). Following closing of the Exchange Transaction we hold a call right over the portion of StarStone International owned by the Trident V Funds and the Dowling Funds, and they hold a put right to transfer those interests to us.

Off-Balance Sheet Arrangements

At September 30, 2021, we did not have any off-balance sheet arrangements, as defined by SEC rules and regulations.

Critical Accounting Estimates

Our critical accounting estimates are discussed in Management's Discussion and Analysis of Results of Operations and Financial Condition contained in our Annual Report on Form 10-K for the year ended December 31, 2020. The following critical accounting estimate was added upon completion of the step acquisition of Enhanced Re on September 1, 2021.

Future policyholder benefits

For further information on our future policyholder benefits, refer to Note 1 - "Significant Accounting Policies" and Note 9 - "Future Policyholder Benefits" to our unaudited condensed consolidated financial statements included within Item 1 of this Quarterly Report on Form 10-Q.

Cautionary Statement Regarding Forward-Looking Statements

This quarterly report and the documents incorporated by reference herein contain statements that constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, with respect to our financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities, plans and objectives of our management, as well as the markets for our securities and the insurance and reinsurance sectors in general. Statements that include words such as "estimate," "project," "plan," "intend," "expect," "anticipate," "believe," "would," "should," "could," "seek," "may" and similar statements of a future or forward-looking nature identify forward-looking statements for purposes of the federal securities laws or otherwise. All forward-looking statements are necessarily estimates or expectations, and not statements of historical fact, reflecting the best judgment of our management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward looking statements should, therefore, be considered in light of various important factors, including those set forth in this report and in our Annual Report on Form 10-K for the year ended December 31, 2020. These factors include:

Risks Relating to our Run-off Business

- changes in our plans, strategies, objectives, expectations or intentions, which may happen at any time at management's discretion;
- the adequacy of our loss reserves and the need to adjust such reserves as claims develop over time;
- risks relating to our acquisitions, including our ability to evaluate opportunities, successfully price acquisitions, address operational challenges, support our planned growth and assimilate acquired companies into our internal control system in order to maintain effective internal controls, provide reliable financial reports and prevent fraud;

- emerging claim and coverage issues and disputes that could impact reserve adequacy;
- lengthy and unpredictable litigation affecting the assessment of losses and/or coverage issues;
- increased competitive pressures, including increased competition in the market for run-off business that aligns with our strategic objectives;
- risks relating to our ability to obtain regulatory approvals, including the timing, terms and conditions of any such approvals, and to satisfy other closing conditions in connection with our acquisition agreements, which could affect our ability to complete acquisitions;
- risks relating to our subsidiaries with liabilities arising from legacy manufacturing operations;
- the impact of the COVID-19 pandemic and the resulting disruption and economic turmoil, such as increased volatility in global financial markets, could adversely impact our reserves, investment returns, financial condition, and liquidity and capital resources, and any future impact on our business is difficult to predict at this time;

Risks Relating to our Exposure to Catastrophic Events and Life Insurance Business

- risks relating to Enhanced Re's exposure to catastrophic events, including unpredictability and severity of catastrophic and other major loss events, failure of risk management and loss limitation methods;
- risks relating to Enhanced Re's life and annuity business, including mortality rates, the performance of assets to support the liabilities, and the risk of mismatch in asset/liability duration;

Risks Relating to Liquidity and Capital Resources

- risks relating to the variability of statutory capital requirements and the risk that we may require additional capital in the future, which may not be available or may be available only on unfavorable terms;
- the risk that our reinsurance subsidiaries may not be able to provide the required collateral to ceding companies pursuant to their reinsurance contracts, including through the use of letters of credit;
- changes and uncertainty in economic conditions, including interest rates, inflation, currency exchange rates, equity markets and credit conditions, which could affect our investment portfolio, our ability to finance future acquisitions and our profitability;
- risks relating to the availability and collectability of our reinsurance;
- the ability of our subsidiaries to distribute funds to us and the resulting impact on our liquidity;
- losses due to foreign currency exchange rate fluctuations;
- our ability to comply with covenants in our debt agreements;

Risk Relating to our Investments

- the risk that the value of our investment portfolios and the investment income that we receive from these portfolios may decline materially as a result of market fluctuations and economic conditions, including those related to interest rates, credit spreads, and the phase out of the London Interbank Offered Rate ("LIBOR");
- risks relating to the performance of our investment portfolio and our ability to structure our investments in a manner that recognizes our liquidity needs;
- risks relating to our strategic investments in alternative asset classes, such as hedge funds and joint ventures, which are illiquid and may be volatile;
- risks relating to the liquidation of the InRe Fund, which may be volatile as a result of the InRe Fund's use of leverage, derivatives, and its exposure to Chinese equities;

Risks Relating to Laws and Regulations

- risks relating to the complex regulatory environment in which we operate, including that ongoing or future industry regulatory developments will disrupt our business, affect the ability of our subsidiaries to operate in the ordinary course or to make distributions to us, or mandate changes in industry practices in ways that increase our costs, decrease our revenues or require us to alter aspects of the way we do business;

Risks Relating to our Operations

- loss of key personnel;

- operational risks, including cybersecurity events, external hazards, human failures or other difficulties with our information technology systems that could disrupt our business or result in the loss of critical and confidential information, increased costs;

Risks Relating to Taxation

- tax, regulatory or legal restrictions or limitations applicable to us or the (re)insurance business generally;
- changes in tax laws or regulations applicable to us or our subsidiaries, or the risk that we or one of our non-U.S. subsidiaries become subject to significant, or significantly increased, income taxes in the United States or elsewhere;

Risks Relating to the Ownership of our Shares

- risk relating to the ownership of our shares resulting from certain provisions of our bye-laws and our status as a Bermuda company.

The factors listed above should be not construed as exhaustive and should be read in conjunction with the Risk Factors that are included in our Annual Report on Form 10-K for the year ended December 31, 2020. We undertake no obligation to publicly update or review any forward looking statement, whether to reflect any change in our expectations with regard thereto, or as a result of new information, future developments or otherwise, except as required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following risk management discussion and the estimated amounts generated from sensitivity analysis presented are forward-looking statements of market risk assuming certain market conditions occur. Future results may differ materially from these estimated results due to, among other things, actual developments in the global financial markets, changes in the composition of our investment portfolio, or changes in our business strategies. The results of analysis we use to assess and mitigate risk are not projections of future events or losses. See "Cautionary Statement Regarding Forward-Looking Statements" for additional information regarding our forward-looking statements.

We are principally exposed to four types of market risk: interest rate risk, credit risk, equity price risk and foreign currency risk. Our policies to address these risks in 2021 are not materially different than those used in 2020 and, based on our current knowledge and expectations, we do not currently anticipate significant changes in our market risk exposures or in how we will manage those exposures in future reporting periods. However, due to the ongoing uncertainty and volatility in financial markets as a result of the economic conditions caused by the COVID-19 pandemic, we expect interest rates, credit spreads and global equity markets to remain volatile in the near-term. Furthermore, the pandemic has increased the risk of defaults across many industries. As a result, we continue to closely monitor market risk during this time.

Interest Rate and Credit Spread Risk

Interest rate risk is the price sensitivity of a security to changes in interest rates. Credit spread risk is the price sensitivity of a security to changes in credit spreads. Our investment portfolio and funds held - directly managed includes fixed maturity and short-term investments, whose fair values will fluctuate with changes in interest rates and credit spreads. We attempt to maintain adequate liquidity in our fixed maturity investments portfolio with a strategy designed to emphasize the preservation of our invested assets and provide sufficient liquidity for the prompt payment of claims, contract liabilities and future policyholder benefits, as well as for settlement of commutation payments. We also monitor the duration and structure of our investment portfolio.

The following table summarizes the aggregate hypothetical change in fair value from an immediate parallel shift in the treasury yield curve, assuming credit spreads remain constant, in our fixed maturity and short-term investments portfolio classified as trading and AFS, our funds held directly managed portfolio, our fixed income funds and our fixed income exchange-traded funds, and excludes investments classified as held-for-sale:

As of September 30, 2021	Interest Rate Shift in Basis Points				
	-100	-50	—	+50	+100
	(in millions of U.S. dollars)				
Total Market Value ⁽¹⁾	\$ 14,623	\$ 14,208	\$ 13,818	\$ 13,458	\$ 13,120
Market Value Change from Base	5.8 %	2.8 %	— %	(2.6)%	(5.1)%
Change in Unrealized Value	\$ 805	\$ 390	\$ —	\$ (360)	\$ (698)
As of December 31, 2020	-100	-50	—	+50	+100
Total Market Value ⁽¹⁾	\$ 10,632	\$ 10,324	\$ 10,028	\$ 9,756	\$ 9,495
Market Value Change from Base	6.0 %	3.0 %	— %	(2.7)%	(5.3)%
Change in Unrealized Value	\$ 604	\$ 296	\$ —	\$ (272)	\$ (533)

⁽¹⁾ Excludes equity exchange-traded funds of \$349.6 million and \$154.9 million as of September 30, 2021 and December 31, 2020, respectively, which are included in the Equity Price Risk section below.

Actual shifts in interest rates may not change by the same magnitude across the maturity spectrum or on an individual security and, as a result, the impact on the fair value of our fixed maturity securities, short-term investments, funds held - directly managed and fixed income exchange-traded funds may be materially different from the resulting change in value indicated in the tables above.

Table of Contents

The following table summarizes the aggregate hypothetical change in fair value from an immediate parallel shift in credit spreads assuming interest rates remain fixed, in our fixed maturity and short-term investments portfolio classified as trading and AFS, our funds held directly managed portfolio, our fixed income funds and our fixed income exchange-traded funds, and excludes investments classified as held-for-sale:

As at September 30, 2021	Credit Spread Shift in Basis Points				
	-100	-50	—	+50	+100
	(in millions of U.S. dollars)				
Total Market Value ⁽¹⁾	\$ 14,610	\$ 14,201	\$ 13,818	\$ 13,457	\$ 13,117
Market Value Change from Base	5.7 %	2.8 %		(2.6)%	(5.1)%
Change in Unrealized Value	\$ 792	\$ 383		\$ (361)	\$ (701)
As at December 31, 2020	-100	-50	—	+50	+100
Total Market Value ⁽¹⁾	\$ 10,608	\$ 10,308	\$ 10,028	\$ 9,765	\$ 9,516
Market Value Change from Base	5.8 %	2.8 %		(2.6)%	(5.1)%
Change in Unrealized Value	\$ 580	\$ 280		\$ (263)	\$ (512)

⁽¹⁾ Excludes equity exchange-traded funds of \$349.6 million and \$154.9 million for the years ended September 30, 2021 and December 31, 2020, respectively, which are included in the Equity Price Risk section below.

Credit Risk

Credit risk relates to the uncertainty of a counterparty's ability to make timely payments in accordance with contractual terms of the instrument or contract. We are exposed to direct credit risk primarily within our portfolios of fixed maturity and short-term investments, and through customers, brokers and reinsurers in the form of premiums receivable and reinsurance balances recoverable on paid and unpaid losses, respectively, as discussed below.

Fixed Maturity and Short-Term Investments

As a holder of \$12.2 billion of fixed maturity and short-term investments, we also have exposure to credit risk as a result of investment ratings downgrades or issuer defaults. In an effort to mitigate this risk, our investment portfolio consists primarily of investment grade-rated, liquid, fixed maturity securities of short-to-medium duration. A table of credit ratings for our fixed maturity and short-term investments is in Note 5 - "Investments" to our condensed consolidated financial statements included within Item 1 of this Quarterly Report on Form 10-Q. As of September 30, 2021, 39.7% of our fixed maturity and short-term investment portfolio was rated AA or higher by a major rating agency (December 31, 2020: 41.2%) with 3.9% rated lower than BBB- or non-rated (December 31, 2020: 3.7%). The portfolio as a whole, including cash, restricted cash, fixed maturity and short term investments and funds held - directly managed, had an average credit quality rating of A+ as of September 30, 2021 (December 31, 2020: A+). In addition, we manage our portfolio pursuant to guidelines that follow what we believe are prudent standards of diversification. The guidelines limit the allowable holdings of a single issue and issuers and, as a result, we believe we do not have significant concentrations of credit risk.

A summary of our fixed maturity and short-term investments by credit rating is as follows:

Credit rating	September 30, 2021	December 31, 2020	Change
AAA	24.2 %	29.5 %	(5.3)%
AA	15.5 %	11.7 %	3.8 %
A	30.0 %	31.6 %	(1.6)%
BBB	26.4 %	23.5 %	2.9 %
Non-investment grade	3.7 %	3.5 %	0.2 %
Not rated	0.2 %	0.2 %	— %
Total	100.0 %	100.0 %	
Average credit rating	A+	A+	

Reinsurance Balances Recoverable on Paid and Unpaid Losses

We have exposure to credit risk as it relates to our reinsurance balances recoverable on paid and unpaid losses. Our (re)insurance subsidiaries remain liable to the extent that retrocessionaires do not meet their contractual obligations and, therefore, we evaluate and monitor concentration of credit risk among our reinsurers. A discussion

of our reinsurance balances recoverable on paid and unpaid losses is in Note 6 - "Reinsurance Balances Recoverable on Paid and Unpaid Losses" to our condensed consolidated financial statements included within Item 1 of this Quarterly Report on Form 10-Q.

Funds Held

Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to our reinsurance subsidiaries. The funds balance is credited with investment income and losses payable are deducted. We are subject to credit risk if the reinsured company is unable to honor the value of the funds held balances, such as in the event of insolvency. However, we generally have the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by us to the reinsured for losses payable and other amounts contractually due. Our funds held are shown under two categories on the condensed consolidated balance sheets, where funds held upon which we receive the underlying portfolio economics are shown as "Funds held - directly managed," and funds held where we receive a fixed crediting rate are shown as "Funds held by reinsured companies." Both types of funds held are subject to credit risk. We routinely monitor the creditworthiness of reinsured companies with whom we have funds held arrangements. As of September 30, 2021, we had a significant funds held concentration of \$3.3 billion (December 31, 2020: \$955.0 million) and \$1.2 billion (December 31, 2020: \$182.4 million) to reinsured companies with financial strength credit ratings of A+ from A.M. Best and AA from S&P, and A+ from A.M. Best and AA- from S&P, respectively.

Equity Price Risk

Our portfolio of equity investments, excluding our fixed income exchange-traded funds but including the equity funds, has exposure to equity price risk, which is the risk of potential loss in fair value resulting from adverse changes in stock prices. Our fixed income exchange-traded funds are excluded from the below analysis and have been included within the interest rate and credit spread risk analysis, as these exchange-traded funds are part of our fixed income investment strategy and are backed by fixed income instruments. The following table summarizes the aggregate hypothetical change in fair value from a 10% decline in the overall market prices of our equities at risk:

	September 30, 2021	December 31, 2020	Change
(in millions of U.S. dollars)			
Publicly traded equity investments in common and preferred stocks	\$ 257.5	\$ 260.8	\$ (3.3)
Privately held equity investments in common and preferred stocks	359.1	274.7	84.4
Private equity funds	598.9	363.1	235.8
Equity funds	4.8	190.8	(186.0)
Equity exchange traded funds	349.6	154.9	194.7
Fair value of equities at risk	<u>\$ 1,569.9</u>	<u>\$ 1,244.3</u>	<u>\$ 325.6</u>
Impact of 10% decline in fair value	<u>\$ 157.0</u>	<u>\$ 124.4</u>	<u>\$ 32.6</u>

Hedge Funds

As of September 30, 2021, we had investments of \$215.4 million (December 31, 2020: \$2.6 billion) in hedge funds, included within our other investments, at fair value, that have exposure to interest rate, credit spread, and equity price risk given the underlying assets in those funds.

Effective April 1, 2021, the InRe Fund was consolidated by us. As a result, the carrying amounts of the assets and liabilities of the InRe Fund are presented separately in "variable interest entity assets of the InRe Fund" and "variable interest entity liabilities of the InRe Fund" within the condensed consolidated balance sheet as of September 30, 2021. Refer to "Consolidated Variable Interest Entity - InRe Fund" below for further details on market risks as at September 30, 2021. As of December 31, 2020, our investment in the InRe Fund was \$2.4 billion.

As of September 30, 2021 and December 31, 2020, the impact of a 10% decline in the fair value of these investments would have been \$21.5 million and \$263.8 million, respectively. These hedge funds may employ investment strategies that involve the use of leverage and short sales, which would have the effect of increasing interest rate, credit spread, and equity price sensitivity such that a 10% decline in market prices could reduce the fair value of our investment in the funds by more than 10%.

Foreign Currency Risk

The table below summarizes our net exposures to foreign currencies:

	AUD	CAD	EUR	GBP	Other	Total
As of September 30, 2021	(in millions of U.S. dollars)					
Total net foreign currency exposure	\$ (8.7)	\$ (6.4)	\$ (4.2)	\$ (22.8)	\$ 0.3	\$ (41.8)
Pre-tax impact of a 10% movement in USD ⁽¹⁾	\$ (0.9)	\$ (0.6)	\$ (0.4)	\$ (2.3)	\$ —	\$ (4.2)
As of December 31, 2020						
Total net foreign currency exposure	\$ 7.0	\$ (1.9)	\$ 24.4	\$ 38.9	\$ 1.5	\$ 69.9
Pre-tax impact of a 10% movement in USD ⁽¹⁾	\$ 0.7	\$ (0.2)	\$ 2.4	\$ 3.9	\$ 0.2	\$ 7.0

⁽¹⁾ Assumes 10% change in U.S. dollar relative to other currencies.

Through our subsidiaries located in various jurisdictions, we conduct our (re)insurance operations in a variety of non-U.S. currencies. We have the following exposures to foreign currency risk:

- **Transaction Risk:** The functional currency for the majority of our subsidiaries is the U.S. dollar. Within these entities, any fluctuations in foreign currency exchange rates relative to the U.S. dollar has a direct impact on the valuation of our assets and liabilities denominated in other currencies. All changes in foreign exchange rates, with the exception of non-U.S. dollar AFS investments, are recognized in our consolidated statements of earnings. Changes in foreign exchange rates relating to non-U.S. dollar AFS investments are recorded in accumulated other comprehensive income (loss) in shareholders' equity. Our subsidiaries with non-U.S. dollar functional currencies are also exposed to fluctuations in foreign currency exchange rates relative to their own functional currency.
- **Translation Risk:** We have net investments in certain European, British, and Australian subsidiaries whose functional currencies are the Euro, British pound and Australian dollar, respectively. The foreign exchange gain or loss resulting from the translation of their financial statements from their respective functional currency into U.S. dollars is recorded in the cumulative translation adjustment account, which is a component of accumulated other comprehensive income (loss) in shareholders' equity.

Our foreign currency policy is to broadly manage, where possible, our foreign currency risk by:

- Seeking to match our liabilities under (re)insurance policies that are payable in foreign currencies with assets that are denominated in such currencies, subject to regulatory constraints.
- Selectively utilizing foreign currency forward contracts to mitigate foreign currency risk.

We use foreign currency forward exchange rate contracts to manage foreign currency risk. To the extent our foreign currency exposure is not matched or hedged, we may experience foreign exchange losses or gains, which would be reflected in our consolidated results of operations and financial condition.

Effects of Inflation

Inflation may have a material effect on our consolidated results of operations by its effect on our assets and our liabilities. Inflation could lead to higher interest rates, resulting in a decrease in the market value of our fixed maturity portfolio. We may choose to hold our fixed maturity investments to maturity, which would result in the unrealized gains or losses accruing back over time. Inflation may also affect the value of certain of our liabilities, primarily our estimate for losses and LAE, such as our cost of claims which includes medical treatments, litigation costs and judicial awards, as well as our provision for future policyholder benefits. Although our estimate for losses and LAE and our provision for future policyholder benefits is established to reflect the likely payments in the future, we would be subject to the risk that inflation could cause these amounts to be greater than the current estimate. We seek to take this into account when setting reserves and pricing new business. However, the actual effects of inflation on our consolidated results of operations cannot be accurately known until claims are ultimately settled.

Consolidated Variable Interest Entity - InRe Fund

Effective April 1, 2021, the InRe Fund was consolidated by us. The InRe Fund is principally exposed to four types of market risk: interest rate risk, credit risk, equity price risk and foreign currency risk.

Interest Rate and Credit Spread Risk

The InRe Fund's investment portfolio includes fixed maturity investments and certain securities sold, but not yet purchased whose fair values will fluctuate with changes in interest rates and credit spreads.

Table of Contents

The following table summarizes the aggregate hypothetical change in fair value from an immediate parallel shift in the treasury yield curve, assuming credit spreads remain constant, in the InRe Fund's fixed maturity investments portfolio classified as trading and certain securities sold, but not yet purchased :

As at September 30, 2021	Interest Rate Shift in Basis Points				
	-100	-50	—	+50	+100
	(in millions of U.S. dollars)				
Total Market Value	\$ 22	\$ 24	\$ 25	\$ 26	\$ 27
Market Value Change from Base	(9.7)%	(4.8)%	— %	4.8 %	9.7 %
Change in Unrealized Value	\$ (2.4)	\$ (1.2)	\$ —	\$ 1.2	\$ 2.4

Actual shifts in interest rates may not change by the same magnitude across the maturity spectrum or on an individual security and, as a result, the impact on the fair value of the InRe Fund's fixed maturity securities may be materially different from the resulting change in value indicated in the tables above.

The following table summarizes the aggregate hypothetical change in fair value from an immediate parallel shift in credit spreads assuming interest rates remain fixed, in the InRe Fund's fixed maturity investments portfolio classified as trading:

As at September 30, 2021	Credit Spread Shift in Basis Points				
	-100	-50	—	+50	+100
	(in millions of U.S. dollars)				
Total Market Value	\$ 18	\$ 20	\$ 22	\$ 24	\$ 26
Market Value Change from Base	(17.8)%	(9.1)%	— %	9.1 %	18.2 %
Change in Unrealized Value	\$ (3.9)	\$ (2.0)	\$ —	\$ 2.0	\$ 4.0

Credit Risk

Credit risk relates to the uncertainty of a counterparty's ability to make timely payments in accordance with contractual terms of the instrument or contract. The InRe Fund is exposed to direct credit risk primarily within its portfolios of derivative financial instruments and fixed maturity investments classified as trading, respectively, as discussed below.

Derivative Counterparties

The InRe Fund is a direct counterparty to derivative instruments and is exposed to credit risk in the event of nonperformance by the counterparties in those contracts. As an investor in the InRe Fund, we bear the risk of credit loss due to counterparty default even though we are not a direct counterparty to those contracts. The risk of counterparty default associated with InRe Fund's derivative portfolio is mitigated by collateral posting requirements that counterparties to those transactions must meet, by dealing with reputable counterparties, which are high credit quality institutions, and by seeking to negotiate master agreements with inputs that include netting provisions that incorporate the right of "set off" (assets less liabilities) across OTC contracts with such counterparties. The InRe Fund's exposure to credit risk at any point in time is limited to amounts recorded as assets on the condensed consolidated balance sheets.

Fixed Maturity Investments

As a holder of \$59.0 million in fixed maturity investments, the InRe Fund also has exposure to credit risk as a result of investment ratings downgrades or issuer defaults. A table of credit ratings for the InRe Fund's fixed maturity investments is in Note 12 - "Variable Interest Entities" to the condensed consolidated financial statements included within Item 1 of this Quarterly Report on Form 10-Q. As of September 30, 2021, none of the InRe Fund's fixed maturity investment portfolio was rated AA or higher by a major rating agency with the remainder either rated below AA or unrated.

A summary of the InRe Fund's fixed maturity investments by credit rating is as follows:

	September 30, 2021	
A	3.2	%
Non-Investment grade	7.5	%
Not rated	89.3	%
Total	100.0	%

Equity Price Risk

InRe Fund's portfolio of equity and derivative investments have exposure to equity price risk, which is the risk of potential loss in fair value resulting from adverse changes in stock prices. Derivatives are financial instruments whose values are derived from interest rates, foreign exchange rates, financial indices or the prices of securities. The InRe Fund's derivative portfolio includes exchange-traded derivatives, derivatives contracted in the over-the-counter market, and options forward contracts.

The following table summarizes the aggregate hypothetical change in fair value from a 10% decline in the overall market prices of the InRe Fund's equities at risk:

	September 30, 2021	
	(in millions of U.S. dollars)	
Publicly traded equity investments in common stocks	\$	338.0
Convertible bonds		53.0
Net derivative assets ⁽¹⁾		(47.0)
Fair value of equities at risk	\$	344.0
Impact of 10% decline in fair value	\$	54.0

⁽¹⁾ Includes equity options/swaps and index futures.

The InRe Fund may employ investment strategies that involve the use of leverage and short sales that are generally purchased to cover long positions. The InRe Fund's exposure to losses from uncovered short sales may be unlimited, whereas losses from purchases are limited to the total amount invested. Should the value of the collateral pledged by the InRe Fund as part of its securities lending agreements with its prime brokers be insufficient to cover the InRe Fund's obligations in connection with short sold positions, the prime broker would be expected to exit the related short sold positions and mitigate additional losses.

The InRe Fund has also entered into freestanding derivative contracts that are not designated as hedging instruments for accounting purposes. Such contracts may include contracts for differences, swaps and option contracts.

To evaluate risks within the InRe Fund's portfolio of equity and derivative investments, the InRe Fund and Enstar focus on actual and potential volatility generated by individual positions as well as the total portfolio. Various techniques and procedures are utilized to enable the most complete understanding of these risks. Quantitative measures of market risk are evaluated regularly. These measures include stress testing to evaluate the potential impact on portfolio values of more extreme, although plausible, events or movements in a set of financial variables, such as a decline in equity prices and indices; and evaluating risks in the InRe Fund's portfolio under the current market environment and potential future environments.

For additional information regarding market risks relevant to the InRe Fund, refer to Note 12 - "Variable Interest Entities" to our condensed consolidated financial statements included within Item 1 of this Quarterly Report on Form 10-Q.

Foreign Currency Risk

The table below summarizes the InRe Fund's net exposures to foreign currencies:

As of September 30, 2021	CNH	HKD	Other	Total
	(in millions of U.S. dollars)			
Total net foreign currency exposure	\$ 39.0	\$ 101.0	\$ (15.0)	\$ 125.0
Pre-tax impact of a 10% movement in USD ⁽¹⁾	\$ (3.9)	\$ (10.1)	\$ 1.5	\$ (12.5)

⁽¹⁾ Assumes 10% change in U.S. dollar relative to other currencies.

To the extent the InRe Fund's foreign currency exposure is not matched or hedged, the InRe Fund may experience foreign exchange losses or gains, which would be reflected in the InRe Fund's results of operations which, in turn, would affect our consolidated results of operations and financial condition.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of September 30, 2021. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded, except as noted below, that we maintained effective disclosure controls and procedures to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and timely reported as specified in the rules and forms of the U.S. Securities and Exchange Commission and is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

On September 1, 2021, we completed our acquisition of the controlling interest of Enhanced Re. As of September 30, 2021, Enhanced Re represented 12.9% of our total assets. As Enhanced Re is reported on a on quarter lag, its results for the month of September 2021 did not impact our total income and net earnings as a consolidated subsidiary. We are in the process of evaluating internal control over financial reporting for Enhanced Re and have accordingly excluded Enhanced Re from our evaluation of internal control over financial reporting and related disclosure controls and procedures.

Changes in Internal Control Over Financial Reporting

Other than the Enhanced Re acquisition referenced above, there were no changes in our internal control over financial reporting that occurred during the three months ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a discussion of legal proceedings, see Note 20 - "Commitments and Contingencies" in the notes to our condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

Our results of operations and financial condition are subject to numerous risks and uncertainties described in "Risk Factors" included in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020. Except as set forth below, there have been no material changes to the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

We have made significant direct investments in a consolidated hedge fund, which is in an orderly liquidation process. Minimizing losses during the liquidation process is dependent on market conditions, which have been volatile recently, as well as the manager's ability to effectively sell assets in an orderly manner.

We have made significant direct investments in the InRe Fund, L.P. (the "InRe Fund"), which is in an orderly liquidation process. For more information about the InRe Fund refer to Note 12 - "Variable Interest Entities" to our condensed consolidated financial statements included within Item 1 of this Quarterly Report on Form 10-Q.

Subject to certain limitations, the investment manager of the InRe Fund has broad discretionary authority to determine the manner in which the assets in the InRe Fund are liquidated. As a result, the value we ultimately realize from the liquidation of the InRe Fund's investments is, in part, dependent on the manager's ability to effectively sell assets in an orderly manner. The failure of the investment manager or any of its key personnel to perform adequately could result in losses during the liquidation process, which could significantly and negatively affect our investment returns and results of operations.

The InRe Fund has employed investment strategies and trading techniques that involve the use of margin, derivatives (including contracts for differences), and other forms of financial leverage or short sales. Furthermore, the InRe Fund has exposure to Asian markets, including through investments in Chinese equities, which have recently experienced high levels of volatility. As a result of the InRe Fund's exposures, unfavorable market conditions during the liquidation process could result in significant or outsized realized or unrealized losses as the portfolio is wound down, which could materially adversely impact our financial condition and results of operations.

Enhanced Re has exposure to catastrophic events that presents inherent risks and uncertainties, which could have a material adverse effect on our business, financial condition and results of operations.

Through our interest in Enhanced Re, we have exposure to claims arising out of unpredictable natural and man-made catastrophic events (including hurricanes, windstorms, tsunamis, severe weather, earthquakes, floods, fires, droughts, explosions, environmental contamination, acts of terrorism, cyber events and war or political unrest, changing climate patterns and ocean temperature conditions that could increase the frequency and severity of catastrophe events and natural disasters to which we have loss exposure). For example, during calendar year 2021, Enhanced Re has experienced losses relating to the German Floods, Hurricane Ida, the European Storms and the Texas Winter Storms. In addition, Enhanced Re has experienced underwriting losses within its catastrophe lines of business resulting from business interruption claims relating to the COVID-19 pandemic. Although reserves have been established against these losses as of September 30, 2021, there can be no assurance that the estimates of losses and loss adjustment expenses will be adequate. In addition, U.S. GAAP does not permit insurers and reinsurers to reserve for catastrophes until they occur, which means that claims from these events could cause substantial volatility in our financial results for any fiscal quarter or year and could have a material adverse effect on our financial condition and results of operations. We are also exposed to the potential failure of our risk management and loss limitation methods (described in "Business - Enterprise Risk Management" included in Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2020) to adequately manage our loss exposure or provide sufficient protection against losses arising from Enhanced Re.

Our life and annuity business within Enhanced Re is subject risks relating to Enhanced Re's life and annuity business, including mortality rates, the performance of assets to support the liabilities, and the risk of mismatch in asset/liability duration.

The profitability of Enhanced Re's life and annuity products depends in part on the value of the investments supporting them, including structured products, which are illiquid and can fluctuate substantially depending on market conditions. This results in an exposure to market risk associated with Enhanced Re's life and annuity products, which is the risk of loss from changes in interest rates and fixed income security prices. In addition,

Enhanced Re is exposed to the risk of mismatch in asset/liability duration, which could expose Enhanced Re, and us in turn, to the risk of losses and liquidity stress. For example, if a greater number of policyholders than expected elect to receive lump sum payments in lieu of retaining their policies and annuity contracts, it could expose Enhanced Re to liquidity stress and create losses. In addition, reserves for life policy benefits are based on certain assumptions, including mortality, expenses, and discount rates based on expected yields at acquisition. The adequacy of the life reserves established by Enhanced Re is contingent on actual experience related to these key assumptions. If actual experience differs from these assumptions, or the assumptions are changed based on new information or experience, it could materially and adversely impact our financial performance.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table provides information about ordinary shares acquired by the Company during the three months ended September 30, 2021.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Maximum Number (or Dollar Value) of Shares that May Yet be Purchased Under the Program ⁽¹⁾
Beginning dollar amount available to be repurchased				\$ 112,561
July 1, 2021 - July 31, 2021	3,794,711	\$ 234.54	45,311	—
August 1, 2021 - August 31, 2021	—	\$ —	—	—
September 1, 2021 - September 30, 2021	—	\$ —	—	—
Ending dollar amount available to be repurchased				—
	<u>3,794,711</u>		<u>45,311</u>	<u>\$ —</u>

⁽¹⁾ On February 25, 2021, our Board of Directors approved an extension of the duration of our previously announced ordinary share Repurchase Program through March 1, 2022. The Repurchase Program was previously set to expire on March 1, 2021. Pursuant to the Repurchase Program, the Company was permitted to repurchase a limited number of its ordinary shares, not to exceed \$150.0 million in aggregate (the "Authorized Shares") including shares repurchased prior to the extension of the Repurchase Program. On July 15, 2021, we announced the termination of the Repurchase Program in connection with the repurchase of 3,749,400 of our ordinary shares from funds managed by Hillhouse Group for a price of \$234.52 per share, totaling \$879.3 million in the aggregate.

ITEM 6. EXHIBITS

Exhibit No.	Description
3.1	Memorandum of Association of Enstar Group Limited (incorporated by reference to Exhibit 3.1 of the Company's Form 10-K/A filed on May 2, 2011).
3.2	Sixth Amended and Restated Bye-Laws of Enstar Group Limited (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed on June 15, 2021).
3.3	Certificate of Designations of Series C Participating Non-Voting Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed on June 17, 2016).
3.4	Certificate of Designations of 7.00% fixed-to-floating rate perpetual non-cumulative preference shares, Series D (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K filed on June 27, 2018).
3.5	Certificate of Designations of 7.00% perpetual non-cumulative preference shares, Series E (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K filed on November 21, 2018).
4.1	Fourth Supplemental Indenture, dated as of August 24, 2021, between the Company and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 of the Company's Form 8-K filed on August 24, 2021).
10.1	Purchase Agreement dated as of July 15, 2021 by and among Enstar Group Limited, HHLR Fund, L.P., YHG Investment, L.P. and Hillhouse Fund III, L.P. (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on July 15, 2021).
10.2	Purchase Agreement dated as of July 15, 2021 by and among Cavello Bay Reinsurance Limited and HH ENZ Holdings, Ltd. (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filed on July 15, 2021).
10.3	Agreement and General Release, dated August 11, 2021, by and between Enstar Group Limited and Zachary Wolf (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on August 13, 2021).
10.4*	Fifth Amendment to Letter of Credit Facility Agreement, dated as of August 16, 2021, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, London Branch, The Bank of Nova Scotia and each of the lenders party thereto.
10.5	Amendment No. 1 to Amended and Restated Employment Agreement, dated September 16, 2021 by and between Enstar Group Limited and Orla M. Gregory (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on September 21, 2021).
22.1	Subsidiary Guarantors and Issuers of Guaranteed Securities (incorporated by reference to Exhibit 22.1 of the Company's Form 10-Q filed on November 6, 2020).
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104	Cover page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101)

* filed herewith

** furnished herewith

+ denotes management contract or compensatory arrangement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on November 4, 2021.

ENSTAR GROUP LIMITED

By: /s/ Orla Gregory
Orla Gregory
Chief Operating Officer,
Acting Chief Financial Officer,
Authorized Signatory,
Principal Financial Officer

By: /s/ Michael Murphy
Michael Murphy
Deputy Chief Financial Officer, Principal Accounting Officer

Execution Version

FIFTH AMENDMENT TO LETTER OF CREDIT FACILITY AGREEMENT

This Fifth Amendment to Letter of Credit Facility Agreement (this "Amendment") is entered into as of August 16, 2021 by and among CAVELLO BAY REINSURANCE LIMITED as Borrower, ENSTAR GROUP LIMITED, KENMARE HOLDINGS LTD., ENSTAR (US ASIA-PAC) HOLDINGS LIMITED and ENSTAR HOLDINGS (US) LLC as Guarantors, the LENDERS party hereto, NATIONAL AUSTRALIA BANK LIMITED, LONDON BRANCH as Administrative Agent, and NATIONAL AUSTRALIA BANK LIMITED as Several L/C Issuing Bank.

RECITALS

A. The Borrowers, the Guarantors, the Lenders, the Administrative Agent and the Several L/C Issuing Bank are parties to that certain Letter of Credit Facility Agreement, dated as of August 5, 2019 (as amended by the First Amendment to Letter of Credit Facility Agreement, dated as of December 9, 2019, the Second Amendment to Letter of Credit Facility Agreement, dated as of June 3, 2020, the Third Amendment to Letter of Credit Facility Agreement, dated as of November 25, 2020, and the Fourth Amendment to Letter of Credit Facility Agreement, Waiver and Consent dated as of March 31, 2021, the "Existing Credit Agreement", and as amended by this Amendment, the "Credit Agreement"), pursuant to which the Lenders have agreed to issue syndicated Letters of Credit through the Several L/C Issuing Bank at the request of the Borrower. Each capitalized term used herein, that is not defined herein, shall have the meaning ascribed thereto in the Credit Agreement.

B. The Credit Parties have notified the Several L/C Issuing Bank, the Administrative Agent and the Lenders of their request to amend the Existing Credit Agreement as set forth below, but otherwise have the Existing Credit Agreement remain in full force and effect.

C. In accordance with Section 10.02(b) of the Existing Credit Agreement, the Credit Parties, the Several L/C Issuing Bank, the Administrative Agent and the Lenders have agreed to amend the Existing Credit Agreement, in accordance with the terms, and subject to the conditions, set forth herein.

AGREEMENT

The parties to this Amendment, intending to be legally bound, hereby agree as follows:

1. Amendments to Existing Credit Agreement. Subject to satisfaction of the conditions precedent set forth in Section 4 below:

a. The parties hereto agree that the Existing Credit Agreement (excluding the Exhibits and Schedules thereto) is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Existing Credit Agreement attached as Annex A hereto.

b. The parties hereto agree that Exhibit A to the Existing Credit Agreement is hereby replaced with Exhibit A to this Amendment.

c. The parties hereto agree that Exhibit C to the Existing Credit Agreement is hereby replaced with Exhibits C-1 and C-2 to this Amendment.

d. The parties hereto agree that Exhibit E to the Existing Credit Agreement is hereby replaced with Exhibit E to this Amendment.

e. The parties hereto agree that Schedule 2.01 to the Existing Credit Agreement is hereby amended and restated in its entirety to match Schedule 2.01 to this Amendment.

f. The parties hereto acknowledge and agree that (i) each Lender that delivers its signature page to this Amendment and which also has a Tranche A Commitment listed opposite its name in Schedule 2.01 set forth in the Credit Agreement shall be and is a Tranche A Lender for all purposes under the Credit Agreement, and (ii) each Lender that delivers its signature page to this Amendment and which also has a Tranche B Commitment listed opposite its name in Schedule 2.01 set forth in the Credit Agreement shall be and is a Tranche B Lender for all purposes under the Credit Agreement.

2. Representations and Warranties. Each Credit Party hereby represents and warrants, as of the date of this Amendment, that:

a. The representations and warranties in each Credit Document to which it is a party are true and correct in all material respects with the same effect as though made on and as of the date hereof, except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date; provided that, in each case, such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality or Material Adverse Effect in the text thereof

b. The execution and delivery of this Amendment and the performance of this Amendment and the Credit Agreement has been duly authorized by all necessary organizational action of such Credit Party; this Amendment has been duly executed and delivered by such Credit Party, and this Amendment and the Credit Agreement is a legal, valid and binding obligation of such Credit Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to general principles of equity;

c. The transactions contemplated by this Amendment and the Credit Agreement (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not violate any Law applicable to such Credit Party, (c) will not violate or result in a default under any other material Contractual Obligation binding upon such Credit Party or affecting its assets, and (d) will not result in the creation or imposition of any Lien on any asset of such Credit Party; and

d. No Default has occurred and is continuing or would result after giving effect to this Amendment.

3. Ratification and Confirmation of Credit Documents.

a. Except as expressly set forth herein, the execution, delivery and performance of this Amendment shall not alter, modify, amend, or in any way affect any of the terms, conditions, obligations, covenants, guarantees or agreements contained in the Existing Credit Agreement or any other Credit Document, and shall not operate as a waiver of any right, power, or remedy of the Administrative Agent, the Several L/C Issuing Bank or any Lender under the Existing Credit Agreement or any other Credit Document.

b. Each Credit Party hereby acknowledges that it has read this Amendment and consents to the terms hereof, and hereby confirms and agrees that notwithstanding the effectiveness of this Amendment, the obligations of such Credit Party under the Credit Documents to which it is a party, including all guarantees thereunder, shall not be impaired or affected and such Credit Documents, including all guarantees thereunder, and all promissory notes and all other instruments, documents and agreements entered into by such Credit Party in connection with such Credit Documents are, and shall continue to be, in full force and effect and are hereby confirmed and ratified in all respects.

c. Each Credit Party further agrees that nothing in the Credit Agreement, this Amendment or any other Credit Document shall be deemed to require the consent of such Credit Party to any future amendment to the Credit Agreement, except to the extent that the consent of such Credit Party to such amendment is expressly required under the Credit Agreement.

4. Effectiveness. This Amendment shall become effective on the date first written above (the "Effective Date") only upon satisfaction of the following conditions precedent on or prior to such date unless otherwise waived in writing by the Lenders and the Administrative Agent:

a. Amendment. The Administrative Agent shall have acknowledged receipt of a counterpart of this Amendment signed on behalf of each Credit Party and the Lenders.

b. Fees and Expenses. Each Credit Party shall have paid all fees, costs and expenses (including all reasonable and documented legal fees and expenses) agreed in writing to be paid by it to the Finance Parties in connection herewith to the extent due (and, in the case of expenses (including legal fees and expenses), to the extent that statements for such expenses shall have been delivered to the Borrower on or prior to the Effective Date).

c. Toggle Beneficiary Designation. The Administrative Agent shall have received a written designation of the Toggle Beneficiary from the Borrower.

d. Return of Letter of Credit. The Several L/C Issuing Bank shall have received the original copy of Irrevocable Standby Letter of Credit Number SB-0855 issued to Technology Insurance Company, Inc, together with the original copies of each amendment thereto (collectively, the "Returned Letter of Credit"), or arrangements have been made in form and substance satisfactory to the Several L/C Issuing Bank and for the delivery of the Returned Letter of Credit to the Several L/C Issuing Bank Substantially simultaneously to the Effective Date.

5. Miscellaneous.

a. The Credit Parties acknowledge and agree that the representations and warranties set forth herein are material inducements to the Administrative Agent, the Several L/C Issuing Bank and the Lenders to deliver this Amendment.

b. This Amendment shall be binding upon and inure to the benefit of and be enforceable by the parties hereto, and their respective permitted successors and assigns.

c. This Amendment is a Credit Document. Henceforth, this Amendment and the Credit Agreement shall be read together as one document and the Existing Credit Agreement shall be modified accordingly. No course of dealing on the part of the Administrative Agent, the Several L/C Issuing Bank, the Lenders or any of their respective officers, nor any failure or delay in the exercise of any right by the Administrative Agent, the Several L/C Issuing Bank or the Lenders, shall operate as a waiver thereof, and any single or partial exercise of any such right shall not preclude any later exercise of any such right. The failure at any time to require strict performance by the Credit Parties of any provision of the Credit Documents shall not affect any right of the Administrative Agent, the Several L/C Issuing Bank or the Lenders thereafter to demand strict compliance and performance. Any suspension or waiver of a right must be in writing signed by an officer of the Administrative Agent, the Several L/C Issuing Bank and/or the Lenders, as applicable, pursuant to and in accordance with the Credit Documents, including, without limitation, Section 10.02 of the Credit Agreement. No other person or entity, other than the Administrative Agent, the Several L/C Issuing Bank and the Lenders, shall be entitled to claim any right or benefit hereunder, including, without limitation, the status of a third party beneficiary hereunder.

d. This Amendment shall be governed by and construed in accordance with the laws of the State of New York without reference to conflicts of law rules. The provisions of Section 10.09 and Section 10.10 of the Credit Agreement apply to this Amendment *mutatis mutandis* as if they were incorporated herein.

e. If any provision of this Amendment or any of the other Credit Documents shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that portion shall be deemed severed therefrom, and the remaining parts shall remain in full force as though the invalid, illegal or unenforceable portion had never been a part thereof.

f. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Amendment and/or any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. As used herein, "Electronic Signatures" means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Credit Parties, the Administrative Agent, the Several L/C Issuing Bank and the Lenders have caused this Amendment to be executed as of the date first written above.

CAVELLO BAY REINSURANCE LIMITED
as Borrower

By /s/ Paul Bohus
Name: Paul Bohus
Title: Authorized Signatory

ENSTAR GROUP LIMITED
as a Guarantor

By /s/ Paul O'Shea
Name: Paul O'Shea
Title: Authorized Signatory

KENMARE HOLDINGS LTD.
as a Guarantor

By /s/ Duncan Scott
Name: Duncan Scott
Title: Director

ENSTAR (US ASIA-PAC) HOLDINGS LIMITED
as a Guarantor

By /s/ Brendan Merriman
Name: Brendan Merriman
Title: Director

ENSTAR HOLDINGS (US) LLC
as a Guarantor

By /s/ Robert Redpath
Name: Robert Redpath
Title: Senior Vice President

Signature Page to Fifth Amendment

NATIONAL AUSTRALIA BANK LIMITED, LONDON BRANCH (ABN 12 004 044 937),
as Administrative Agent

By /s/ James Swann
Name: James Swann
Title: Associate Director

Signature Page to Fifth Amendment

NATIONAL AUSTRALIA BANK LIMITED (ABN 12 004 044 937),
as Several L/C Issuing Bank

By /s/ James Swann
Name: James Swann
Title: Associate Director

Signature Page to Fifth Amendment

NATIONAL AUSTRALIA BANK LIMITED
(ABN 12 004 044 937),
as a Lender

By /s/ James Swann
Name: James Swann
Title: Associate Director

Signature Page to Fifth Amendment

THE BANK OF NOVA SCOTIA,
as a Lender

By /s/ Shansan (Sunny) Yang
Name: Shansan (Sunny) Yang
Title: Director

Signature Page to Fifth Amendment

COMMONWEALTH BANK OF AUSTRALIA
(ABN 48 123 123 124),
as a Lender

By /s/ Richard Braham
Name: Richard Braham
Title: Executive Director

Signature Page to Fifth Amendment

BMO HARRIS BANK N.A.,
as a Lender

By /s/ Benjamin Mlot
Name: Benjamin Mlot
Title: Director

Signature Page to Fifth Amendment

COMMERZBANK AG NEW YORK BRANCH,
as a Lender

By /s/ Michael McCarthy
Name: Michael McCarthy
Title: Managing Director

By /s/ Toan B. Chu
Name: Toan B. Chu
Title: Vice President

Signature Page to Fifth Amendment

ING BANK N.V., LONDON BRANCH,
as a Lender

By /s/ Mariette Groen
Name: Mariette Groen
Title: Director

By /s/ Nick Marchant
Name: Nick Marchant
Title: Director

Signature Page to Fifth Amendment

Form of Credit Agreement

Annex A

~~\$760,000,000~~ \$800,000,000

LETTER OF CREDIT FACILITY AGREEMENT

dated as of

August 5, 2019

among

CAVELLO BAY REINSURANCE LIMITED,
as Borrower

ENSTAR GROUP LIMITED, KENMARE HOLDINGS LTD., ENSTAR (US ASIA-PAC) HOLDINGS LIMITED and ENSTAR HOLDINGS (US) LLC,
as Guarantors

The Lenders Party Hereto From Time to Time,

NATIONAL AUSTRALIA BANK LIMITED, LONDON BRANCH,
as Administrative Agent

and

NATIONAL AUSTRALIA BANK LIMITED,
as Several L/C Issuing Bank

NATIONAL AUSTRALIA BANK LIMITED, LONDON BRANCH and THE BANK OF NOVA SCOTIA,
as Joint Bookrunners and Joint Lead Arrangers

NATIONAL AUSTRALIA BANK LIMITED, LONDON BRANCH and THE BANK OF NOVA SCOTIA,
as Syndication Agents

NATIONAL AUSTRALIA BANK LIMITED, LONDON BRANCH,
as Documentation Agent

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS

SECTION 1.01	Defined Terms	1
SECTION 1.02	Terms Generally	2631
SECTION 1.03	Accounting Terms; Changes in GAAP	2731
SECTION 1.04	Rates	2732
SECTION 1.05	Exchange Rates; Currency Equivalents	2732
SECTION 1.06	Change of Currency	2733
SECTION 1.07	Letter of Credit Amounts	2833
SECTION 1.08	Divisions	2833

ARTICLE II

SECTION 2.01	Letters of Credit	2833
SECTION 2.02	Termination or Reduction of Commitments	3541
SECTION 2.03	Fees	3541
SECTION 2.04	Maintenance of Records	3642
SECTION 2.05	Payments Generally; Several Obligations of Lenders	3642
SECTION 2.06	Sharing of Payments	3843
SECTION 2.07	Reserved	3844
SECTION 2.08	Increased Costs	3844
SECTION 2.09	Taxes	3945
SECTION 2.10	Benchmark Replacement Rate-Setting	4047
SECTION 2.11	Illegality	4148
SECTION 2.12	Mitigation Obligations	4248
SECTION 2.13	Extension of Commitment Termination Date	4349
SECTION 2.14	Increases in Commitments	4450
SECTION 2.15	Defaulting Lenders	4552
SECTION 2.16	Provisions Relating to NAIC Approved Banks and Disqualified Lenders	4753

ARTICLE III

REPRESENTATIONS AND WARRANTIES

SECTION 3.01	Existence, Qualification and Power	4754
SECTION 3.02	Authorization; No Contravention	4854
SECTION 3.03	Governmental Authorization; Other Consents	4854
SECTION 3.04	Execution and Delivery; Binding Effect	4854
SECTION 3.05	Financial Statements; No Material Adverse Effect	4855
SECTION 3.06	Litigation	4855
SECTION 3.07	No Material Adverse Effect; No Default	4955
SECTION 3.08	Property	4955
SECTION 3.09	Taxes	4955
SECTION 3.10	Disclosure	4956
SECTION 3.11	Compliance with Laws	5056
SECTION 3.12	ERISA Compliance	5056
SECTION 3.13	Environmental Matters	5157
SECTION 3.14	Margin Regulations	5157
SECTION 3.15	Net Worth	5157

SECTION 3.16	Investment Company Act	51 57
SECTION 3.17	Center of Main Interests and Establishments	51 57
SECTION 3.18	Sanctions; Anti-Corruption	51 58
SECTION 3.19	Solvency	52 58
SECTION 3.20	Group Structure Chart	52 58
SECTION 3.21	Ownership	52 58
SECTION 3.22	EEA Financial Institution	52 58

ARTICLE IV

CONDITIONS

SECTION 4.01	Closing Date	52 58
SECTION 4.02	Conditions to All L/C Credit Extensions	54 60

ARTICLE V

AFFIRMATIVE COVENANTS

SECTION 5.01	Financial Statements	54 60
SECTION 5.02	Certificates; Other Information	56 62
SECTION 5.03	Notices	57 62
SECTION 5.04	Preservation of Existence, Etc	57 63
SECTION 5.05	Maintenance of Properties	57 63
SECTION 5.06	Maintenance of Insurance	58 63
SECTION 5.07	Payment of Obligations	58 64
SECTION 5.08	Compliance with Laws	58 64
SECTION 5.09	Environmental Matters	58 64
SECTION 5.10	Books and Records	58 64
SECTION 5.11	Inspection Rights	58 64
SECTION 5.12	Use of Letters of Credit	58 64
SECTION 5.13	Sanctions; Anti-Corruption Laws	59 64
SECTION 5.14	Bermuda Solvency Coverage Ratio	59 64
SECTION 5.15	Guarantor Coverage	59 65

ARTICLE VI

NEGATIVE COVENANTS

SECTION 6.01	Indebtedness	60 65
SECTION 6.02	Liens	61 67
SECTION 6.03	Fundamental Changes	63 68
SECTION 6.04	Dispositions	63 69
SECTION 6.05	Restricted Payments	64 70
SECTION 6.06	Investments	65 70
SECTION 6.07	Transactions with Affiliates	66 71
SECTION 6.08	Reserved	66 71
SECTION 6.09	Changes in Fiscal Periods	66 71
SECTION 6.10	Changes in Nature of Business	66 71
SECTION 6.11	Reserved	66 72
SECTION 6.12	Financial Covenants	66 72
SECTION 6.13	Sanctions; Anti-Corruption Use of Proceeds	67 72
SECTION 6.14	Bermuda Private Act	67 72
SECTION 6.15	Share Capital	67 72
SECTION 6.16	Amendments	67 72
SECTION 6.17	Swap Contracts	67 73

ARTICLE VII
EVENTS OF DEFAULT

SECTION 7.01 Events of Default ~~68~~73
SECTION 7.02 Application of Payments ~~70~~75

ARTICLE VIII
AGENCY

SECTION 8.01 Appointment and Authority ~~71~~76
SECTION 8.02 Rights as a Lender ~~71~~76
SECTION 8.03 Exculpatory Provisions ~~72~~76
SECTION 8.04 Reliance by Administrative Agent ~~72~~77
SECTION 8.05 Delegation of Duties ~~73~~77
SECTION 8.06 Resignation of Administrative Agent ~~73~~78
SECTION 8.07 Non-Reliance on Agents and Other Lenders ~~74~~78
SECTION 8.08 No Other Duties ~~74~~79
SECTION 8.09 Administrative Agent May File Proofs of Claim ~~74~~79

ARTICLE IX
GUARANTY

SECTION 9.01 Guaranty of the Obligations ~~75~~79
SECTION 9.02 Contribution by Guarantors ~~75~~79
SECTION 9.03 Payment by Guarantors ~~76~~80
SECTION 9.04 Liability of Guarantors Absolute ~~76~~80
SECTION 9.05 Waivers by Guarantor ~~77~~82
SECTION 9.06 Guarantors' Rights of Subrogation, Contribution, etc ~~78~~82
SECTION 9.07 Subordination of Other Obligations ~~78~~83
SECTION 9.08 Continuing Guaranty ~~78~~83
SECTION 9.09 Authority of Credit Parties ~~79~~83
SECTION 9.10 Financial Condition of Credit Parties ~~79~~83
SECTION 9.11 Bankruptcy, etc ~~79~~83
SECTION 9.12 Instrument for the Payment of Money ~~80~~84
SECTION 9.13 General Limitation on Guarantee Obligations ~~80~~84

ARTICLE X
MISCELLANEOUS

SECTION 10.01 Notices ~~80~~84
SECTION 10.02 Waivers; Amendments ~~82~~86
SECTION 10.03 Expenses; Indemnity; Damage Waiver ~~84~~89
SECTION 10.04 Successors and Assigns ~~86~~90
SECTION 10.05 Survival ~~89~~93
SECTION 10.06 Counterparts; Integration; Effectiveness; Electronic Execution ~~89~~93
SECTION 10.07 Severability ~~89~~94
SECTION 10.08 Right of Setoff ~~90~~94
SECTION 10.09 Governing Law; Jurisdiction; Etc ~~90~~94
SECTION 10.10 WAIVER OF JURY TRIAL ~~91~~95
SECTION 10.11 Headings ~~91~~96
SECTION 10.12 Treatment of Certain Information; Confidentiality ~~91~~96
SECTION 10.13 PATRIOT Act ~~92~~96

SECTION 10.14	Interest Rate Limitation	9296
SECTION 10.15	Payments Set Aside	9397
SECTION 10.16	No Advisory or Fiduciary Responsibility	9397
SECTION 10.17	Acknowledgment and Consent to Bail-In of Affected Financial Institutions	9397
SECTION 10.18	Certain ERISA Matters	9498

SCHEDULES

SCHEDULE 2.01	Commitments and Lenders; Eligible Affiliates
SCHEDULE 6.01	- Indebtedness
SCHEDULE 6.02	- Liens
SCHEDULE 6.06	- Investments

EXHIBITS

EXHIBIT A	Form of Assignment and Assumption
EXHIBIT B	Form of Guarantor Joinder Agreement
EXHIBIT C-1	- Form of Toggle Letter of Credit
EXHIBIT C-2	Form of Letter of Credit
EXHIBIT D	Form of Confirming Bank Agreement
EXHIBIT E	Form of Letter of Credit Request

LETTER OF CREDIT FACILITY AGREEMENT dated as of August 5, 2019 (this "Agreement") among CAVELLO BAY REINSURANCE LIMITED, as Borrower, ENSTAR GROUP LIMITED, KENMARE HOLDINGS LTD., ENSTAR (US ASIA-PAC) HOLDINGS LIMITED and ENSTAR HOLDINGS (US) LLC, as Guarantors, the LENDERS party hereto from time to time, and NATIONAL AUSTRALIA BANK LIMITED, as Several L/C Issuing Bank and Administrative Agent.

The Borrower has requested that the Finance Parties (as defined below) extend standby letters of credit to the Borrower from time to time, and the Lenders are willing to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION I.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR" means, for any day, a rate per annum equal to the highest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50%, (c) the LIBO Rate for a one-month term in effect on such day (taking into account any LIBO Rate floor under the definition of "LIBO Rate") plus 1.00%, and (d) 0%. Any change in the ABR due to a change in the Prime Rate, the Federal Funds Effective Rate or such LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or such LIBO Rate, respectively.

"Acquisition SPV" means a direct or indirect Subsidiary of the Parent other than a Credit Party, established or maintained for the purpose of making Investments that are not prohibited hereunder provided it has no other Indebtedness other than Acquisition SPV Indebtedness and/or Indebtedness owed to a member of the Group.

"Acquisition SPV Indebtedness" means Indebtedness incurred by an Acquisition SPV where the provider of the Indebtedness has no recourse against any member of the Group, other than to that Acquisition SPV and their respective assets.

"Administrative Agent" means National Australia Bank Limited, London Branch, in its capacity as administrative agent under any of the Credit Documents, or any successor administrative agent.

"Administrative Agent's Office" means the Administrative Agent's address and, as appropriate, account as set forth in Section 10.01, or such other address or account as the Administrative Agent may from time to time notify to the Borrower, the Several L/C Issuing Bank and the Lenders.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate" means, with respect to a specified Person, another Person that directly or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified, in each case regardless of whether such other Person is existing as of the date hereof.

“Agent Parties” has the meaning specified in Section 10.01(d)(ii).

“Agents” means, collectively, the Administrative Agent, the Several L/C Issuing Bank, the Syndication Agents and the Documentation Agent.

“Aggregate Payments” has the meaning specified in Section 9.02.

“Agreement” has the meaning specified in the introductory paragraph hereof.

“Alternative Currency” means any currency (other than Dollars) agreed to by (i) the Several L/C Issuing Bank, (ii) the Administrative Agent, acting on behalf of the Lenders, (iii) the Borrower, and (iv) each Lender; provided that each such currency is a lawful currency that is readily available, freely transferable and able to be converted into Dollars.

“Alternative Currency Amount” means, with respect to any amount in Dollars, the equivalent amount thereof in the applicable Alternative Currency as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of such Alternative Currency with such Dollars.

“Applicable Law” means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

“Applicable Percentage” means, ~~with respect to any Lender, the percentage of the total Commitments represented by such Lender’s Commitment. If the Commitments have terminated or expired, the~~ the Tranche A Applicable Percentages ~~shall be determined based upon the Commitments most recently in effect, giving effect to any assignments~~ and/or the Tranche B Applicable Percentage, as applicable.

“Applicable Rate” means (a) for the period prior to the Initial Commitment Termination Date, 0.90% per annum and (b) for the period on and after the Initial Commitment Termination Date, 1.00% per annum.

“Applicable Time” means, with respect to any payments in any Alternative Currency, the local time in the place of settlement for such Alternative Currency as may be determined by the Administrative Agent to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

“Approved Beneficiary” means each of the beneficiaries listed in that certain letter dated as of the Closing Date between the Borrower and the Administrative Agent (acting at the direction of all Lenders) (the “Approved Beneficiary Side Letter”), as such letter may be supplemented from time to time with the approval of the Several L/C Issuing Bank and each Lender, such approval not to be unreasonably withheld, conditioned or delayed (provided that, for the avoidance of doubt, it shall be deemed reasonable for a Lender to withhold consent on account of, without limitation, (i) any Sanctions related concerns, (ii) any issues or concerns arising as a result of “know your customer” and/or anti-money-laundering rules and regulations, including the PATRIOT Act, (iii) any inability of the Lender to issue a letter of credit into the domiciliary jurisdiction of the proposed additional Approved Beneficiary, and (iv) any additional costs arising on account of providing such Lender with relevant comfort it may reasonably request (including the issuance of legal opinions) in order to confirm that it is permitted to issue letters of credit into the applicable jurisdiction (if none of the then-current Approved Beneficiaries is domiciled in such jurisdiction), if such costs are not borne by the Borrower).

“Approved Beneficiary Side Letter” has the meaning specified in the definition of “Approved Beneficiary.”

“**Approved Fund**” means any Fund that is administered, managed or advised by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers, manages or advises a Lender.

“**Arrangers**” means, collectively, National Australia Bank Limited, London Branch and The Bank of Nova Scotia in their capacities as joint lead arrangers and joint bookrunners.

“**Arrangers’ Fee Letters**” means the fee letters dated on or around the First Amendment Effective Date between the Parent and each Arranger.

“**Assignment and Assumption**” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the Administrative Agent, in substantially the form of Exhibit A or any other form approved by the Administrative Agent.

“**Attributable Indebtedness**” means, as of any date of determination, (a) in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

“**Audited Financial Statements**” means the audited consolidated balance sheet of the Parent and its Subsidiaries for the fiscal year ended December 31, 2018 and the related consolidated statements of income or operations, Shareholders’ Equity and cash flows for such fiscal year of the Parent and its Subsidiaries.

“**Available Tenor**” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark or payment period for interest calculated with reference to such Benchmark, as applicable, that is or may be used for determining the length of an Interest Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to clause (d) of Section 2.10.

“**Bail-In Action**” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“**Bail-In Legislation**” means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“**Bankruptcy Code**” means Title 11 of the United States Code entitled “Bankruptcy,” as now and hereafter in effect, or any successor statute.

“**Basel III**” means:

(a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in ¹Basel III: A global regulatory framework for more resilient banks and banking systems², ³Basel III: International framework for liquidity risk measurement, standards and monitoring⁴ and

“Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(b) the rules for global systemically important banks contained in “Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text” published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”.

“Benchmark” means, initially, USD LIBOR; provided that if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to USD LIBOR or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to clause (a) of Section 2.10.

“Benchmark Replacement” means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

(a) the sum of: (i) Term SOFR and (ii) the related Benchmark Replacement Adjustment;

(b) the sum of: (i) Daily Simple SOFR and (ii) the related Benchmark Replacement Adjustment;

(c) the sum of: (i) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (1) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (2) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated credit facilities at such time and (ii) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (a), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion. If the Benchmark Replacement as determined pursuant to clause (a), (b) or (c) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Credit Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

(a) for purposes of clauses (a) and (b) of the definition of “Benchmark Replacement,” the first alternative set forth in the order below that can be determined by the Administrative Agent:

(1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;

(2) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and

(b) for purposes of clause (c) of the definition of "Benchmark Replacement," the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated syndicated credit facilities;

provided that, in the case of clause (a) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Administrative Agent in its reasonable discretion.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "ABR," the definition of "Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Credit Documents).

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);

(b) in the case of clause (c) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein; or

(c) in the case of an Early Opt-in Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, so long as the Administrative Agent has not received, by 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Required Lenders.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such

determination and (ii) the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, (i) a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof), and (ii) the parties hereto acknowledge that a Benchmark Transition Event has occurred with respect to USD LIBOR with the public announcements on March 5, 2021 by the ICE Benchmark Administration (IBA) and the U.K. Financial Conduct Authority (FCA), that the IBA will permanently cease to publish all remaining tenors of LIBOR on June 30, 2023.

“Benchmark Unavailability Period” means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (a) or (b) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Credit Document in accordance with Section 2.10 and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Credit Document in accordance with Section 2.10.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Beneficiary” means each Finance Party.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code or (c) any

Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"Board" means the Board of Governors of the Federal Reserve System of the United States.

"Borrower" means Cavello Bay Reinsurance Limited, an exempted company limited by shares and incorporated in Bermuda.

"Bribery Act" has the meaning specified in Section 3.18(b).

"Business Day," means any day that is not a Saturday, Sunday or other day that is a legal holiday under the laws of New York, New York, London, England or Hamilton, Bermuda or is a day on which banking institutions in any such place are authorized or required by Law to close; provided that, when any dealings are required pursuant to the terms of this Agreement in respect of any Alternative Currency, "Business Day" means any such day on which banks are open for foreign exchange business in the principal financial center of the country of such Alternative Currency.

"Capitalized Lease" means each lease that has been or is required to be, in accordance with GAAP, recorded as a capitalized lease.

"Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Finance Parties, as collateral for L/C Obligations or obligations of Lenders in respect of L/C Obligations, cash or deposit account balances or, if each of the Administrative Agent, the Several L/C Issuing Bank and each Lender shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to each of the Administrative Agent, the Several L/C Issuing Bank and each Lender. "Cash Collateral" shall have a meaning analogous to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"Cash Equivalents" means:

- (a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States), in each case maturing within one year from the date of acquisition thereof;
- (b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from a Credit Rating Agency;
- (c) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States or any state thereof that has a combined capital and surplus and undivided profits of not less than \$500,000,000;
- (d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above; and
- (e) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA and Aaa (or equivalent rating) by at least two Credit Rating Agencies and (iii) have portfolio assets of at least \$5,000,000,000.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States, European Union or foreign regulatory authorities, in each case pursuant to Basel III or CRD IV, and in each case except to the extent attributable to the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (but excluding any amendment arising out of Basel III or CRD IV), shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Change of Control” means an event or series of events by which: (a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its Subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, of more than 50% of the Equity Interests of the Parent entitled to vote for members of the board of directors or equivalent governing body of the Parent on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); or (b) during any period of 12 consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Parent cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body.

“Closing Date” means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 10.02.

“Code” means the Internal Revenue Code of 1986.

“Collateral Account” has the meaning specified in Section 2.01(m).

“Commitment” means ~~with respect to each Lender on any date, the commitment of such Lender to issue Letters of Credit hereunder as set forth in Section 2.01(a), as such commitment may be reduced or increased from time to time pursuant to Section 10.04 or reduced from time to time pursuant to Section 2.02 or increased from time to time pursuant to Section 2.14. The Commitments as of the First Amendment Effective Date are listed in Schedule 2.01: the Tranche A Commitments and/or the Tranche B Commitments, as applicable.~~

“Commitment Extension Notice” has the meaning specified in Section 2.13(b).

“Commitment Termination Date” means the date that is one year after the date of this Agreement (the “Initial Commitment Termination Date”), subject to extension in accordance with Section 2.13.

“Communications” has the meaning specified in Section 10.01(d)(ii).

“Confirming Bank” means, with respect to any Lender, any other bank that has agreed, by delivery of a confirming bank agreement in substantially the form of Exhibit D (a “Confirming Bank Agreement”), or such other form as may be agreed to by the relevant Lender, the Several L/C Issuing Bank and the Borrower, that such other bank will itself honor the obligations of such Lender in respect of a draft complying with the terms of a Letter of Credit as if, and to the extent, such other bank were the Lender acting as a “Letter of Credit Bank” named in such Letter of Credit.

“Confirming Bank Agreement” has the meaning set forth in the definition of “Confirming Bank”.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated Financial Indebtedness” means, at any time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of any Indebtedness of members of the Group, excluding (i) any such obligations to any other member of the Group; (ii) Indebtedness incurred pursuant to any letter of credit or its equivalent in the ordinary course of business, but only in each case to the extent such letter of credit or equivalent is undrawn; (iii) Contingent Capital Instruments to the extent that such instruments would not in aggregate exceed 10% of Total Capital; and (iv) Hybrid Capital to the extent that such Hybrid Capital (A) does not in aggregate exceed 15% of Total Capital and (B) does not mature or is not mandatorily redeemable or subject to any mandatory repurchase requirement at any time on or prior to the date which is six months after the Final Termination Date.

“Consolidated Net Worth” means, as of any date of determination, the aggregate of the Shareholders' Equity of the Parent.

“Contingent Capital Instruments” means unconditional, committed capital instruments which are callable on demand, but excluding Hybrid Capital.

“Contributing Guarantors” has the meaning specified in Section 9.02.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings analogous thereto.

“Controlled Investment Entity” means each Investment Entity that is Controlled by the Parent or any of its Subsidiaries, from time to time.

“Corresponding Tenor” means with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

“CRD” has the meaning specified in the definition of “EU CRD IV”.

“CRD IV” means: [EU CRD IV and UK CRD IV](#).

~~(a) Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012; and~~

~~(b) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.~~

“Credit Documents” means, collectively, this Agreement, the L/C Documents, the Fee Letters, any agreement creating or perfecting rights in the Cash Collateral pursuant to the provisions of Section 2.01(m) and any other documents entered into in connection herewith.

“Credit Parties” means, collectively, the Borrower and the Guarantors.

“Credit Rating” means a rating as determined by a Credit Rating Agency of the Parent’s non-credit-enhanced, senior unsecured long-term indebtedness.

“Credit Rating Agency” means Fitch, Moody’s, S&P or any other internationally recognized credit rating agency that evaluates the financial condition of issuers of debt instruments and then assigns a rating that reflects its assessment of the issuer’s ability to make debt payments.

“CRR” has the meaning specified in the definition of “EU CRD IV”.

“Daily Simple SOFR” means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Administrative Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for syndicated business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion.

“Debtor Relief Laws” means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws in the United States or any other applicable jurisdiction from time to time in effect.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means a rate (before as well as after judgment) equal to (a) with respect to an overdue reimbursement of L/C Distributions, the Reimbursement Interest Rate plus 2.00% per annum, and (b) with respect to any other overdue amount, ABR plus 2.00% per annum.

“Defaulting Lender” means, subject to Section 2.15(b), any Lender that (a) has failed to (i) fund all or any portion of its obligations in respect of Letters of Credit within two Business Days of the date when due, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the applicable Borrower or the Administrative Agent or the Several L/C Issuing Bank in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect, (c) has failed, within three Business Days after written request by the Administrative Agent, the Several L/C Issuing Bank or the Borrower, to confirm in writing to the Administrative Agent, the Several L/C Issuing Bank and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent, the Several L/C Issuing Bank and the applicable Borrower), (d) has, or has a direct or indirect parent company that has, (i) instituted or consented to the institution of a

proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action, or (e) ceases to be a NAIC Approved Bank with respect to any Letter of Credit issued to a beneficiary domiciled in Delaware (or any other US State which has adopted the NAIC model laws and rules); provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (e) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.15(b)) upon delivery of written notice of such determination to the Parent and each Lender.

“Disposition”, “Dispose” or “Disposed” means the sale, transfer, license, lease or other disposition of any property by any Person (including any sale and leaseback transaction and any issuance of Equity Interests by a Subsidiary of such Person), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“Disqualified Equity Interest” means any Equity Interest that, by its terms (or the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Equity Interests that are not Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of all Obligations that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for mandatory scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is 91 days after the Final Termination Date; provided that if such Equity Interests are issued pursuant to a plan for the benefit of employees of a Credit Party or any Subsidiary or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the such Credit Party or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability.

“Disqualified Lender” means a Lender in respect of which (a) the circumstances set forth in Section 2.11 apply to such Lender, or (b) any beneficiary of any Letter of Credit provides written confirmation to the Several L/C Issuing Bank that, under applicable regulations, such beneficiary is no longer permitted to accept letters of credit from such Lender; provided that, with respect to clause (b), if such Lender enters into a Confirming Bank Agreement with a bank, or subsequently acts through an Affiliate or Branch of such Lender for which the notice referred to in clause (b) does not apply, such Lender shall not be a Disqualified Lender.

“Disqualified Tranche B Lender” has the meaning specified in Section 2.01(s).

“Documentation Agent” means National Australia Bank Limited, London Branch.

“Dollar” and “\$” mean lawful money of the United States.

“Dollar Amount” means (a) with respect to any amount in Dollars, such amount or (b) in the case of an amount in Alternative Currency, the equivalent amount thereof in Dollars as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of Dollars with such Alternative Currency.

“Early Opt-in Election” means, if the then-current Benchmark is USD LIBOR, the occurrence of:

(a) a notification by the Borrower and the Administrative Agent to each of the other parties hereto that at least five currently outstanding U.S. dollar-denominated syndicated credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and

(b) the joint election by the Administrative Agent and the Borrower to trigger a fallback from USD LIBOR and the provision by the Administrative Agent of written notice of such election to the Lenders.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Affiliate” means each Affiliate of the Borrower which is listed in Schedule 2.01 hereto and any other Affiliate of the Borrower approved by the Lenders.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Section 10.04(b)(iii), (iv) (vi) and (vii) (subject to such consents, if any, as may be required under Section 10.04(b)(iii)).

“Engagement Letter” means the engagement letter, dated as of March 20, 2019 between the Parent and the Arrangers.

“Environmental Laws” means any and all federal, state, local, and foreign statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions, including all common law, relating to pollution or the protection of health, safety or the environment or the release of any materials into the environment, including those related to Hazardous Materials, air emissions, discharges to waste or public systems and health and safety matters.

“Environmental Liability” means any liability or obligation, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), directly or indirectly, resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment, disposal or permitting or arranging for the disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or

threatened release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means, as to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or non-voting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with the Parent within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code or Section 302 of ERISA).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) the failure by the Parent or any ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules or the filing of an application for the waiver of the minimum funding standards under the Pension Funding Rules; (c) the incurrence by the Parent or any ERISA Affiliate of any liability pursuant to Section 4063 or 4064 of ERISA or a “substantial cessation of operations” with respect to a Pension Plan within the meaning of Section 4062(e) of ERISA (for which the exemption set forth in Section 4062(e)(3) of ERISA is not available); (d) a complete or partial withdrawal by the Parent or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization or insolvent (within the meaning of Title IV of ERISA); (e) the filing of a notice of intent to terminate a Pension Plan under, or the treatment of a Pension Plan amendment as a termination under, Section 4041 of ERISA; (f) the institution by the PBGC of proceedings to terminate a Pension Plan; (g) any event or condition that constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (h) the determination that any Pension Plan is in at-risk status (within the meaning of Section 430 of the Code or Section 303 of ERISA) or that a Multiemployer Plan is in endangered or critical status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (i) the imposition or incurrence of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Parent or any ERISA Affiliate; (j) the engagement by the Parent or any ERISA Affiliate in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; (k) the imposition of a lien upon the Parent or any ERISA Affiliate pursuant to Section 430(k) of the Code or Section 303(k) of ERISA; or (l) the making of an amendment to a Pension Plan that could result in the posting of bond or security under Section 436(f)(1) of the Code.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“EU CRD IV” means:

(a) Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (“CRR”); and

(b) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (“CRD”).

“Event of Default” has the meaning specified in Article VII.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable funding office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes and (b) any withholding Taxes imposed under FATCA.

“Existing Commitment Termination Date” has the meaning specified in Section 2.13(b).

“Existing Facility Agreements” means the Revolving Credit Facility Credit Agreement, the Term Loan Credit Agreement and the LC Facility Agreement.

“Extending Lender” means, in respect of each request by the Borrower to extend the relevant Commitment Termination Date pursuant to Section 2.13(a), each Lender that (i) delivers a Commitment Extension Notice pursuant to Section 2.13(b) in respect thereof, or (ii) replaces a Non-Extending Lender pursuant to the terms hereof and agrees to so extend their Commitments and deliver a Commitment Extension Notice pursuant to Section 2.13(b).

“Extension Fee” has the meaning specified in Section 2.03(d).

“Fair Share” has the meaning specified in Section 9.02.

“Fair Share Contribution Amount” has the meaning specified in Section 9.02.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“FCA” means the United Kingdom Financial Conduct Authority and any predecessor or successor body or bodies.

“FCPA” has the meaning specified in Section 3.18(b).

“Federal Funds Effective Rate” means, for any day, the greater of (a) the rate calculated by the Federal Reserve Bank of New York based on such day’s Federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the Federal funds effective rate and (b) 0%.

“Federal Reserve Board” means the Board of Governors of the Federal Reserve System of the United States.

“Fee Letters” means the Arrangers’ Fee Letters, the Upfront Fee Letter and the Second Amendment Fee Letter.

“Fifth Amendment” means that certain Fifth Amendment to Letter of Credit Facility Agreement, dated as of the Fifth Amendment Effective Date, by and among the Borrower, the Guarantors, the Lenders party thereto, the Administrative Agent and the Several L/C Issuing Bank.

["Fifth Amendment Effective Date" means August 13, 2021.](#)

"Final Termination Date" means the date that is five years after the date of this Agreement or, if such date is not a Business Day, the immediately preceding Business Day.

"Finance Parties" means the Several L/C Issuing Bank, the Administrative Agent and each Lender.

"Financial Officer" means, as to any Person, the chief financial officer, principal accounting officer, treasurer or controller of such Person.

"First Amendment" means that certain First Amendment to Letter of Credit Facility Agreement, dated as of the First Amendment Effective Date, by and among the Borrower, the Guarantors, the Lenders party thereto, the Administrative Agent and the Several L/C Issuing Bank.

"First Amendment Effective Date" means December 9, 2019.

"Fitch" means Fitch Ratings Inc.

["Floor" means the benchmark rate floor, if any, provided in this Agreement initially \(as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise\) with respect to USD LIBOR.](#)

"Foreign Plan" means any employee pension benefit plan, program, policy, arrangement or agreement maintained or contributed to by the Borrower or any Subsidiary with respect to employees employed outside the United States (other than any governmental arrangement).

"Fourth Amendment" means that certain Fourth Amendment to Letter of Credit Facility Agreement, Waiver & Consent, dated as of March 31, 2021.

"Fronting Arrangement" means an agreement or other arrangement by an Insurance Subsidiary pursuant to which an insurer or insurers agree to issue insurance policies at the request or on behalf of such Insurance Subsidiary and such Insurance Subsidiary assumes the obligations in respect thereof pursuant to a Reinsurance Agreement or otherwise.

"Fund" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of its activities.

"Funding Guarantor" has the meaning specified in Section 9.02.

"GAAP" means, subject to Section 1.03, generally accepted accounting principles in the United States, or as appropriate locally, as in effect as of the date of determination thereof.

"Governmental Authority" means the government of the United States, Bermuda, or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Group" means the Parent and each of its Subsidiaries from time to time.

"Group Enhanced Capital Requirement" means the enhanced capital requirement applicable to the Group pursuant to the Insurance (Group Supervision) Rules 2011 of Bermuda, as

implemented and applied in Bermuda, and taking into account of any transitional measures and any capital add on permitted or applied by the Bermuda Monetary Authority.

“Group Enhanced Capital Resources” means the capital resources of the Group which are, pursuant to the Insurance Act 1978 of Bermuda, as amended (including any rules and regulations promulgated thereunder), eligible to satisfy the Group Enhanced Capital Requirement.

“Group Structure Chart” means the most recent group structure chart of the Group delivered to the Administrative Agent by the Parent on or prior to the date of this Agreement.

“Guarantee” means, as to any Person, any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (b) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term “Guarantee” shall not include (i) endorsements for collection or deposit in the ordinary course of business or (ii) obligations of any Insurance Subsidiary under Insurance Contracts, Reinsurance Agreements, Fronting Arrangements or Retrocession Agreements. The amount of any Guarantee made by any guarantor shall be deemed to be the lower of (A) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made and (B) the maximum amount for which such guarantor may be liable pursuant to the terms of the instrument embodying such Guarantee, unless such primary obligation and the maximum amount for which such guarantor may be liable are not stated or determinable, in which case the amount of such Guarantee shall be such guarantor’s maximum reasonably anticipated liability in respect thereof as determined by the Credit Parties in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Guaranteed Obligations” has the meaning specified in Section 9.01.

“Guarantor” means each of the Parent, Holdings, Holdings Asia and Holdings US, and any Person who has executed a Guarantor Joinder Agreement or comparable guaranty documentation, as the case may be, reasonably satisfactory to the Administrative Agent, pursuant to Section 5.15 of this Agreement.

“Guarantor Joinder Agreement” means a Guarantor Joinder Agreement among the Parent, each applicable Guarantor and the Administrative Agent substantially in the form set out at Exhibit B (and with such changes thereto as shall be necessary or appropriate as reasonably agreed to by the Administrative Agent and the Parent).

“Guaranty” means the guaranty of the Guarantors set forth in Article IX.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes, and other substances or wastes of any nature regulated under or with respect to which liability or standards of conduct are imposed pursuant to any Environmental Law.

“Holding Company” means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

“Holdings” means Kenmare Holdings Ltd., an exempted company limited by shares and incorporated in Bermuda.

“Holdings Asia” means Enstar (US Asia-Pac) Holdings Limited, a company organized under the laws of England and Wales.

“Holdings US” means Enstar Holdings (US) LLC, a limited liability company organized under the laws of the State of Delaware.

“Hybrid Capital” means any security that affords equity benefit to the issuer thereof (under the procedures and guidelines of S&P at the time of issuance of such security) by having ongoing payment requirements that are more flexible than interest payments associated with conventional indebtedness for borrowed money and by being contractually subordinated to such indebtedness.

“Incremental Commitment” has the meaning specified in Section 2.14(a).

“Incremental Commitment Effective Date” has the meaning specified in Section 2.14(e).

“Incremental Lender” has the meaning specified in Section 2.14(d).

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

- (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;
- (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (d) net obligations of such Person under any Swap Contract;
- (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person, whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;
- (f) any counter-indemnity or reimbursement obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution except in respect of an underlying liability of an entity which is a member of the Group;
- (g) any amount of any liability under an advance or deferred purchase agreement if (1) one of the primary reasons behind entering into the agreement is to raise capital or (2) the agreement is in respect of the supply of assets or services and payment is due more than 90 days after the date of supply (excluding any trade accounts payable in the ordinary course of business);
- (h) any amount raised under any other transaction having the commercial effect of a borrowing;
- (i) all Attributable Indebtedness;

(j) all obligations of such Person in respect of Disqualified Equity Interests, with the amount of Indebtedness represented by such Disqualified Equity Interests being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any (for purposes hereof, the “maximum fixed repurchase price” of any Disqualified Equity Interests that does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Equity Interest as if such Disqualified Equity Interest were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Agreement, and if such price is based upon, or measured by, the fair market value of such Disqualified Equity Interest, such fair market value shall be determined reasonably and in good faith by the board of directors or other governing body of the issuer of such Disqualified Equity Interest); and

(k) the amount of any liability in respect of any Guarantees for any items referred to at (a) to (j) above.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation, limited liability company or other entity that provides for the limited liability of its owners) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any Indebtedness of any Person for purposes of clause (e) that is expressly made non-recourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (i) the aggregate principal amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such Person in good faith. Indebtedness shall not include (A) current trade payables (including current payables under insurance contracts and current reinsurance payables) and accrued expenses, in each case arising in the ordinary course of business, or (B) obligations of any Insurance Subsidiary under Policies, Reinsurance Agreements, Retrocession Agreements or Fronting Arrangements (including Guarantees of any such obligations) which are entered into in the ordinary course of business.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of a Credit Party under any Credit Document and (b) to the extent not otherwise described in (a), Other Taxes.

“Indemnitee” has the meaning specified in Section 10.03(b).

“Information” has the meaning specified in Section 10.12.

“Initial Commitment Termination Date” has the meaning specified in the definition of “Commitment Termination Date”.

“Insurance Contract” means any insurance contract or policy issued by an Insurance Subsidiary that is not a Reinsurance Agreement, Fronting Arrangement or Retrocession Agreement.

“Insurance Subsidiary” means a member of the Group which is licensed by any Governmental Authority to engage in the insurance and/or reinsurance business.

“Interest Period” means each interest period determined by the Administrative Agent in accordance with Section 2.01(k).

“Investment” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests or debt or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any

arrangement pursuant to which the investor incurs Indebtedness of the type referred to in clause (a) of the definition of "Indebtedness" in respect of such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the property and assets or business of another Person or assets constituting a business unit, line of business or division of such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment but giving effect to any returns or distributions of capital or repayment of principal actually received in case by such Person with respect thereto.

"Investment Entity" means any Investment Fund, Investment Fund GP, or Investment Fund Manager.

"Investment Fund" means InRe Fund, L.P. ("InRe Fund") and any replacement or successor investment funds to InRe Fund that, in the reasonable discretion of the Parent, are necessary or desirable to consummate a transaction or series of transactions that cause InRe Fund (and its replacement or successor investment funds) to not be required to be consolidated with Parent pursuant to GAAP provided, that (i) at least 95% of the limited partnership interests in such consolidated investment funds that are held directly or indirectly by the Parent or Subsidiaries of the Parent are held by Cavello Bay Reinsurance Limited, (ii) no entity which was Controlled by the Parent prior to the completion of the InRe Transaction (as defined in the Fourth Amendment) shall be an Investment Fund and (iii) each Investment Fund shall have an Investment Fund GP. For the avoidance of doubt, clause (ii) of the proviso to the preceding sentence shall not exclude InRe Fund or any replacement or successor investment fund from the definition of Investment Fund. For the avoidance of doubt, any investment fund for which clauses (i), (ii) and (iii) of the proviso above are not satisfied, shall not be an "Investment Fund".

"Investment Fund GP" means any limited liability entity that is a general partner of any Investment Fund whose assets are limited to interests in an Investment Fund or Investment Funds and other amounts received and receivable in respect of Contractual Obligations with an Investment Fund or Investment Funds.

"Investment Fund Manager" means any Person that provides fund management services to an Investment Fund, including AnglePoint Asset Management Limited; provided that if such Person is Controlled by the Parent or any of its Subsidiaries, such Person's activities and assets shall be limited to providing such fund management services.

"IRS" means the United States Internal Revenue Service.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

"Joinder Agreement" means a joinder or similar agreement entered into by any Lender under Section 2.14 pursuant to which such Lender shall provide an Incremental Commitment hereunder.

"Laws" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"L/C Credit Extension" means, with respect to any Letter of Credit, the issuance or renewal thereof or the extension of the expiry date thereof, or the reinstatement or increase of the amount thereof.

“L/C Disbursement” means a payment made by the Several L/C Issuing Bank pursuant to a Letter of Credit.

“L/C Documents” means, as to any Letter of Credit, each application therefor and any other document, agreement and instrument entered into by the Borrower or a Subsidiary with or in favor of the Several L/C Issuing Bank and relating to such Letter of Credit.

“L/C Fee” has the meaning specified in Section 2.03(b).

“L/C Obligations” means, ~~at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time, including any automatic or scheduled increases provided for by the terms of such Letters of Credit, determined without regard to whether any conditions to drawing could be met at that time, plus (b) the aggregate amount of all L/C Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The L/C Obligations of any Lender at any time shall be its Applicable Percentage of the total L/C Obligations at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Article 29(a) of the UCP or similar terms of the Letter of Credit itself, or if compliant documents have been presented but not yet honored, such Letter of Credit shall be deemed to be “outstanding” and “undrawn” in the amount so remaining available to be paid, and the obligations of the Borrower and each Lender shall remain in full force and effect until the Several L/C Issuing Bank and the Lenders shall have no further obligations to make any payments or disbursements under any circumstances with respect to any Letter of Credit.~~ the Tranche A L/C Obligations and/or the Tranche B L/C Obligations, as applicable.

“LC Credit Documents” means the LC Facility Agreement and any other document, instrument, certificate and agreement entered into in connection therewith, including any fee letters, promissory notes and guarantor joinder agreements.

“LC Facility Agreement” means that certain Letter of Credit Facility Agreement, dated as of December 24, 2018, by and among the Parent, as guarantor, Holdings, as borrower, the lenders party thereto, the issuing bank party thereto, the administrative agent party thereto and the other parties party thereto, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Lenders” means the Persons listed on Schedule 2.01 and any other Person that shall have become party hereto pursuant to an Assignment and Assumption or an amendment to this Agreement, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption or an amendment to this Agreement. The term “Lender” shall include the Tranche A Lenders and/or the Tranche B Lenders, as applicable.

“Letter of Credit” means any standby letter of credit issued hereunder (i) substantially in the form of Exhibit C-1 in the case of the Toggle Beneficiary, (ii) substantially in the form of Exhibit C-2 in the case of any other beneficiary domiciled in Bermuda or Delaware (or any other US State which has adopted the NAIC model laws and rules) or (iii) in such other form as the Several L/C Issuing Bank and the Administrative Agent may otherwise agree.

“LIBO Rate” means, with respect to any L/C Disbursement for any Interest Period, the greater of, (a) subject to the implementation of a Benchmark Replacement ~~Rate~~ in accordance with ~~SECTION 2.10~~ Section 2.10, the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) appearing on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or on any successor or substitute page or service providing quotations of interest rates applicable to deposits for the relevant currency in the London interbank market comparable to those currently provided on such page, as determined by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for deposits for the relevant currency with a maturity comparable to such Interest Period; provided that (i) if such rate is not available, the “LIBO Rate” with respect to such L/C Disbursement for such Interest Period shall be the offered quotation rate to

~~first class banks in the London interbank market by the Person that is the Administrative Agent for deposits (for delivery on the first day of the relevant period) in the relevant currency of amounts in same day funds comparable to the amount for which the LIBO Rate is then being determined with maturities comparable to such Interest Period at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, and (ii) if the rate described in clause (i) of this proviso is not available, the "LIBO Rate" with respect to such L/C Disbursement for such Interest Period shall be ABR, and (b) 0.00%. Unless otherwise specified in any amendment to this Agreement entered into in accordance with ~~SECTION 2.10~~ Section 2.10, in the event that a Benchmark Replacement Rate with respect to the LIBO Rate is implemented, then all references herein to the LIBO Rate shall be deemed references to such Benchmark Replacement Rate.~~

"Lien" means any mortgage, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Lloyd's" means the society incorporated by the Lloyd's Act 1871 by the name of Lloyd's.

"Lloyd's Designation Notice" has the meaning specified in Section 2.01(s).

"Lloyd's Entity" means any member, members' agent, syndicate or managing agent for any underwriting year of account at Lloyd's or any other Person seeking capital, regulatory or collateral credit at Lloyd's for a letter of credit.

"Margin Stock" means margin stock within the meaning of Regulations T, U and X.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect on, the operations, business or financial condition of the Parent and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of a Credit Party to perform its payment obligations under the Credit Documents, or (ii) the rights, remedies and benefits available to, or conferred upon, the Administrative Agent or any Lender under any Credit Documents.

"Material Subsidiary" means a Subsidiary of the Parent that after the elimination of intercompany accounts, has total assets in excess of 10% of the consolidated total assets of the Parent and its Subsidiaries based upon and as of the date of delivery of the most recent consolidated financial statements of the Parent and its Subsidiaries furnished pursuant to Section 5.01, as applicable.

"Maximum Rate" has the meaning specified in Section 10.14.

"Moody's" means Moody's Investors Service Limited.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which a Credit Party or any ERISA Affiliate either currently or during the preceding five plan years, has made or been obligated to make contributions, or has any liability.

"Multiple Employer Plan" means a Plan with respect to which a Credit Party or any ERISA Affiliate is a contributing sponsor, and that has two or more contributing sponsors at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

"NAIC" means the National Association of Insurance Commissioners and any successor thereto.

"NAIC Approved Bank" means (a) a bank that is a bank listed on the most current "List of Qualified U.S. Financial Institutions" approved by the NAIC (the "NAIC Approved Bank List") (or any

branch or related entity of such bank that qualifies as a Qualified U.S. Financial Institution in accordance with the Purposes and Procedures Manual of the NAIC Investment Analysis Office), or (b) a bank as to which its Confirming Bank is a bank listed on the NAIC Approved Bank List.

“NAIC Approved Bank List” has the meaning set forth in the definition of “NAIC Approved Bank”.

“Net Worth” means, in relation to any member of the Group, at any time, the aggregate of the shareholders’ equity determined in accordance with GAAP of such Group member at such time.

“Non-Consenting Lender” means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all or all affected Lenders in accordance with the terms of Section 10.02 and (b) has been approved by the Required Lenders.

“Non-Defaulting Lender” means, at any time, each Lender that is not a Defaulting Lender at such time.

“Non-Extending Lender” means, in respect of any request from the Borrower for an extension of a Commitment Termination Date, where the Required Lenders have delivered Commitment Extension Notices in respect of such request, any Lender that does not deliver a Commitment Extension Notice.

“Non-Extension Notice Date” has the meaning specified in Section 2.01(b).

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, a Credit Party arising under any Credit Document or otherwise with respect to any Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against a Credit Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the foregoing, the Obligations include (a) the obligation to pay Reimbursement Obligations, interest, Letter of Credit commissions, charges, expenses, fees, indemnities and other amounts payable by a Credit Party under any Credit Document and (b) the obligation of a Credit Party to reimburse any amount in respect of any of the foregoing that the Administrative Agent or any Lender, in each case in its sole discretion, may elect to pay or advance on behalf of such Credit Party.

“Offer Period” has the meaning specified in Section 2.14(b).

“Organizational Documents” means (a) as to any corporation, the charter or certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction), (b) as to any limited liability company, the certificate or articles of formation or organization and operating or limited liability agreement and (c) as to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Letter of Credit or Credit Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Credit Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“Parent” means Enstar Group Limited, an exempted company limited by shares and incorporated in Bermuda.

“Participant” has the meaning specified in Section 10.04(d).

“PATRIOT Act” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

“Payment in Full” or “Pay in Full” or “Paid in Full” means the payment in full in cash of all Obligations (or Guaranteed Obligations, as applicable) (other than indemnities and other contingent obligations not yet due and payable under any Credit Documents) and termination or expiration of all Commitments.

“PBGC” means the Pension Benefit Guaranty Corporation.

“Pension Act” means the Pension Protection Act of 2006.

“Pension Funding Rules” means the rules of the Code and ERISA regarding minimum funding standards and minimum required contributions (including any installment payment thereof) to Pension Plans and Multiemployer Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

“Pension Plan” means any employee pension benefit plan (including a Multiple Employer Plan, but excluding a Multiemployer Plan) that is maintained or is contributed to by a Credit Party or any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

“Permitted Tranche Variance Threshold” means, at any time, an amount equal to ten percent of the aggregate Tranche A Commitments and Tranche B Commitments of all Lenders at such time.

“Person” means any natural Person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee benefit plan within the meaning of Section 3(3) of ERISA, maintained for employees of a Credit Party or any ERISA Affiliate, or any such plan to which a Credit Party or any ERISA Affiliate is required to contribute on behalf of any of its employees or with respect to which a Credit Party has any liability.

“Platform” means Debt Domain, Intralinks, Syndtrak, DebtX or a substantially similar electronic transmission system.

“Policies” means all insurance and annuity policies and contracts, guaranteed interest contracts, guaranteed investment contracts, and funding agreements, and similar undertakings or arrangements (including riders to any such policies or contracts, certificates issued with respect to life insurance or annuity contracts and any contracts issued in connection with retirement plans or arrangements) and assumption certificates issued or to be issued (or filed pending current review by

applicable Governmental Authorities) by any Insurance Subsidiary and any coinsurance agreements entered into or to be entered into by any Insurance Subsidiary.

“Public Lender” has the meaning specified in Section 10.01(e).

“PRA” means the United Kingdom Prudential Regulation Authority and any predecessor or successor body or bodies.

“Prime Rate” means the greater of (a) the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Board (as determined by the Administrative Agent), and (b) 0%. Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

“Private Act” means separate legislation enacted in Bermuda with the intention that such legislation apply specifically to any Credit Party (not being legislation of general public application), in whole or in part.

“Prospective JV” has the meaning specified in Section 6.08.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Quarter Date” means each of March 31, June 30, September 30 and December 31.

“Recipient” means the Administrative Agent or any Lender, as applicable.

“Reference Time” with respect to any setting of the then-current Benchmark means (1) if such Benchmark is USD LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, and (2) if such Benchmark is not USD LIBOR, the time determined by the Administrative Agent in its reasonable discretion.

“Register” has the meaning specified in Section 10.04(c).

“Regulation” has the meaning specified in Section 3.17.

“Regulation T” means Regulation T of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Regulation U” means Regulation U of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Regulation X” means Regulation X of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Reimbursement Interest Rate” means a rate per annum equal to the LIBO Rate plus 2.00%.

“Reimbursement Obligation” means, in respect of any L/C Disbursement, an amount equal to such L/C Disbursement.

“Reinsurance Agreement” means any agreement, contract, treaty, certificate or other arrangement whereby any Insurance Subsidiary agrees to transfer, cede or retrocede to another insurer

or reinsurer all or part of the liability assumed or assets held by such Insurance Subsidiary under a policy or policies of insurance issued by such Insurance Subsidiary.

“Related Parties” means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors, attorneys-in-fact and representatives of such Person and of such Person's Affiliates.

“Relevant Governmental Body” means [the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.](#)

“Removal Effective Date” has the meaning specified in Section 8.06(b).

~~“Replacement Rate” has the meaning specified in SECTION 2.10.~~

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30-day notice period has been waived.

“Required Lenders” means, at any time, Lenders having Total Credit Exposures representing more than 66^{2/3}% of the Total Credit Exposures of all Lenders; [provided that \(a\) with respect to any matter solely affecting the Tranche A Lenders, the Required Lenders shall mean Tranche A Lenders having Tranche A Total Credit Exposures representing more than 66^{2/3}% of the Tranche A Total Credit Exposures of all Tranche A Lenders, and \(b\) with respect to any matter solely affecting the Tranche B Lenders, the Required Lenders shall mean Tranche B Lenders having Tranche B Total Credit Exposures representing more than 66^{2/3}% of the Tranche B Total Credit Exposures of all Tranche B Lenders.](#)

“Resignation Effective Date” has the meaning specified in Section 8.06(a).

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer” means (a) the chief executive officer, president, executive officer or a Financial Officer of a Credit Party, (b) solely for purposes of the delivery of incumbency certificates and certified Organizational Documents and resolutions pursuant to Section 4.01, any secretary or assistant secretary of a Credit Party and (c) solely for purposes of requests for L/C Credit Extensions and notices for Commitment terminations or reductions given pursuant to Article II, any other officer or employee of a Credit Party so designated from time to time by one of the officers described in clause (a) in a notice to the Administrative Agent (together with evidence of the authority and capacity of each such Person to so act in form and substance satisfactory to the Administrative Agent). Any document delivered hereunder that is signed by a Responsible Officer of a Credit Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership or other action on the part of such Credit Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Credit Party.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of any Person, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interest, or on account of any return of capital to such Person's shareholders, partners or members (or the equivalent Persons thereof).

“Retrocession Agreement” means any agreement, contract, treaty or other arrangement whereby one or more insurers or reinsurers, as retrocessionaires, assume liabilities of reinsurers under a Reinsurance Agreement or other retrocessionaires under another Retrocession Agreement.

“Revaluation Date” means with respect to any Letter of Credit, each of the following: (a) each date of a L/C Credit Extension in respect of a Letter of Credit denominated in an Alternative Currency and (b) such additional dates as the Administrative Agent shall determine or the Required Lenders shall require.

“Revolving Credit Facility” means that certain credit facility in an amount not to exceed \$1,000,000,000 established pursuant to the Revolving Credit Facility Documents, and any refinancing or replacement thereof that does not increase the principal amount thereof above \$1,000,000,000.

“Revolving Credit Facility Credit Agreement” means that certain Revolving Credit Agreement, dated as of August 16, 2018, among Parent, Holdings, Holdings Asia and Holdings US, the lenders party thereto, National Australia Bank Limited, and the other parties party thereto, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Revolving Credit Facility Documents” means this Revolving Credit Facility Credit Agreement and any other documents entered into in connection therewith, including any promissory notes, fee letters, and any guarantor joinder agreements.

“S&P” means Standard & Poor’s Financial Services LLC.

“Sanctions” has the meaning specified in Section 3.18(a).

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Second Amendment” means that certain Second Amendment to Letter of Credit Facility Agreement, dated as of the Second Amendment Effective Date, by and among the Borrower, the Guarantors, the Lenders party thereto, the Administrative Agent and the Several L/C Issuing Bank.

“Second Amendment Effective Date” means June 3, 2020.

“Second Amendment Fee Letter” means the fee letter dated on or around the Second Amendment Effective Date among the Parent and the Lenders party thereto.

“Several L/C Issuing Bank” means National Australia Bank Limited, in its capacity as Administrative Agent issuing Letters of Credit hereunder for and on behalf of the Lenders, and as an attorney-in-fact for such Lenders; provided that National Australia Bank Limited may elect to perform any of its obligations hereunder as Several L/C Issuing Bank under this Agreement or the other Credit Documents (including issuing Letters of Credit) by acting through one or more of its Affiliates or branches, including National Australia Bank Limited, New York Branch and National Australia Bank Limited, London Branch, so long as such Affiliate or branch that issues Letters of Credit hereunder is, in respect of any Letter of Credit issued to a beneficiary (i) domiciled in Delaware (or any other US State which has adopted the NAIC model laws and rules), an NAIC Approved Bank, and (ii) in respect of any beneficiary domiciled outside of Delaware (or any other US State which has adopted the NAIC model laws and rules), any entity from which National Australia Bank Limited believes it is capable of issuing letters of credit into such jurisdiction, and, in each case, which complies with the related requirements applicable to the Several L/C Issuing Bank issuing Letters of Credit hereunder; provided further that any exercise of such option shall not affect the obligations of the Credit Parties to repay such obligation (including in respect of Letters of Credit) in accordance with the terms of this Agreement. For the avoidance of doubt, the Several L/C Issuing Bank is not acting as a fronting bank in respect of the Letter of Credit.

“Shareholders’ Equity” means, as of any date of determination, consolidated shareholders’ equity of the Parent as of such date determined in accordance with GAAP.

“SOFR” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator’s Website on the immediately succeeding Business Day.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Administrator’s Website” means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“Solvent” means, as to any Person as of any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair saleable value of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person’s property would constitute an unreasonably small capital. The amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Spot Rate” for a currency means the rate determined by the Administrative Agent to be the rate quoted by the Administrative Agent as the spot rate for the purchase of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent may obtain such spot rate from another financial institution designated by the Administrative Agent if the Administrative Agent does not have as of the date of determination a spot buying rate for any such currency.

“Subsidiary” of a Person means, subject to the last sentence of this definition, a corporation, partnership, limited liability company, association or joint venture or other business entity of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time owned or the management of which is controlled, directly, or indirectly through one or more intermediaries, by such Person. Unless otherwise specified, subject to the last sentence of this definition, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of a Credit Party. For all purposes of this Agreement and the other Credit Documents, the term “Subsidiary” or “Subsidiaries” shall not include any Investment Fund, Investment Fund Manager or Investment Fund GP.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, that are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Swap Termination Value” means, as to any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“Syndication Agent” means each of National Australia Bank Limited, London Branch and The Bank of Nova Scotia.

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term Loan Credit Agreement” means that certain Term Loan Credit Agreement, dated as of December 27, 2018, by and among the Parent, Holdings, Holdings Asia and Holdings US, the lenders party thereto, Wells Fargo Bank, National Association and the other parties party thereto, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Term Loan Credit Documents” means the Term Loan Credit Agreement and any other document, instrument, certificate and agreement entered into in connection therewith, including any fee letters, promissory notes and guarantor joinder agreements.

“Term Loan Credit Facility” means that certain credit facility in an amount not to exceed \$650,000,000 established pursuant to the Term Loan Credit Documents, and any refinancing or replacement thereof that does not increase the principal amount thereof above \$650,000,000.

“Term SOFR” means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Toggle Beneficiary” means any Approved Beneficiary domiciled in Bermuda or Delaware (or any other US State which has adopted the NAIC model laws and rules) and identified as the Toggle Beneficiary by the Borrower to the Administrative Agent and Several L/C Issuing Bank in writing and from which the Borrower has obtained acknowledgement that such Approved Beneficiary will accept Toggle Letters of Credit, provided that there shall be only one Toggle Beneficiary at any one time.

“Toggle Letter of Credit” means each Letter of Credit defined in clause (i) of the definition of Letter of Credit, and “Toggle Letters of Credit” means all such Letters of Credit. For the avoidance of doubt, there shall be no more than two Toggle Letters of Credit outstanding at any one time.

“Total Capital” means, in respect of any date, the sum of (a) the Consolidated Financial Indebtedness on such date (excluding, to the extent otherwise included, all Hybrid Capital), (b) the Consolidated Net Worth on such date and (c) the aggregate principal amount of all Hybrid Capital on such date.

“Total Credit Exposure” means the Tranche A Total Credit Exposure and/or the Tranche B Credit Exposure, as applicable.

“Tranche” means the Tranche A Facility or the Tranche B Facility.

“Tranche A Applicable Percentage” means, with respect to any Tranche A Lender, the percentage of the total Tranche A Commitments represented by such Tranche A Lender’s Commitment. If the Tranche A Commitments have terminated or expired, the Tranche A Applicable Percentages shall be determined based upon the Tranche A Commitments most recently in effect, giving effect to any assignments.

“Tranche A Commitment” means with respect to each Tranche A Lender on any date, the commitment of such Tranche A Lender to issue Tranche A Letters of Credit hereunder as set forth in Section 2.01(a)(i), as such commitment may be reduced or increased from time to time pursuant to Section 10.04 or reduced from time to time pursuant to Section 2.02 or increased from time to time pursuant to Section 2.14. The Tranche A Commitments as of the Fifth Amendment Effective Date are listed in Schedule 2.01.

“Tranche A Facility” means the Tranche A Commitments and all Tranche A Letters of Credit thereunder.

“Tranche A L/C Obligations” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Tranche A Letters of Credit at such time, including any automatic or scheduled increases provided for by the terms of such Tranche A Letters of Credit, determined without regard to whether any conditions to drawing could be met at that time, plus (b) the aggregate amount of all L/C Disbursements with respect to Tranche A Letters of Credit that have not yet been reimbursed by or on behalf of the Borrower at such time. The Tranche A L/C Obligations of any Lender at any time shall be its Tranche A Applicable Percentage of the total Tranche A L/C Obligations at such time. For all purposes of this Agreement, if on any date of determination a Tranche A Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Article 29(a) of the UCP or similar terms of the Tranche A Letter of Credit itself, or if compliant documents have been presented but not yet honored, such Tranche A Letter of Credit shall be deemed to be “outstanding” and “undrawn” in the amount so remaining available to be paid, and the obligations of the Borrower and each Lender shall remain in full force and effect until the Several L/C Issuing Bank and the Lenders shall have no further obligations to make any payments or disbursements under any circumstances with respect to any Tranche A Letter of Credit.

“Tranche A Lender” means each Lender with a Tranche A Commitment.

“Tranche A Letters of Credit” is defined in Section 2.01(a)(i).

“Tranche A Required Lenders” means, at any time, Tranche A Lenders having Tranche A Total Credit Exposures representing more than 66⅔% of the Tranche A Total Credit Exposures of all Tranche A Lenders.

“Tranche A Total Credit Exposure” means, as to any Tranche A Lender at any time, the unused Tranche A Commitment and the Tranche A L/C Obligations of such Tranche A Lender at such time.

“Tranche B Applicable Percentage” means, with respect to any Tranche B Lender, the percentage of the total Tranche B Commitments represented by such Tranche B Lender’s Commitment. If the Tranche B Commitments have terminated or expired, the Tranche B Applicable Percentages shall be determined based upon the Tranche B Commitments most recently in effect, giving effect to any assignments.

“Tranche B Commitment” means with respect to each Tranche B Lender on any date, the commitment of such Tranche B Lender to issue Tranche B Letters of Credit hereunder as set forth in Section 2.01(a)(ii), as such commitment may be reduced or increased from time to time pursuant to Section 10.04 or reduced from time to time pursuant to Section 2.02 or increased from time to time pursuant to Section 2.14. The Tranche B Commitments as of the Fifth Amendment Effective Date are listed in Schedule 2.01.

“Tranche B Election” has the meaning specified in Section 2.01(s).

“Tranche B Facility” means the Tranche B Commitments and all Tranche B Letters of Credit thereunder.

“Tranche B L/C Obligations” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Tranche B Letters of Credit at such time, including any automatic or scheduled increases provided for by the terms of such Tranche B Letters of Credit, determined without regard to whether any conditions to drawing could be met at that time, plus (b) the aggregate amount of all L/C Disbursements with respect to Tranche B Letters of Credit that have not yet been reimbursed by or on behalf of the Borrower at such time. The Tranche B L/C Obligations of any Lender at any time shall be its Tranche B Applicable Percentage of the total Tranche B L/C Obligations at such time. For all purposes of this Agreement, if on any date of determination a Tranche B Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Article 29(a) of the UCP or similar terms of the Tranche B Letter of Credit itself, or if compliant documents have been presented but not yet honored, such Tranche B Letter of Credit shall be deemed to be “outstanding” and “undrawn” in the amount so remaining available to be paid, and the obligations of the Borrower and each Lender shall remain in full force and effect until the Several L/C Issuing Bank and the Lenders shall have no further obligations to make any payments or disbursements under any circumstances with respect to any Tranche B Letter of Credit.

“Tranche B Lender” means each Lender with a Tranche B Commitment.

“Tranche B Letters of Credit” is defined in Section 2.01(a)(ii).

“Tranche B Required Lenders” means, at any time, Tranche B Lenders having Tranche B Total Credit Exposures representing more than 66⅔% of the Tranche B Total Credit Exposures of all Tranche B Lenders.

“Tranche B Total Credit Exposure” means, as to any Tranche B Lender at any time, the unused Tranche B Commitment and the Tranche B L/C Obligations of such Tranche B Lender at such time.

“UCP” means the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 600 (or such later version thereof as may be in effect at the applicable time).

“UK CRD IV” means:

(a) CRR as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “Withdrawal Act”);

(b) the law of the United Kingdom or any part of it, which immediately before IP completion day (as defined in the European Union (Withdrawal Agreement) Act 2020 (“WAA”)) implemented CRD and its implementing measures;

(c) direct EU legislation (as defined in the Withdrawal Act), which immediately before IP completion day (as defined in the WAA) implemented EU CRD IV as it forms part of domestic law of the United Kingdom by virtue of the Withdrawal Act; and

(d) any law or regulation of the United Kingdom which introduces into domestic law of the United Kingdom a provision which is equivalent to a provision set out in CRR or CRD and/or implements Basel III standards.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“United States” and “U.S.” mean the United States of America.

“Upfront Fee Letter” means the Upfront Fee Letter dated the First Amendment Effective Date between the Administrative Agent and the Parent.

“USD LIBOR” means the London interbank offered rate for U.S. dollars.

“Wholly-Owned” means, as to a Subsidiary of a Person, a Subsidiary of such Person all of the outstanding Equity Interests of which (other than (a) director’s qualifying shares and (b) shares issued to foreign nationals to the extent required by Applicable Law) are owned by such Person and/or by one or more Wholly-Owned Subsidiaries of such Person.

“Withholding Agent” means each Credit Party and the Administrative Agent.

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

SECTION 1.02 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall

be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION I.03 Accounting Terms; Changes in GAAP.

(a) Accounting Terms. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall be construed in conformity with GAAP. Financial statements and other information required to be delivered by any Credit Party to the Lenders pursuant to Sections 5.01(a) and 5.01(b) shall be prepared in accordance with GAAP as in effect at the time of such preparation. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of any Credit Party and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded. For the avoidance of doubt, any obligations relating to a lease accounted for by any Credit Party as an operating lease under FASB ASC Topic 840 or under FASB ASC Topic 842 shall be accounted for as an operating lease and not as a Capitalized Lease.

(b) Changes in GAAP. If a Credit Party notifies the Administrative Agent that such Credit Party requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Credit Parties that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

SECTION I.04 Rates. The Administrative Agent does not warrant or accept responsibility for, and shall not have any liability with respect to, ~~(a) the administration of, submission of, calculation of or any other matter related to the any Benchmark or the LIBO Rate, any component definition thereof or rates referenced in the definition of "LIBO Rate" or with respect to any thereof or any alternative, comparable or successor rate thereto- (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, comparable or successor rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, such Benchmark or any other Benchmark, or (b) the effect, implementation or composition of any Benchmark Replacement Conforming Changes.~~

SECTION I.05 Exchange Rates; Currency Equivalents.

(a) The Administrative Agent shall determine the Spot Rates as of each Revaluation Date to be used for calculating the Dollar Amount equivalent of the face amount of the outstanding Letters of Credit denominated in Alternative Currencies. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by the Credit Parties hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for the purposes of Credit Documents shall be such Dollar Amount equivalent as so determined by the Administrative Agent.

(b) Wherever in this Agreement in connection with a Letter of Credit, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Letter of Credit is denominated in an Alternative Currency, such amount shall be the relevant Alternative Currency Amount

equivalent of such Dollar Amount (rounded to the nearest unit of such Alternative Currency, with 0.5 of a unit being rounded upward), as determined by the Administrative Agent.

SECTION I.06 Change of Currency.

(a) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate (and which are acceptable to the Borrower (acting reasonably)) to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

SECTION I.07 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the amount of such Letter of Credit available to be drawn at such time; provided that with respect to any Letter of Credit that, by its terms or the terms of any L/C Document related thereto, provides for one or more automatic increases in the available amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum amount is available to be drawn at such time.

SECTION I.08 Divisions. For all purposes under the Credit Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

ARTICLE II

SECTION II.01 Letters of Credit.

(a) General.

(i) ~~(a) General~~ Tranche A Commitments. Subject to the terms and conditions set forth herein, the Borrower may request the Tranche A Lenders to issue, at any time and from time to time prior to the Commitment Termination Date, Letters of Credit ("Tranche A Letters of Credit") denominated in Dollars or in an Alternative Currency for its own account or the account of any Eligible Affiliate. Tranche A Letters of Credit issued hereunder shall constitute utilization of the applicable Tranche A Commitments. Without the prior consent of each Tranche A Lender, no Tranche A Letter of Credit may be issued that would vary the several and not joint nature of the obligations of the Tranche A Lenders thereunder, and each Tranche A Letter of Credit shall be issued by all of the Tranche A Lenders having Tranche A Commitments at the time of issuance as a single multi-bank letter of credit, but the obligation of each Tranche A Lender thereunder shall be several and not joint, based upon its Tranche A Applicable Percentage of the aggregate undrawn amount of such Tranche A Letter of Credit.

(ii) Tranche B Commitments. Subject to the terms and conditions set forth herein, the Borrower may request the Tranche B Lenders to issue, at any time and from time to time prior to the Commitment Termination Date, Letters of Credit ("Tranche B Letters of Credit") denominated in Dollars or in an Alternative Currency for its own account or the account of any Eligible Affiliate. Tranche B Letters of Credit issued hereunder shall constitute utilization of the applicable Tranche B Commitments. Without the prior consent of each Tranche B Lender, no Tranche B Letter of Credit may be issued that would vary the several and not joint nature of the obligations of the Tranche B Lenders thereunder, and each Tranche B Letter of Credit shall be issued by all of the Tranche B Lenders having Tranche B Commitments at the time of issuance as a single multi-bank letter of credit, but the obligation of each Tranche B Lender thereunder

shall be several and not joint, based upon its Tranche B Applicable Percentage of the aggregate undrawn amount of such Tranche B Letter of Credit.

(iii) Issuance through Affiliates. Each Lender at its option may issue the Letters of Credit, through the Several L/C Issuing Bank, through any domestic or foreign branch or Affiliate of such Lender which is (i) in respect of any beneficiary domiciled in Delaware (or any other US State which has adopted the NAIC model laws and rules) or any beneficiary listed in the Approved Beneficiary Side Letter on the date of this Agreement, a NAIC Approved Bank, and (ii) in respect of any beneficiary domiciled outside of Delaware (or any other US State which has adopted the NAIC model laws and rules), any entity from which such Lender believes it is capable of issuing letters of credit into such jurisdiction, as applicable.

(b) Notice of Issuance, Amendment, Extension, Reinstatement or Renewal. To request the issuance of a Letter of Credit (or the amendment of the terms and conditions, extension of the terms and conditions, extension of the expiration date, or reinstatement of amounts paid, or renewal of an outstanding Letter of Credit), the Borrower shall deliver (or transmit by electronic communication, if arrangements for doing so have been approved by the Several L/C Issuing Bank) to the Several L/C Issuing Bank and to the Administrative Agent (by 10:00 a.m. (New York city time) at least two Business Days in advance of the requested date of issuance, amendment, extension, reinstatement or renewal (or such shorter time as may be agreed to by the Several L/C Issuing Bank in its sole discretion), a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, extended, reinstated or renewed, and specifying the date of issuance, amendment, extension, reinstatement or renewal (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (d) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary, which must be an Approved Beneficiary; (provided that, with respect to any Tranche B Letter of Credit, unless and until the Borrower has made a Tranche B Election such beneficiary shall not be a Lloyd's Entity), and whether such Letter of Credit is a Tranche A Letter of Credit or a Tranche B Letter of Credit, and, the purpose and nature of the requested Letter of Credit and such other information as shall be necessary to prepare, amend, extend, reinstate or renew such Letter of Credit, which notice shall be in the form of Exhibit E with respect to any request for an issuance of a Letter of Credit. For the avoidance of doubt, the Approved Beneficiaries named in the Approved Beneficiary Side Letter have been approved by the Several L/C Issuing Bank and each Lender (provided that unless and until the Borrower has made a Tranche B Election, Tranche B Lenders shall not be required to issue any Tranche B Letter of Credit to any Lloyd's Entity). If requested by the Several L/C Issuing Bank, the Borrower also shall submit a letter of credit application and reimbursement agreement on the Several L/C Issuing Bank's standard form in connection with any request for a Letter of Credit; provided that any such letter of credit application or reimbursement agreement shall not vary the rights or obligations of the Lenders or the Borrower under this Agreement or under any other Credit Document. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application and reimbursement agreement or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Several L/C Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

All Letters of Credit issued hereunder shall be for a period of one year and shall have automatic extension provisions; provided that all such Letters of Credit shall permit the Several L/C Issuing Bank to prevent any such extension by giving notice to the beneficiary thereof at least 60 days prior to the then effective expiration date of the Letter of Credit (the "Non-Extension Notice Date"). So long as the Borrower has requested an extension of the Commitment Termination Date, unless otherwise directed by the Several L/C Issuing Bank, the Borrower shall not be required to make a specific request to the Several L/C Issuing Bank for any such extension of the Letter of Credit and the Borrower will be deemed to have requested an extension of such Letter of Credit in an amount equal to the then applicable Commitments. Promptly upon issuance of any Letter of Credit hereunder, the Several L/C Issuing Bank shall notify the Administrative Agent of the issuance of such Letter of Credit; provided that the failure to provide such notice shall not impact each Lender's obligations hereunder and thereunder with respect to any such Letter of Credit. Once a Letter of Credit has been issued, the Tranche A Lenders and/or Tranche B Lenders, as applicable, shall be deemed to have authorized (but may not require) the Several L/C

Issuing Bank to permit the extension of such Letter of Credit at any time to an expiration date not later than the date permitted pursuant to Section 2.01(d); provided, that the Several L/C Issuing Bank shall not (i) permit any such extension if (A) the Several L/C Issuing Bank has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its extended form under the terms hereof (except that the expiration date may be extended to a date that is no more than one year from the then-current expiration date) or (B) it has received notice (which may be in writing or by telephone (if promptly confirmed in writing)) on or before the day that is seven Business Days before the Non-Extension Notice Date from the Administrative Agent that the [Tranche A Required Lenders](#) or [Tranche B Required Lenders, as applicable](#), have elected not to permit such extension or (ii) be obligated to permit such extension if it has received notice (which may be in writing or by telephone (if promptly confirmed in writing)) on or before the day that is seven Business Days before the Non-Extension Notice Date from the Administrative Agent, any Lender or the Borrower that one or more of the applicable conditions set forth in Section 4.02 is not then satisfied, and in each such case directing the Several L/C Issuing Bank not to permit such extension.

(c) Limitations on Amounts, Issuance and Amendment. Subject to Section 2.13(d), a Letter of Credit shall be issued, amended, extended, reinstated or renewed only if (and upon issuance, amendment, extension, reinstatement or renewal of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, extension, reinstatement or renewal, (i) in the case of Tranche A Letters of Credit, the aggregate Tranche A L/C Obligations of any Tranche A Lender shall not exceed its Tranche A Commitment and the sum of the total Tranche A L/C Obligations shall not exceed the total Tranche A Commitments, and (ii) in the case of Tranche B Letters of Credit, the aggregate Tranche B L/C Obligations of any Tranche B Lender shall not exceed its Tranche B Commitment and the sum of the total Tranche B L/C Obligations shall not exceed the total Tranche B Commitments.

Neither the Lenders nor the Several L/C Issuing Bank on their behalf shall be under any obligation to issue any Letter of Credit if:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Lenders (or the Several L/C Issuing Bank on their behalf) from issuing such Letter of Credit, or any Law applicable to any Lender or the Several L/C Issuing Bank shall prohibit, or request that any Lender or the Several L/C Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon any Lender or the Several L/C Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which any Lender or the Several L/C Issuing Bank is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon any Lender or the Several L/C Issuing Bank any unreimbursed loss, cost or expense that was not applicable on the Closing Date and that any Lender or the Several L/C Issuing Bank in good faith deems material to it;

(ii) the issuance of such Letter of Credit would violate one or more policies of any Lender or the Several L/C Issuing Bank applicable to letters of credit generally; or

(iii) except as otherwise agreed by the Administrative Agent and the Several L/C Issuing Bank, such Letter of Credit is in an initial amount less than \$1,000,000.

The Several L/C Issuing Bank shall be under no obligation to amend any Letter of Credit (on behalf of the [Tranche A Lenders](#) or [Tranche B Lenders, as applicable](#)) if (A) the [Tranche A Lenders](#) or [the Tranche B Lenders, as applicable](#), would have no obligation at such time to issue the Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of the Letter of Credit does not accept the proposed amendment to the Letter of Credit.

(d) Expiration Date. Each Letter of Credit shall have a stated expiration date no later than the earlier of (i) the date twelve months after the date of the issuance of such Letter of Credit (or, in the case of any extension of the expiration date thereof, whether automatic or by amendment, twelve

months after the then current expiration date of such Letter of Credit) and (ii) the date that is five Business Days prior to the Final Termination Date.

(e) Obligation of Lenders. With respect to any Letter of Credit, the obligation of any Lender under such Letter of Credit shall be several and not joint and shall at any time be in an amount equal to such Lender's Applicable Percentage of the aggregate undrawn amount of such Letter of Credit, and each Letter of Credit shall expressly so provide.

(f) Adjustment of Applicable Percentages. Upon (i) each addition of a new Lender hereunder ~~and~~ (ii) each change in the Commitment of a Lender pursuant to this Agreement, and (iii) each change of the allocation of Commitments of a Lender between its Tranche A Commitments and Tranche B Commitments pursuant to Section 2.13(d), then, with the consent of the beneficiary thereunder to the extent the face amount of such Letter of Credit is being reduced, or, in respect of the Toggle Letters of Credit, to the extent the total face amount of such Toggle Letters of Credit is being reduced, the Several L/C Issuing Bank shall promptly amend such Letter of Credit to specify the Lenders that are parties thereto, after giving effect to such event, and such Lenders' respective Applicable Percentages as of the effective date of such amendment.

(g) Issuance and Administration of Letters of Credit. Each Letter of Credit issued hereunder shall be executed and delivered by the Several L/C Issuing Bank (or any its Affiliates or branches pursuant to the definition of "Several L/C Issuing Bank"), in the name of and on behalf of, and as attorney-in-fact for, ~~the~~ (1) in the case of a Tranche A Letter of Credit, the Tranche A Lenders and (2) in the case of a Tranche B Letter of Credit, the Tranche B Lenders, and the Several L/C Issuing Bank shall act as the agent of each such Tranche A Lender or Tranche B Lender, as applicable, to (i) receive drafts, other demands and other documents presented by the beneficiary under such Letter of Credit, (ii) determine whether such drafts, demands and documents are in compliance with the terms and conditions of such Letter of Credit and (iii) notify each Tranche A Lender or Tranche B Lender, as applicable, the Administrative Agent and the Borrower that a valid drawing has been made and the date that the related L/C Disbursement is to be made; provided that the Several L/C Issuing Bank, acting in such capacity, shall have no obligation or liability for any L/C Disbursement under such Letter of Credit, and each Letter of Credit shall expressly so provide. Each Lender hereby irrevocably appoints and designates the Several L/C Issuing Bank as its attorney-in-fact, acting through any duly authorized officer of the Person that is serving as the Several L/C Issuing Bank, to execute and deliver in the name and on behalf of such Lender each Tranche A Letter of Credit or Tranche B Letter of Credit, as applicable, to be issued by the Tranche A Lenders or Tranche B Lenders, as applicable, hereunder. Promptly on the request of the Several L/C Issuing Bank, each Lender will furnish to the Several L/C Issuing Bank such powers of attorney or other evidence as any beneficiary of any such Letter of Credit may reasonably request in order to demonstrate that the Several L/C Issuing Bank has the power to act as attorney-in-fact for such Lender to execute and deliver each Letter of Credit.

(h) Reimbursement. If any Lender shall make any L/C Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such Lender in respect of such L/C Disbursement by paying to the Administrative Agent an amount equal to such L/C Disbursement not later than 12:00 noon, New York City time, on (i) the fourth Business Day after the day that the Borrower receives notice of such L/C Disbursement, if such notice is received prior to 10:00 a.m., New York City time, or (ii) the fifth Business Day after the day that the Borrower receives such notice, if such notice is not received prior to such time.

(i) Obligations Absolute. The Borrower's obligation to reimburse L/C Disbursements as provided in paragraph (h) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of this Agreement or any Letter of Credit, or any term or provision herein or therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement in such draft or other document being untrue or inaccurate in any respect, (iii) payment by the Several L/C Issuing Bank or any such Lender under a Letter of Credit against presentation of a draft or other document that does not comply strictly with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever,

whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder.

None of the Finance Parties or any of their Related Parties shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit by the Several L/C Issuing Bank or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms, any error in translation or any consequence arising from causes beyond their control; provided that the foregoing shall not be construed to excuse the Several L/C Issuing Bank or a Lender from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by Applicable Law) suffered by the Borrower that are caused by the Several L/C Issuing Bank's or any Lender's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Several L/C Issuing Bank or any Lender (as finally determined by a court of competent jurisdiction), the Several L/C Issuing Bank shall be deemed to have exercised care in each such determination, and that:

(i) the Several L/C Issuing Bank may replace a purportedly lost, stolen, or destroyed original Letter of Credit or missing amendment thereto with a replacement marked as such or waive a requirement for its presentation;

(ii) the Several L/C Issuing Bank may accept documents that appear on their face to be in substantial compliance with the terms of a Letter of Credit without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit and without regard to any non-documentary condition in such Letter of Credit;

(iii) the Several L/C Issuing Bank shall have the right, in its sole discretion, to decline to accept such documents and to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit; and

(iv) this sentence shall establish the standard of care to be exercised by the Several L/C Issuing Bank when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof (and the parties hereto hereby waive, to the extent permitted by Applicable Law, any standard of care inconsistent with the foregoing).

Without limiting the foregoing, none of the Finance Parties or any of their Related Parties shall have any liability or responsibility by reason of (i) any presentation that includes forged or fraudulent documents or that is otherwise affected by the fraudulent, bad faith, or illegal conduct of the beneficiary or other Person, (ii) any Lender declining to take-up documents and make payment (A) against documents that are fraudulent, forged, or for other reasons by which that it is entitled not to honor or (B) following the Borrower's waiver of discrepancies with respect to such documents or request for honor of such documents or (iii) the Several L/C Issuing Bank retaining proceeds of a Letter of Credit based on an apparently applicable attachment order, blocking regulation, or third-party claim notified to the Several L/C Issuing Bank.

Unless otherwise expressly agreed by the Several L/C Issuing Bank and the Borrower when a Letter of Credit is issued by the Several L/C Issuing Bank, the rules of the UCP shall apply to each Letter of Credit. Notwithstanding the foregoing, the Several L/C Issuing Bank shall not be responsible to the Borrower for, and the Several L/C Issuing Bank's rights and remedies against the Borrower shall not be impaired by, any action or inaction of the Several L/C Issuing Bank required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the Laws or any order of a jurisdiction where the Several L/C Issuing

Bank or the beneficiary is located, the practice stated in the UCP, or in the decisions, opinions, practice statements, or official commentary of the International Chamber of Commerce Banking Commission, the Bankers Association for Finance and Trade (BAFT), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such laws or practice rules.

The Several L/C Issuing Bank shall act on behalf of the [Tranche A Lenders](#) or [Tranche B Lenders, as applicable](#), with respect to any Letters of Credit issued by it and the documents associated therewith, and the Several L/C Issuing Bank shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article VIII with respect to any acts taken or omissions suffered by the Several L/C Issuing Bank in connection with Letters of Credit issued by it or proposed to be issued by it and L/C Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in Article VIII included the Several L/C Issuing Bank with respect to such acts or omissions, and (B) as additionally provided herein with respect to the Several L/C Issuing Bank.

(j) Disbursement Procedures. The Several L/C Issuing Bank for any Letter of Credit shall, within the time allowed by applicable Laws or the specific terms of the Letter of Credit following its receipt thereof, examine all documents purporting to represent a demand for payment under such Letter of Credit. The Several L/C Issuing Bank shall promptly after such examination (A) notify each of the [Tranche A Lenders or Tranche B Lenders, as applicable](#), the Administrative Agent and the Borrower of such demand for payment and (B) deliver to each [Tranche A Lender or Tranche B Lender, as applicable](#), a copy of each document purporting to represent a demand for payment under such Letter of Credit. With respect to any drawing properly made under any such Letter of Credit, each Lender will make an L/C Disbursement in respect of such Letter of Credit in accordance with its liability under such Letter of Credit and this Agreement, such L/C Disbursement to be made to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make any such L/C Disbursement available to the beneficiary of such Letter of Credit by promptly crediting the amounts so received, in like funds, to the account identified by such beneficiary in connection with such demand for payment. Promptly following any L/C Disbursement by any Lender in respect of any such Letter of Credit, the Administrative Agent will notify the Borrower of such L/C Disbursement; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Lenders with respect to any such L/C Disbursement or the Guarantor of its guarantee of such obligation.

(k) Interim Interest. If any L/C Disbursement is made, then, unless the Borrower shall reimburse such L/C Disbursement in full on the date such L/C Disbursement is made (without regard for when notice thereof is given), the unpaid amount thereof shall bear interest, for each day from and including the date such L/C Disbursement is made to but excluding the date that the Borrower reimburses such L/C Disbursement, at the Reimbursement Interest Rate; provided that if the Borrower fails to reimburse such L/C Disbursement when due pursuant to paragraph (h) of this Section, then paragraph (l) of this Section shall apply.

The relevant "Interest Period" for the purposes of determining the Reimbursement Interest Rate and the Default Rate, shall be such interest period as selected by the Administrative Agent in its discretion.

Any interest accruing on any unpaid amount pursuant to this Section 2.01 shall be computed on the basis of a year of 360 days, except that interest computed by reference to the ABR at times when the ABR is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable ABR, LIBO Rate or Default Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

(l) Default Interest. If any amount payable by the Borrower under this Agreement or any other Credit Document is not paid when due, whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a rate per annum equal to the applicable Default Rate.

(m) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall immediately deposit into an account established and maintained on the books and records of the Administrative Agent (the "Collateral Account") an amount in cash equal to 105% of the total L/C Obligations as of such date plus any accrued and unpaid interest thereon, provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (g) or clause (h) of Section 7.01. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. In addition and without limiting the foregoing or paragraph (d) of this Section:

(i) if any L/C Obligations remain outstanding after the expiration date specified in said paragraph (d), the Borrower shall immediately deposit into the Collateral Account an amount in cash equal to 105% of such L/C Obligations as of such date plus any accrued and unpaid interest thereon; and

(ii) if any extension of the Commitment Termination Date is requested by the Borrower but less than 100% of all existing Lenders deliver a Commitment Extension Notice or are replaced by Lenders that agree to so extend their Commitments and deliver a Commitment Extension Notice pursuant to Section 2.13(b), following such extension of the Commitment Termination Date, the Borrower shall either (a) ensure (i) the maximum face value of outstanding Letters of Credit shall be limited to the then current Commitments of all Lenders, (ii) the maximum face value of outstanding Tranche A Letters of Credit shall be limited to the then current Tranche A Commitments of all Tranche A Lenders, and (iii) the maximum face value of outstanding Tranche B Letters of Credit shall be limited to the then current Tranche B Commitments of all Tranche B Lenders, in each case after giving effect to (x) the terminating Commitments from Lenders that did not provide a Commitment Extension Notice or are not replaced by Lenders that agree to extend their Commitments and (y) any reallocations of Tranche A Commitments and/or Tranche B Commitments pursuant to Section 2.13(d) (and the Borrower shall procure that existing Letters of Credit shall be either amended or replaced to reflect such decrease, including obtaining the return of any outstanding Letter of Credit to the Administrative Agent as required), or (b) deposit into the Collateral Account an amount in cash equal to 105% of the difference between the face value of the Letters of Credit and the total amount of the then-existing Commitments.

If, at any time, the Administrative Agent determines that the Dollar Amount equivalent of the L/C Obligations exceeds 105% of the total Commitments, the Borrower shall, if requested by the Administrative Agent, immediately Cash Collateralize the L/C Obligations in an amount equal to such excess.

The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over the Collateral Account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in the Collateral Account. Moneys in the Collateral Account shall be applied by the Administrative Agent to reimburse the Several L/C Issuing Bank for L/C Disbursements for which it has not been reimbursed, together with related fees, costs, and customary processing charges, and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the L/C Obligations at such time, pro rata between the Tranche A L/C Obligations and the Tranche B L/C Obligations. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default or because the Dollar Amount equivalent of the L/C Obligations exceeds 105% of the total Commitments, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived or the Dollar Amount equivalent of the L/C Obligations no longer exceeds 105% of the total Commitments, as the case may be.

(n) Letters of Credit Issued for account of Eligible Affiliates. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, an Eligible Affiliate, the Borrower shall be obligated to reimburse the Several L/C Issuing Bank hereunder for any and all drawings under such Letter of Credit. The Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Eligible Affiliates inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of such Eligible Affiliates.

(o) Purpose. Each Letter of Credit issued hereunder shall be issued to provide collateral support for reinsurance transactions of the Borrower or any Eligible Affiliate and shall comply with the Laws of the domiciliary jurisdiction of the beneficiary of such Letter of Credit as necessary to allow such beneficiary to obtain statutory credit for reinsurance in such domiciliary jurisdiction, including any modifications to the form of Letter of Credit required by such domiciliary jurisdiction.

(p) Initial Letters of Credit. Subject to the terms of this Agreement, if the Closing Date has occurred by such date, the Borrower shall ensure that it submits a notice requesting the issuance of the initial Letter of Credit or Letters of Credit by no later than August 5, 2019 in an aggregate face amount of at least \$400,000,000.

(q) Approved Beneficiaries. If the Borrower intends to add a beneficiary as an Approved Beneficiary, it shall provide notice of such intention by delivering a proposed supplement to the Approved Beneficiary Side Letter naming such beneficiary and its domiciliary jurisdiction to the Administrative Agent and the Several L/C Issuing Bank.

(r) Equal Distribution Among Tranches; L/C Toggle; Notice to Administrative Agent. The Borrower shall ensure that, at all times, the difference between the Tranche A L/C Obligations and the Tranche B L/C Obligations do not exceed the Permitted Tranche Variance Threshold. To the extent that any Tranche A Letter of Credit or Tranche B Letter of Credit is required to be cancelled or amended to a face value of zero in order to comply with the immediately preceding sentence, the Borrower, to the extent requested by the Several L/C Issuing Bank, shall use commercially reasonable efforts to cause any such amended or cancelled Letters of Credit to be promptly returned to the Several L/C Issuing Bank. In respect of the requirements of this clause (r), the Borrower agrees that there shall always be at least one Toggle Letter of Credit issued and outstanding at all times hereunder. In respect of the above, the Borrower hereby instructs the Administrative Agent and the Several L/C Issuing Bank to amend, and the Administrative Agent and the Several L/C Issuing Bank agree to amend, the Toggle Letters of Credit as necessary to maintain an allocation between the Tranche A L/C Obligations and the Tranche B L/C Obligations in compliance with this clause (r) and agrees to provide the Administrative Agent with advance notice of any amendments required to be made to any Toggle Letter of Credit in order to comply with this clause (r) at least three Business Days before any such amendment to a Toggle Letter of Credit is required.

(s) Tranche B Election.

(i) The Borrower may, by written notice to the Administrative Agent, elect to use the Tranche B Commitment and Tranche B Letters of Credit for issuance of Letters of Credit with one or more Lloyd's Entities as the beneficiary (the "Tranche B Election"). Promptly following receipt of such notice, the Administrative Agent shall notify all Lenders of such Tranche B Election. The Borrower may only make one Tranche B Election during the term of this Agreement.

(ii) If, at the time of the Tranche B Election, any Tranche B Lender is not capable of issuing letters of credit that would provide a Lloyd's Entity with capital, regulatory or collateral credit (each to the extent required by such Lloyd's Entity and as notified in writing by such Lloyd's Entity to the Borrower, which notice shall be promptly delivered to the Administrative Agent (such notice a "Lloyd's Designation Notice")) with Lloyd's, then such Tranche B Lender shall be deemed to be a "Disqualified Tranche B Lender," and the Borrower may replace such Lender pursuant to Section 2.12(b); provided that no such Tranche B Lender

[shall be deemed a Disqualified Tranche B Lender until the Administrative Agent has received a Lloyd's Designation Notice in respect of such Tranche B Lender.](#)

SECTION II.02 Termination or Reduction of Commitments.

(a) Optional. The Borrower may, upon notice to the Administrative Agent and the Several L/C Issuing Bank, terminate the unused portion of the [Tranche A Commitments and/or Tranche B Commitments](#), or from time to time permanently reduce the unused [Tranche A Commitments and/or Tranche B Commitments](#); [provided that any reduction of Commitments shall be pro rata across both the Tranche A Commitments and the Tranche B Commitments](#); [provided further](#) that (a) each such notice shall be in writing and must be received by the Administrative Agent and the Several L/C Issuing Bank at least three Business Days prior to the effective date of such termination or reduction, and shall be irrevocable ([provided](#) that a notice of termination of the unused Commitments may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent and the Several L/C Issuing Bank on or prior to the specified effective date) if such condition is not satisfied), (b) any such partial reduction shall be in an aggregate amount of \$5,000,000 or a larger multiple of \$1,000,000, and (c) the Borrower shall not terminate or reduce the Commitments if, after giving effect thereto, the [Tranche A L/C Obligations would exceed the total Tranche A Commitments of all Tranche A Lenders or the Tranche B L/C Obligations would exceed the total Tranche B Commitment of all Tranche B Lenders](#). Unless previously terminated, the Commitments shall automatically terminate on the Commitment Termination Date.

(b) Application of Commitment Reductions. The Administrative Agent will promptly notify the Lenders of any termination or reduction of the Commitments pursuant to this Section. Upon any reduction of unused Commitments, the Commitment of each Lender shall be reduced by such Lender's ratable share of the amount of such reduction.

SECTION II.03 Fees.

(a) Commitment Fee. The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee on the average daily unused amount of the Commitment of such Lender, which shall accrue at a rate per annum equal to 0.30% during the period from and including the Closing Date to but excluding the Commitment Termination Date. Accrued commitment fees shall be payable in arrears on the last Business Day of each March, June, September and December, commencing on the first such date to occur after the date hereof, and on the Commitment Termination Date. For purposes of computing commitment fees, the Commitment of any Lender shall be deemed to be used to the extent of such Lender's L/C Obligations.

(b) L/C Fees. The Borrower agrees to pay to the Administrative Agent for the account of each [Tranche A Lender or Tranche B Lender, as applicable](#), a Letter of Credit fee with respect to each outstanding [Tranche A Letter of Credit or Tranche B Letter of Credit, as applicable](#) (the "L/C Fee") on the daily maximum amount then available to be drawn under such [Tranche A Letter of Credit or Tranche B Letter of Credit, as applicable](#), which shall accrue at a rate per annum equal to the Applicable Rate during the period from and including the Closing Date to but excluding the later of the Commitment Termination Date and the date on which such Lender ceases to have any L/C Obligations. Accrued L/C Fees shall be payable in arrears on the last Business Day of each March, June, September and December, commencing on the first such date to occur after the Closing Date, and on the Commitment Termination Date; [provided](#) that any such fees accruing after the Commitment Termination Date shall be payable on demand. Notwithstanding anything to the contrary contained herein, while any Event of Default exists, the L/C Fee shall accrue at the Default Rate.

(c) L/C Processing Fees. The Borrower agrees to pay to the Several L/C Issuing Bank for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the Several L/C Issuing Bank relating to letters of credit as from time to time in effect, which fees, costs and charges shall be payable to the Several L/C Issuing Bank within three Business Days after its demand therefor and are nonrefundable.

(d) Extension Fees. The Borrower agrees to pay to each Lender that agrees to an extension of the Existing Commitment Termination Date, on the date such Commitment Termination Date is so extended, a fee equal to 0.10% (or such other amount as the Borrower and the relevant Lender may agree to from time to time) of such Lender's Commitments (the "Extension Fee").

(e) Other fees. The Borrower agrees to pay to the Finance Parties fees in the amounts and at the times agreed upon separately between the Borrower and the Finance Parties pursuant to the Fee Letters.

(f) Fee Computation. All fees payable under this Section shall be computed on the basis of a year of 360 days and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). Each determination by the Administrative Agent of a fee hereunder shall be conclusive absent manifest error.

SECTION II.04 Maintenance of Records. Each Finance Party shall maintain in accordance with its usual practice records evidencing the indebtedness of the Borrower to such Finance Party hereunder. The Administrative Agent shall maintain the Register in accordance with Section 10.04(c). The entries made in the records maintained pursuant to this Section 2.04 shall be prima facie evidence absent manifest error of the existence and amounts of the obligations recorded therein. Any failure of any Finance Party to maintain such records or make any entry therein or any error therein shall not in any manner affect the obligations of the Credit Parties under this Agreement and the other Credit Documents. In the event of any conflict between the records maintained by the Several L/C Issuing Bank or any Lender and the records maintained by the Administrative Agent in such matters, the records of the Administrative Agent shall control in the absence of manifest error.

SECTION II.05 Payments Generally; Several Obligations of Lenders.

(a) Payments by Borrower. All payments to be made by a Credit Party hereunder and under the other Credit Documents shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein and except with respect to unreimbursed L/C Disbursements denominated in an Alternative Currency, all such payments shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars in immediately available funds not later than 12:00 noon (New York City time) on the date specified herein. Except as otherwise expressly provided herein, all payments by the Credit Parties hereunder with respect to unreimbursed L/C Disbursements denominated in an Alternative Currency shall be made to the Administrative Agent, for the account of the respective Finance Parties to which such payment is owed, at the applicable Administrative Agent's Office in such Alternative Currency in immediately available funds not later than the Applicable Time specified by the Administrative Agent on the dates specified herein. Without limiting the generality of the foregoing, the Administrative Agent may require that any payments due under this Agreement be made in the United States. If, for any reason, a Credit Party is prohibited by Law from making any required payment hereunder in an Alternative Currency, such Credit Party shall make such payment in Dollars in the Dollar Amount equivalent of the Alternative Currency Amount. All amounts received by the Administrative Agent after such specified times on any date shall be deemed to have been received on the next succeeding Business Day and any applicable interest or fees shall continue to accrue. The Administrative Agent will promptly distribute to each applicable Lender its ratable share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's applicable funding office (or otherwise distribute such payment in like funds as received to the Person or Persons entitled thereto as provided herein). If any payment to be made by a Credit Party shall fall due on a day that is not a Business Day, payment shall be made on the next succeeding Business Day and such extension of time shall be reflected in computing interest or fees, as the case may be; provided that, if such next succeeding Business Day would fall after the Commitment Termination Date, payment shall be made on the immediately preceding Business Day. Except as otherwise expressly provided herein, all payments hereunder or under any other Credit Document shall be made in Dollars.

(b) Application of Insufficient Payments. Subject to Section 7.02, if at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of unreimbursed L/C Disbursements, interest, fees and other amounts then due hereunder, such funds shall be applied (i) first, to pay interest, fees and other amounts then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest, fees and other amounts then due to such parties, and (ii) second, to pay unreimbursed L/C Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of unreimbursed L/C Disbursements, as applicable, then due to such parties.

(c) Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Several L/C Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Several L/C Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Several L/C Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(d) Deductions by Administrative Agent. If any Lender shall fail to make any payment required to be made by it hereunder, then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender for the benefit of the Administrative Agent or the Several L/C Issuing Bank, as applicable, to satisfy such Lender's obligations to the Administrative Agent and the Several L/C Issuing Bank until all such unsatisfied obligations are fully paid or (ii) hold any such amounts in a segregated account as cash collateral for, and for application to, any future funding obligations of such Lender under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

(e) Several Obligations of Lenders. The obligations of the Lenders hereunder to make L/C Disbursements in respect of Letters of Credit and to make payments pursuant to Section 10.03(c) are several and not joint. The failure of any Lender to fund or to make any such payment on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to make any L/C Disbursement under any Letter of Credit or to make its payment under Section 10.03(c).

SECTION II.06 Sharing of Payments. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any Reimbursement Obligations or other obligations hereunder resulting in such Lender receiving payment of a proportion of the Reimbursement Obligations and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in L/C Disbursements and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of their respective participations in L/C Disbursements and other amounts owing them; provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this paragraph shall not be construed to apply to (x) any payment made by a Credit Party pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender),

or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its rights in L/C Disbursements to any assignee or participant, other than to a Credit Party or any Subsidiary thereof (as to which the provisions of this paragraph shall apply).

Each Credit Party consents to the foregoing and agrees, to the extent it may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Credit Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Credit Party in the amount of such participation.

SECTION II.07 Reserved.

SECTION II.08 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Finance Party;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clause (b) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Finance Party or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or the Letters of Credit;

and the result of any of the foregoing shall be to increase the cost to such Finance Party or such other Recipient of participating in, issuing or maintaining the Letters of Credit, or to reduce the amount of any sum received or receivable by such Finance Party or other Recipient hereunder then, upon request of such Finance Party or other Recipient, the Borrower will pay to such Finance Party or other Recipient, as the case may be, such additional amount or amounts as will compensate such Finance Party or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Finance Party determines that any Change in Law affecting such Finance Party or any funding office of such Finance Party or such Finance Party's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Finance Party's capital or on the capital of such Finance Party's holding company, if any, as a consequence of this Agreement, the Commitments or the L/C Credit Extensions made by such Finance Party, to a level below that which such Finance Party or such Finance Party's holding company could have achieved but for such Change in Law (taking into consideration such Finance Party's policies and the policies of such Finance Party's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Finance Party such additional amount or amounts as will compensate such Finance Party or such Finance Party's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Finance Party setting forth the amount or amounts necessary to compensate such Finance Party or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay such Finance Party the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Finance Party to demand compensation pursuant to this Section shall not constitute a waiver of such Finance Party's right to demand such compensation; provided that the Borrower shall not be required to compensate a Finance Party pursuant to this Section for any increased costs incurred or reductions suffered more than nine

months prior to the date that such Finance Party notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Finance Party's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION II.09 Taxes.

(a) Defined Terms. For purposes of this Section, the term "Applicable Law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Credit Parties under any Credit Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Credit Parties shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by Credit Parties. Each Credit Party shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by Credit Parties. The Credit Parties are jointly and severally liable to indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by the Several L/C Issuing Bank or a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Credit Parties to do so), and (ii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Credit Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Credit Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by any Credit Party to a Governmental Authority pursuant to this Section, such Credit Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Credit Document.

~~SECTION 2.10 Replacement Rate. If the Administrative Agent (acting on the instructions of the Required Lenders) has made the determination (such determination to be conclusive absent manifest error) that (i) (a) deposits are not being offered to banks in the London interbank market for the applicable amount, currency and interest periods, (b) by reason of circumstances affecting the London interbank market for the applicable currency, the "LIBO Rate" cannot be determined pursuant to the definition thereof, or (c) the Required Lenders determine that for any reason in connection with any Reimbursement Interest Rate that the LIBO Rate does not adequately and fairly reflect the cost to such Lenders of funding any L/C Disbursements, and, in each case, that such circumstances are unlikely to be temporary, (ii) any applicable interest rate specified herein is no longer a widely recognized benchmark rate for newly originated loans in the U.S. syndicated loan market in the applicable currency, or (iii) the applicable supervisor or administrator (if any) of any applicable interest rate specified herein or any Governmental Authority having, or purporting to have, jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which any applicable interest rate specified herein shall no longer be used for determining interest rates for loans in the U.S. syndicated loan market in the applicable currency, then the Administrative Agent (acting on the instructions of the Required Lenders) and the Borrower may, to the extent practicable, establish a replacement interest rate (the "Replacement Rate"), in which case, the Replacement Rate shall, subject to the next two sentences, replace such applicable interest rate for all purposes under the Credit Documents unless and until (A) an event described in limbs (i) or (ii) of this paragraph occurs with respect to the Replacement Rate or (B) the Administrative Agent (acting on the instructions of the Required Lenders) notifies the Borrower that the Replacement Rate does not adequately and fairly reflect the cost to the Lenders of funding any L/C Disbursements bearing interest at the Replacement Rate. In connection with the establishment and application of the Replacement Rate, this Agreement and the other Credit Documents shall be amended solely with the consent of the Administrative Agent (acting on the instructions of the Required Lenders) and the Borrower, as may be necessary or appropriate, in the opinion of the Administrative Agent (acting on the instructions of the Required Lenders), to effect the provisions of this SECTION 2.10. Notwithstanding anything to the contrary in this Agreement or the other Credit Documents (including, without limitation, SECTION 10.02(b)), such amendment shall become effective without any further action or consent of any other party to this Agreement. To the extent the Replacement Rate is approved by the Administrative Agent (acting on the instructions of the Required Lenders) and the Borrower in connection with this paragraph, the Replacement Rate shall be applied in a manner consistent with market practice; provided that, in each case, to the extent such market practice is not administratively feasible for the Administrative Agent, such~~

~~Replacement Rate shall be applied as otherwise reasonably determined by the Administrative Agent (acting on the instructions of the Required Lenders). In no event shall the Replacement Rate be less than 0.00%.~~

SECTION II.10 Benchmark Replacement Setting.

(a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Credit Document (and any Swap Contract shall be deemed not to be a "Credit Document" for purposes of this Section 2.10), if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (a) or (b) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Credit Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Credit Document and (y) if a Benchmark Replacement is determined in accordance with clause (c) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Credit Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Credit Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Credit Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Credit Document.

(c) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (d) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.10, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Credit Document, except, in each case, as expressly required pursuant to this Section 2.10. For the avoidance of doubt, the parties hereto acknowledge that a Benchmark Transition Event has occurred with respect to USD LIBOR with the public announcements on March 5, 2021 by the ICE Benchmark Administration (IBA) and the U.K. Financial Conduct Authority (FCA), that the IBA will permanently cease to publish all remaining tenors of LIBOR on June 30, 2023, for which the related Benchmark Replacement Date is anticipated to be June 30, 2023.

(d) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Credit Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or USD LIBOR) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is

or will be no longer representative, then the Administrative Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) **Benchmark Unavailability Period.** Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the LIBO Rate shall be calculated based on ABR. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of ABR based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of ABR.

SECTION II.11 Illegality. If it becomes unlawful in any applicable jurisdiction for a Finance Party to perform any of its obligations as contemplated by this Agreement or to issue or maintain any Letter of Credit or it becomes unlawful for any Affiliate of a Lender for that Lender to do so:

(a) that Lender shall promptly notify the Administrative Agent upon becoming aware of that event and the Administrative Agent shall promptly notify the Borrower;

(b) upon the Administrative Agent notifying the Borrower, the Commitment of that Lender will be immediately cancelled, provided that after any such cancellation of a Lender's Commitment, (i) if the Borrower replaces such Lender under Section 2.16(c), such new Lender's Commitment shall be reinstated, or (ii) if such Lender subsequently acts through a branch or Affiliate of such Lender pursuant to Section 2.12(a), such Lender's Commitment shall be reinstated; and

(c) if the Borrower has not exercised its rights to replace the relevant Lender under Section 2.16(c) by the applicable times set forth below, the Borrower shall repay that Lender's pro rata share in the L/C Disbursements on the last day of the Interest Period for each L/C Disbursement occurring after the Administrative Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Administrative Agent (being no earlier than the last day of any applicable grace period permitted by law).

SECTION II.12 Mitigation Obligations.

(a) **Designation of a Different Lending Office.** If any Lender requests compensation under Section 2.08, or requires any Credit Party to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.09, or provides notice that Section 2.11 applies (or would otherwise apply), then such Lender shall (at the request of the Borrower or any other such Credit Party) use reasonable efforts to designate a different funding office for funding or booking its L/C Obligations hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates (or in the case of a triggering of Section 2.11, act through a branch or Affiliate of such Lender), if, in the judgment of such Lender, such designation or assignment or acting through such branch or Affiliate (i) would eliminate or reduce amounts payable pursuant to Section 2.08 or 2.09, as the case may be, in the future, or, in the case of a triggering of Section 2.11, cause Section 2.11 to be inapplicable and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) **Replacement of Lenders.** If any Lender requests compensation under Section 2.08, or if any Credit Party is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.09 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with paragraph (a) of this Section, or if any Lender is a Defaulting Lender, a Non-Consenting Lender, a

[Disqualified Tranche B Lender](#) or a Non-Extending Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.04), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.08 or Section 2.09) and obligations under this Agreement and the related Credit Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

- (i) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 10.04;
- (ii) such Lender shall have received payment of an amount equal to its L/C Obligations and the accrued L/C Fees thereon, any Reimbursement Obligations and the accrued interest thereon and all other amounts payable to it hereunder and under the other Credit Documents (including any amounts under Section 2.08) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or a Credit Party (in the case of all other amounts);
- (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.08 or payments required to be made pursuant to Section 2.09, such assignment will result in a reduction in such compensation or payments thereafter;
- (iv) such assignment does not conflict with Applicable Law;
- (v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent; and
- (vi) in the case of any assignment resulting from a Lender becoming a Non-Extending Lender, the applicable assignee shall have consented to the applicable request to extend the Commitment Termination Date and delivered a Commitment Extension Notice; and
- (vii) [in the case of any assignment resulting from a Lender becoming a Disqualified Tranche B Lender, the applicable assignee shall not be a Disqualified Tranche B Lender.](#)

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Parent to require such assignment and delegation cease to apply.

Notwithstanding anything in this Section to the contrary, the Lender that acts as the Administrative Agent may not be replaced hereunder except in accordance with the terms of Section 8.06.

SECTION II.13 Extension of Commitment Termination Date.

(a) Extension Requests. The Borrower may request the extension of the Initial Commitment Termination Date to the date that is two years after the date of this Agreement (the "Second Commitment Termination Date") by delivering a notice of extension request to the Administrative Agent at least 90 days, but no more than 120 days, before the Initial Commitment Termination Date. If the Initial Commitment Termination Date is extended to the Second Commitment Termination Date in accordance with the terms hereof, thereafter, the Borrower may request the extension of the Second Commitment Termination Date to the date that is three years after the date of this Agreement (the "Third Commitment Termination Date") by delivering a notice of extension request to the Administrative Agent at least 90 days, but no more than 120 days, before the Second Commitment Termination Date. If the Second Commitment Termination Date is extended to the Third Commitment Termination Date in accordance with the terms hereof, thereafter, the Borrower may request the extension of the Third Commitment Termination Date to the date that is four years after the date of this Agreement by delivering a notice of

extension request to the Administrative Agent at least 90 days, but no more than 120 days, before the Third Commitment Termination Date.

(b) Lender Elections to Extend. Following receipt by the Administrative Agent of any request by the Borrower to extend the relevant Commitment Termination Date in accordance with the terms of this Agreement, each Lender, acting in its sole and individual discretion, may, by notice to the Administrative Agent given not later than 65 days prior to the Commitment Termination Date then in effect hereunder (the "Existing Commitment Termination Date"), advise the Administrative Agent that such Lender wants to extend its commitment to the subsequent Commitment Termination Date (each such notice a "Commitment Extension Notice"). Any and all Commitment Extension Notice are binding and irrevocable. For the avoidance of doubt, any Lender that fails to deliver a Commitment Extension Notice by the date that is 65 days prior to the Existing Commitment Termination Date shall be deemed to have irrevocably rejected the Borrower's extension request. On the first Business Day to follow the date that is 65 days prior to the Existing Commitment Termination Date, the Administrative Agent shall notify the Borrower of all Lenders that have not delivered a Commitment Extension Notice and the amount of Commitments of such Lenders. The Commitments of each Lender that delivers a Commitment Extension Notice shall be extended to the subsequent Commitment Termination Date. The Commitment of any Lender that fails to deliver a Commitment Extension Notice shall terminate on the Existing Commitment Termination Date applicable to such Lender.

(c) Conditions to Effectiveness of Extensions. Notwithstanding the foregoing, the extension of the Commitment Termination Date pursuant to this Section shall not be effective with respect to any Lender unless:

(i) no Default or Event of Default shall have occurred and be continuing on the date of such extension and after giving effect thereto; and

(ii) the representations and warranties contained in this Agreement are true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the date of such extension and after giving effect thereto, as though made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date); and

(iii) on or prior to the date of such extension, payment of the Extension Fee is made to the relevant Lenders.

(d) Post-Extension Transfers of Commitments. To the extent that less than 100% of all existing Lenders constitute Extending Lenders for a given Commitment Termination Date or are replaced with Lenders that are Extending Lenders for a given Commitment Termination Date, each Extending Lender hereby agrees that the Administrative Agent and the Borrower shall be permitted to amend this Agreement to adjust the allocation of any Extending Lender's Commitments between Tranche A Commitments and Tranche B Commitments such that the Tranche A Commitments of all Tranche A Lenders equals the Tranche B Commitments of all Tranche B Lenders; provided that for the avoidance of doubt, such adjustment may not increase or decrease the aggregate Commitments of such Lender, but only the allocation of such Lender's total Commitments between Tranche A Commitments and Tranche B Commitments; provided further, that no such reallocation shall result in Commerzbank AG New York Branch, unless a Tranche B Election has been made, or any other Lender that would not constitute an acceptable issuer of Letters of Credit to a Lloyd's Entity having any Tranche A Commitments. All reallocations under this clause (d) shall be pro rata, subject to the proviso in the immediately preceding sentence. Promptly following any reallocation of Commitments pursuant to this clause (d), the Administrative Agent shall notify all Lenders of such reallocation of Commitments.

SECTION II.14 Increases in Commitments.

(a) Request for Increase. The Borrower may, at any time, by notice to the Several L/C Issuing Bank and the Administrative Agent (who shall promptly notify the Lenders), request an increase in the Commitments (each such increase, an "Incremental Commitment") by an aggregate amount (for all

such requests) not exceeding \$40,000,000; provided that (i) any such request for an increase shall be in a minimum amount of the lesser of (x) \$20,000,000 (or such lesser amount as may be approved by the Administrative Agent) and (y) the entire remaining amount of increases available under this Section and (ii) the Borrower shall make no more than a total of three requests for increases of Commitments under this Section.

(b) Offer Period. The Incremental Commitments notice from the Borrower shall be open only for acceptance by the Lenders for a period of 10 Business Days from the date on which the Administrative Agent receives such notice (the "Offer Period") and shall specify the amount of the proposed Incremental Commitments and the proposed date on which the Incremental Commitments are to become effective. The allocation of the Incremental Commitments shall first be requested from the existing Lenders in the same proportion that the Total Credit Exposure held by each Lender bears to the Total Credit Exposures of all Lenders. Each existing Lender that is willing to provide all or part of such Incremental Commitments shall confirm its commitment to do so and its agreement to assume Incremental Commitments by delivering an executed Incremental Commitments confirmation notice to the Borrower and the Administrative Agent by no later than the last day of the Offer Period.

(c) Other Lenders. If, following receipt of the confirmations referred to in paragraph (b) above, there remains a portion of the Incremental Commitments that the existing Lenders have not agreed to provide, the Borrower may, at its discretion, seek commitments from any other Eligible Assignee to provide all or part of the Incremental Commitments shortfall. Any such Eligible Assignee that is willing to provide all or any of the Incremental Commitments shall deliver to the Borrower and the Administrative Agent an executed Joinder Agreement confirming the Incremental Commitments it is willing to provide and agreeing to become a Lender and a party to this Agreement on the Incremental Commitment Effective Date. Any such additional Lender shall not be paid an arrangement fee or similar fee in respect of its Incremental Commitment at a rate that is higher than any fee paid to any Lender in connection with their Incremental Commitments.

(d) Incremental Lenders. Any existing Lender or other Person that is an Eligible Assignee that agrees to provide an Incremental Commitment (each, an "Incremental Lender"); shall be subject to the consent (in each case, not to be unreasonably withheld or delayed) of the Administrative Agent and the Several L/C Issuing Bank. Notwithstanding anything herein to the contrary, no Lender shall have any obligation to agree to increase its Commitment, or to provide a Commitment, pursuant to this Section and any election to do so shall be in the sole discretion of such Lender.

(e) Terms of Incremental Commitments. The Administrative Agent and the Borrower shall determine the effective date for any increase of the Commitments pursuant to this Section (an "Incremental Commitment Effective Date") and, if applicable, the final allocation of such increase among the Lenders providing such increase; provided that such date shall be a Business Day at least ten Business Days after delivery of the request for such increase (unless otherwise approved by the Administrative Agent) and at least 90 days prior to the Commitment Termination Date then in effect. All Incremental Commitments shall be pro rata between Tranche A Commitments and Tranche B Commitments.

In order to effect such increase, the Borrower, the applicable Incremental Lender(s) and the Administrative Agent (but no other Lenders or Persons) shall enter into one or more Joinder Agreements, each in form and substance satisfactory to the Borrower and the Administrative Agent, pursuant to which the applicable Incremental Lender(s) will provide the Incremental Commitment(s).

Effective as of the applicable Incremental Commitment Effective Date, subject to the terms and conditions set forth in this Section, each Incremental Commitment shall be a Commitment (and not a separate facility hereunder), and each Incremental Lender providing such Incremental Commitment shall be, and have all the rights of, a Lender.

(f) Conditions to Effectiveness. Notwithstanding the foregoing, the increase in the Commitments pursuant to this Section shall not be effective with respect to any Incremental Lender unless:

- (i) no Default or Event of Default shall have occurred and be continuing on the Incremental Commitment Effective Date and after giving effect to such increase;
- (ii) the Parent shall be in pro forma compliance with Section 6.12 after giving effect to such increase, calculated based on the most recently delivered financial statements under Section 5.01(a) or 5.01(b);
- (iii) the representations and warranties contained in this Agreement are true and correct on and as of the Incremental Commitment Effective Date and after giving effect to such increase, as though made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date);
- (iv) the Administrative Agent shall have received one or more Joinder Agreements contemplated above, providing for Incremental Commitments in the amount of such increase;
- (v) the Administrative Agent shall have received in form and substance satisfactory to it such legal opinions and other documents reasonably requested by the Administrative Agent in connection therewith; and
- (vi) all fees payable to the Arrangers under any Arranger Fee Letter in connection with such Incremental Commitments is paid to such Arranger.

(g) As of such Incremental Commitment Effective Date, upon the Administrative Agent's receipt of the documents required by paragraph (f) above, the Administrative Agent shall record the information contained in the applicable Joinder Agreement(s) in the Register and give prompt notice of the increase in the Commitments to the Borrower, the Several L/C Issuing Bank and the Lenders (including each Incremental Lender).

SECTION II.15 Defaulting Lenders.

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by Applicable Law:

- (i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders and Section 10.02(b).
- (ii) Defaulting Lender Waterfall. Subject to clause (d) below, any payment of Reimbursement Obligations, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 10.08 shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent or Several L/C Issuing Bank hereunder; second, as the Parent may request (so long as no Default or Event of Default exists), to the funding of any L/C Disbursement in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; third, if so determined by the Administrative Agent and the Parent, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to L/C Disbursements under this Agreement; fourth, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by

any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; fifth, so long as no Default or Event of Default exists, to the payment of any amounts owing to any Credit Parties as a result of any judgment of a court of competent jurisdiction obtained by such Credit Parties against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and sixth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any L/C Disbursement in respect of which such Defaulting Lender has not fully funded its appropriate share, such payment shall be applied solely to pay the L/C Disbursements of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any L/C Disbursements of such Defaulting Lender until such time as all L/C Disbursements are held by the Lenders pro rata in accordance with the Commitments. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) **Commitment Fees.** No Defaulting Lender shall be entitled to receive any commitment fee pursuant to Section 2.03(a) for any period during which that Lender is a Defaulting Lender (and no Credit Party shall be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(b) **Defaulting Lender Cure.** If the Parent and the Administrative Agent agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon, such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of any Credit Party while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) **Termination of Defaulting Lender.** The Parent may terminate the unused amount of the Commitment of any Lender that is a Defaulting Lender upon not less than 15 Business Days' prior notice to the Administrative Agent (which shall promptly notify the Lenders thereof), and in such event the provisions of Section 2.15(a)(ii) will apply to all amounts thereafter paid by the Parent for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts); provided that (i) no Event of Default shall have occurred and be continuing, and (ii) such termination shall not be deemed to be a waiver or release of any claim the Credit Parties, the Administrative Agent or any Lender may have against such Defaulting Lender.

(d) Notwithstanding anything herein to the contrary, if any Defaulting Lender has, at such point in time, complied with any and all payment obligations from such Lender under the Credit Documents, such Defaulting Lender shall be entitled to the payment in full of any Reimbursement Obligations then due and owing to such Defaulting Lender as if such Lender was not a Defaulting Lender.

SECTION II.16 Provisions Relating to NAIC Approved Banks and Disqualified Lenders.

(a) Each Lender agrees to use commercially reasonable efforts in order to, at all times, (i) be listed on the NAIC Approved Bank List or (ii) maintain in effect one or more Confirming Bank Agreements with a Person which is listed on the NAIC Approved Bank List to act as a Confirming Bank for such Lender in respect of its obligations under the Letters of Credit issued to an Approved Beneficiary domiciled in Delaware (or any other US State which has adopted the NAIC model laws and rules), which Person, prior to entering into such Confirming Bank Agreement, shall be subject to the prior written consent of each of the Borrower, the Administrative Agent and the Several L/C Issuing Bank, such consent, in each case, shall not be unreasonably withheld. If at any time any Lender shall cease to be a NAIC Approved Bank, such Lender shall promptly notify the Borrower, the Several L/C Issuing Bank and the Administrative Agent and forthwith comply with its obligations under this subsection (a).

(b) If any Lender shall enter into a Confirming Bank Agreement hereunder at any time, it shall promptly furnish a copy thereof to the Borrower, the Several L/C Issuing Bank and the Administrative Agent.

(c) Notwithstanding anything herein to the contrary, so long as (i) any Lender shall not be an NAIC Approved Bank in respect of any Letter of Credit issued to a beneficiary domiciled in Delaware (or any other US State which has adopted the NAIC model laws and rules), or (ii) any Lender is a Disqualified Lender, the Borrower may, upon notice to such Lender, the Several L/C Issuing Bank and the Administrative Agent, require such Lender to assign, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all its interests, rights and obligations under this Agreement and the Letters of Credit issued, or participated in, by such Lender to any Person that shall assume such obligations (which assignee may be another Lender, if it accepts such assignment) with (and subject to) the consent of the Several L/C Issuing Bank and the Administrative Agent (which consent shall not unreasonably be withheld); provided that such Lender shall have received payment of an amount equal to the outstanding amount of its L/C Disbursements (including participations therein), accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding L/C Disbursements and accrued interest and fees) or the applicable Credit Party (in the case of all other amounts).

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Credit Party represents and warrants to the Finance Parties that:

SECTION III.01 Existence, Qualification and Power. Each Credit Party and each of its Subsidiaries (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Credit Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a) (other than with respect to each Credit Party), (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION III.02 Authorization; No Contravention. The execution, delivery and performance by each Credit Party of each Credit Document to which it is party have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation to which any Credit Party is a party or affecting any Credit Party or the properties of any Credit Party or any Subsidiary of a Credit Party or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which any Credit Party or any Subsidiary of a Credit Party or its property is subject or (c) violate any Law.

SECTION III.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Credit Party of this Agreement or any other Credit Document, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and in full force and effect.

SECTION III.04 Execution and Delivery; Binding Effect. This Agreement has been, and each other Credit Document, when delivered hereunder, will have been, duly executed and delivered by each Credit Party. This Agreement constitutes, and each other Credit Document when so delivered will

constitute, a legal, valid and binding obligation of each Credit Party, enforceable against each Credit Party in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

SECTION III.05 Financial Statements; No Material Adverse Effect.

(a) Financial Statements. The Audited Financial Statements were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and fairly present in all material respects the financial condition of the Parent and its Subsidiaries as of the date thereof and their results of operations and cash flows for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

(b) No Material Adverse Change. Since the date of the Audited Financial Statements, there has been no event or circumstance that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

SECTION III.06 Litigation. There are no actions, suits, proceedings, claims, disputes or investigations pending or, to the knowledge of any Credit Party, threatened, at Law, in equity, in arbitration or before any Governmental Authority, by or against any Credit Party or any Subsidiary of a Credit Party or against any of their properties or revenues that (a) if adversely determined, either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect or (b) purport to affect or pertain to this Agreement or any other Credit Document or any of the transactions contemplated hereby.

SECTION III.07 No Material Adverse Effect; No Default. Neither any Credit Party nor any Subsidiary thereof is in default under or with respect to any Contractual Obligation that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Credit Document.

SECTION III.08 Property.

(a) Ownership of Properties. Each Credit Party and its Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title that, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(b) Intellectual Property. Each Credit Party and its Subsidiaries owns, licenses or possesses the right to use all of the trademarks, tradenames, service marks, trade names, copyrights, patents, franchises, licenses and other intellectual property rights that are necessary for the operation of their respective businesses, as currently conducted, business, and the use thereof by each Credit Party and its Subsidiaries does not conflict with the rights of any other Person, except to the extent that such failure to own, license or possess or such conflicts, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. The conduct of the business of each Credit Party or any of its Subsidiaries as currently conducted or as contemplated to be conducted does not infringe upon or violate any rights held by any other Person, except to the extent that such infringements and violations, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the knowledge of any Credit Party, threatened that, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

SECTION III.09 Taxes.

(a) Each Credit Party and its Subsidiaries have filed all federal, state and other tax returns and reports required to be filed, and have paid all federal, state and other taxes, assessments,

fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except (i) Taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with GAAP or (ii) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Each Credit Party is resident for Tax purposes only in the country of its incorporation.

SECTION III.10 Disclosure.

(a) Each Credit Party has disclosed to the Administrative Agent and the Lenders all agreements, instruments and corporate or other restrictions to which that Credit Party or any of its Subsidiaries is subject, and all other matters known to it, that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The reports, financial statements, certificates and other written information (other than projected or pro forma financial information) furnished by or on behalf of any Credit Party to any Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Credit Document (as modified or supplemented by other information so furnished), taken as a whole, do not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein (when taken as a whole), in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected or pro forma financial information, each Credit Party represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time of preparation and delivery (it being understood that such projected information may vary from actual results and that such variances may be material).

(b) As of the Closing Date, the information included in the Beneficial Ownership Certification is true and correct in all respects.

SECTION III.11 Compliance with Laws. Each of the Credit Parties and its Subsidiaries is in compliance with the requirements of all Laws (including Environmental Laws) and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to so comply, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION III.12 ERISA Compliance.

(a) Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, (i) each Plan is in compliance with the applicable provisions of ERISA, the Code and other federal or state Laws and (ii) each Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the IRS, or the Plan is covered by an opinion issued to a pre-approved plan document sponsor, and, to the knowledge of any Credit Party, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the knowledge of any Credit Party, threatened or contemplated claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

(c) No ERISA Event has occurred, and neither any Credit Party nor any ERISA Affiliate is aware of any fact, event or circumstance that, either individually or in the aggregate, could

reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

(d) The present value of all accrued benefits under each Pension Plan (based on those assumptions used to fund such Pension Plan) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Pension Plan allocable to such accrued benefits by a material amount. As of the most recent valuation date for each Multiemployer Plan, the potential liability of any Credit Party or any ERISA Affiliate for a complete withdrawal from such Multiemployer Plan (within the meaning of Section 4203 or Section 4205 of ERISA), when aggregated with such potential liability for a complete withdrawal from all Multiemployer Plans, is zero.

(e) To the extent applicable, each Foreign Plan has been maintained in compliance with its terms and with the requirements of any and all applicable requirements of Law and has been maintained, where required, in good standing with applicable regulatory authorities, except to the extent that the failure so to comply could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect. Neither the Parent nor any of its Subsidiaries has incurred any material obligation in connection with the termination of or withdrawal from any Foreign Plan. The present value of the accrued benefit liabilities (whether or not vested) under each Foreign Plan that is funded, determined as of the end of the most recently ended fiscal year of the Parent or its Subsidiaries, as applicable, on the basis of actuarial assumptions, each of which is reasonable, did not exceed the current value of the property of such Foreign Plan by a material amount, and for each Foreign Plan that is not funded, the obligations of such Foreign Plan are properly accrued.

SECTION III.13 Environmental Matters. Except with respect to any matters that, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, neither the Parent nor any of its Subsidiaries nor any Controlled Investment Entity (a) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (b) knows of any basis for any permit, license or other approval required under any Environmental Law to be revoked, canceled, limited, terminated, modified, appealed or otherwise challenged, (c) has or could reasonably be expected to become subject to any Environmental Liability, (d) has received notice of any claim, complaint, proceeding, investigation or inquiry with respect to any Environmental Liability (and no such claim, complaint, proceeding, investigation or inquiry is pending or, to the knowledge of the Borrower, is threatened or contemplated) or (e) knows of any facts, events or circumstances that could give rise to any basis for any Environmental Liability of the Parent or any of its Subsidiaries or any other member of the Group or any Controlled Investment Entity.

SECTION III.14 Margin Regulations. No Credit Party is engaged or will engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying Margin Stock; provided that for the avoidance of doubt, any purchase of Margin Stock in Enstar Group Limited that does not constitute a violation of or is not inconsistent with any of the regulations of the Board, including Regulation T, Regulation U and Regulation X and is used to purchase or carry Margin Stock in Enstar Group Limited shall not be considered an important activity of any Credit Party. No issuance of a Letter of Credit will violate or be inconsistent with the provisions of Regulation T, Regulation U or Regulation X of the Board.

SECTION III.15 Net Worth. On the date of this Agreement, the Consolidated Net Worth of the Parent is not less than \$2,300,000,000.

SECTION III.16 Investment Company Act. Neither the Parent nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION III.17 Center of Main Interests and Establishments. In relation to each Credit Party incorporated in a member state of the European Union, for the purposes of The Council of the

European Union Regulation No. 1346/2000 on Insolvency Proceedings (the "Regulation"), its center of main interest (as that term is used in Article 3(1) of the Regulation) is situated in its jurisdiction of incorporation and it has no "establishment" (as that term is used in Article 2(h) of the Regulations) in any other jurisdiction.

SECTION III.18 Sanctions; Anti-Corruption.

(a) None of the Parent, any of its Subsidiaries or any Controlled Investment Entity or any director, officer, employee, agent, or affiliate of the Parent or any of its Subsidiaries or any Controlled Investment Entity is an individual or entity ("person") that is, or is owned or controlled by persons that are: (i) the subject of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, the Bermuda Monetary Authority, Australia (including the Australian Department of Foreign Affairs and Trade), Canada (including the Canadian Ministry for Foreign Affairs and Global Affairs Canada) or other relevant sanctions authority (collectively, "Sanctions"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions (including, Crimea, Cuba, Iran, North Korea and Syria).

(b) The Parent, its Subsidiaries and each Controlled Investment Entity and their respective directors, officers and employees and, to the knowledge of the Parent, the agents of the Parent and its Subsidiaries and each Controlled Investment Entity, are in compliance with all applicable Sanctions and with the Bribery Act 2010 of the United Kingdom, the Foreign Corrupt Practices Act of 1977 and the PATRIOT Act, each as amended, and the rules and regulations thereunder (the "FCPA", the "Bribery Act" and the PATRIOT Act respectively) and any other applicable anti-corruption and anti-money laundering law. None of the Parent, its Subsidiaries, any Controlled Investment Entity and their respective directors, officers and employees and, to the knowledge of the Parent, the agents of the Parent, its Subsidiaries and each Controlled Investment Entity, are under investigation by any Governmental Authority for an alleged breach of Sanctions, the Bribery Act, the FCPA, the PATRIOT Act or any other applicable anti-corruption or anti-money laundering law. The Parent, its Subsidiaries and each Controlled Investment Entity have instituted and maintain policies and procedures designed to promote and achieve continued compliance with applicable Sanctions, the Bribery Act, the FCPA, the PATRIOT Act and any other applicable anti-corruption and anti-money laundering laws.

SECTION III.19 Solvency. Each Credit Party is Solvent.

SECTION III.20 Group Structure Chart. As of the date of this Agreement, the Group Structure Chart is true complete and accurate in all material respects.

SECTION III.21 Ownership. Each of the Credit Parties (other than the Parent) is a direct or indirect Wholly-Owned Subsidiary of the Parent.

SECTION III.22 EEA Financial Institution. No Credit Party is an EEA Financial Institution.

ARTICLE IV

CONDITIONS

SECTION IV.01 Closing Date. The obligation of the Finance Parties to make L/C Credit Extensions hereunder is subject to the satisfaction (or waiver in accordance with Section 10.02) of the following conditions (and, in the case of each document specified in this Section to be received by the Administrative Agent, such document shall be in form and substance satisfactory to the Administrative Agent):

(a) Executed Counterparts. The Administrative Agent shall have received from each party thereto a counterpart signed on behalf of such party of this Agreement and the Fee Letters.

(b) Certificates. The Administrative Agent shall have received such customary certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Credit Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with the Credit Documents (including provision of specimen signatures for all authorized signatories who will sign any Credit Documents or related documents on behalf of any Credit Party).

(c) Corporate Documents. The Administrative Agent shall have received such other documents and certificates (including Organizational Documents, good standing certificates or their equivalent in each applicable jurisdiction and the Group Structure Chart) as the Administrative Agent may reasonably request relating to the organization, existence and good standing of each Credit Party and any other legal matters relating to each Credit Party, the Credit Documents or the transactions contemplated thereby.

(d) Opinions of Counsel. The Administrative Agent shall have received an opinion of (i) Drinker Biddle & Reath LLP, New York and Delaware counsel to the Credit Parties, (ii) Carey Olsen Bermuda Limited, Bermuda counsel to the Administrative Agent, and (iii) Ashurst LLP, English counsel to the Administrative Agent, each addressed to the Finance Parties and dated the Closing Date, in form and substance satisfactory to the Administrative Agent (and the Administrative Agent hereby instructs such counsel to deliver such opinion to such Persons).

(e) Fees and Expenses. Each Credit Party shall have paid all fees, costs and expenses (including all reasonable and documented legal fees and expenses) agreed in writing to be paid by it to the Finance Parties in connection herewith (including pursuant to the Fee Letters) to the extent due (and, in the case of expenses (including legal fees and expenses), to the extent that statements for such expenses shall have been delivered to the Borrower on or prior to the Closing Date).

(f) KYC Information. Each Credit Party shall have provided to the Finance Parties such documentation and other information that the Finance Parties may reasonably require connection with applicable "know your customer" and anti-money-laundering rules and regulations, including the PATRIOT Act, and, in respect of any Credit Party that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, a Beneficial Ownership Certificate in relation to such Credit Party.

(g) Government Approvals. The Credit Parties shall have obtained all necessary authorizations from Governmental Authorities in connection with the entry into and performance of the transactions contemplated by the Credit Documents (and for the validity or enforceability of the Credit Documents).

(h) Officer's Certificate. The Administrative Agent shall have received a certificate, dated the Closing Date and signed by a Responsible Officer of the Parent, confirming (x) satisfaction of the conditions set forth in this Section 4.01, (y) that the representations and warranties of each Credit Party set forth in this Agreement and in any other Credit Document are true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the Closing Date (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date) and (z) that no Default has occurred and is continuing.

(i) Amendments and Waivers. The Administrative Agent shall have received evidence of amendments and/or waivers from the existing lenders and agents under the Revolving Credit Facility Documents, the Term Loan Credit Documents and the LC Credit Documents as may be necessary, in the opinion of the Administrative Agent, to permit the terms of this Agreement under such agreements.

(j) Other Documents. The Administrative Agent shall have received such other authorizations or documents as the Administrative Agent or any Lender (through the Administrative Agent) may reasonably request in connection with the entry into and performance of the transactions contemplated by any Credit Document or for the validity and enforceability of any Credit Document.

Without limiting the generality of Section 8.03(c), for purposes of determining satisfaction of the conditions specified in this Section, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

The Administrative Agent shall notify the Borrower of the Closing Date, and such notice shall be conclusive and binding.

SECTION IV.02 Conditions to All L/C Credit Extensions. The obligation of the Finance Parties to make a L/C Credit Extension (including the initial L/C Credit Extension) is additionally subject to the satisfaction of the following conditions:

(a) the Administrative Agent and the Several L/C Issuing Bank shall have received a written request for such L/C Credit Extension (in a form acceptable to the Several L/C Issuing Bank in its sole discretion) in accordance with the requirements hereof;

(b) the representations and warranties of each Credit Party set forth in this Agreement and in any other Credit Document shall be true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the date of such L/C Credit Extension (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date); and

(c) no Default shall have occurred and be continuing or would result from such L/C Credit Extension or from the application of proceeds thereof.

Each request for a L/C Credit Extension hereunder and each L/C Credit Extension shall be deemed to constitute a representation and warranty by the Credit Parties on and as of the date of the applicable L/C Credit Extension as to the matters specified in clauses (b) and (c) above in this Section.

ARTICLE V

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and all Obligations shall have been paid in full, each Credit Party covenants and agrees with the Lenders that:

SECTION V.01 Financial Statements. The Parent will procure that each Credit Party furnish to the Administrative Agent for distribution to each Lender:

(a) as soon as available, and in any event within 120 days (or 75 days in respect of the Parent) after the end of each of its fiscal years (or, if earlier, 5 days after the date required to be filed with the SEC) (commencing with the fiscal year ended December 31, 2018), (i) a consolidated balance sheet of the Parent and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income or operations, Shareholders' Equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, audited and accompanied by a report and opinion of independent public accountants of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards (and shall not be subject to any "going

concern" or like qualification, exception or explanatory paragraph or any qualification, exception or explanatory paragraph as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition, results of operations, Shareholders' Equity and cash flows of the Parent and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, and (ii) the management prepared financial statements of each Credit Party other than the Parent as at the end of such fiscal year and the related statements of income or operations, shareholders' equity and cash flows for such fiscal year of such Credit Party setting forth in each case in comparative form the figures for the previous fiscal year, to the effect that such management prepared financial statements present fairly in all material respects the financial condition, results of operations, shareholders' equity and cash flows of such Credit Party in accordance with GAAP consistently applied; provided, however, that to the extent that any Investment Fund, Investment Fund Manager or Investment Fund GP is consolidated with the Parent or any other Credit Party under GAAP for any fiscal year (or any truncated period of any fiscal year), any consolidated financial statements delivered pursuant to this Section 5.01(a) for such fiscal year may include the component parts contributed by such Investment Fund, Investment Fund Manager or Investment Fund GP as a consolidated subsidiary for such period despite that it is not a "Subsidiary" for purposes of this Agreement;

(b) as soon as available, but in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Parent (or, if earlier, 5 days after the date required to be filed with the SEC):

(i) a consolidated balance sheet of the Parent and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of income or operations, Shareholders' Equity and cash flows for such fiscal quarter and for the portion of the Parent's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, certified by a Financial Officer of the Parent as fairly presenting in all material respects the financial condition, results of operations, Shareholders' Equity and cash flows of the Parent and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject only to normal year-end audit adjustments and the absence of notes; and

(ii) management prepared financial statements of each Credit Party other than the Parent as at the end of such fiscal quarter, the related statements of income or operations, shareholders' equity and cash flows for such fiscal quarter and for the portion of such Credit Party's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, certified by a Financial Officer of such Credit Party as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of such Credit Party in accordance with GAAP consistently applied, subject only to normal year-end audit adjustments and the absence of notes;

provided, however, that to the extent that any Investment Fund, Investment Fund Manager or Investment Fund GP is consolidated with the Parent or any other Credit Party under GAAP for any fiscal quarter (or any truncated period of any fiscal quarter), any consolidated financial statements delivered pursuant to this Section 5.01(b) for such fiscal quarter may include the component parts contributed by such Investment Fund, Investment Fund Manager or Investment Fund GP as a consolidated subsidiary for such period despite that it is not a "Subsidiary" for purposes of this Agreement; and

(c) as soon as it is available, but in any event within 120 days after the end of each fiscal year of the Parent, an actuarial report of the Group (on a consolidated basis) on the sufficiency of its consolidated loss and loss adjustment expense reserves, which report shall be prepared by the Group's duly qualified internal team of actuaries; provided, however, that to the extent any Investment Fund, Investment Fund Manager or Investment Fund GP is consolidated

with the Parent or any other Credit Party under GAAP for any fiscal year (or any truncated period of such fiscal year), such Investment Fund, Investment Fund Manager or Investment Fund GP may be included in such report despite that it is not a "Subsidiary" and not part of the "Group" for purposes of this Agreement.

SECTION V.02 Certificates; Other Information. The Parent will deliver to the Administrative Agent for distribution to each Lender:

(a) concurrently with the delivery of the financial statements referred to in Sections 5.01(a) and (b), a duly completed certificate signed by a Responsible Officer of the Parent (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.12, and (iii) setting forth a calculation of the guarantor coverage ratio set forth in Section 5.15;

(b) promptly after the same are publicly available, copies of each annual report, proxy or financial statement or other report or communication sent to the shareholders of the Parent, and copies of all annual, regular, periodic and special reports and registration statements that the Parent or any Subsidiary may file or be required to file with the SEC or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, and not otherwise required to be delivered pursuant hereto;

(c) promptly after the furnishing thereof, copies of any material request or notice received by the Parent or any Subsidiary, or any statement or report furnished by the Parent or any Subsidiary to any holder of debt securities of the Parent or any Subsidiary, pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished pursuant hereto;

(d) promptly after receipt thereof by the Parent or any Subsidiary, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other similar inquiry by such agency regarding financial or other operational results of the Parent or any Subsidiary thereof; and

(e) promptly following any request therefor, (i) such other information regarding the operations, business or financial condition of the Parent or any Subsidiary, or compliance with the terms of the Credit Documents, as the Administrative Agent or any Lender (through the Administrative Agent) may from time to time reasonably request; or (ii) information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with the Beneficial Ownership Regulation, any other applicable "know your customer" requirements under the Bribery Act, the FCPA, the PATRIOT Act or other applicable anti-money laundering laws.

Documents required to be delivered pursuant to Section 5.01(a) or (b) or Section 5.02(b) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) on which such materials are publicly available as posted on the Electronic Data Gathering, Analysis and Retrieval system (EDGAR); or (ii) on which such documents are posted on the Parent's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that the Parent shall notify the Administrative Agent and each Lender (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents.

SECTION V.03 Notices. The Parent will promptly notify the Administrative Agent and each Lender of:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit, investigation or proceeding by or before any arbitrator or Governmental Authority against or affecting any Credit Party or any Affiliate thereof, including pursuant to any applicable Environmental Laws, that could reasonably be expected to be adversely determined, and, if so determined, could reasonably be expected to have a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, either individually or together with any other ERISA Events, could reasonably be expected to have a Material Adverse Effect;

(d) notice of any action arising under any Environmental Law or of any noncompliance by any Credit Party or any Subsidiary or any Controlled Investment Entity with any Environmental Law or any permit, approval, license or other authorization required thereunder that, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(e) any material change in accounting or financial reporting practices by any Credit Party;

(f) any change in the Credit Ratings from a Credit Rating Agency, or the placement by a Credit Rating Agency of any Credit Party on a "CreditWatch" or "WatchList" or any similar list, in each case with negative implications, or the cessation by a Credit Rating Agency of, or its intent to cease, rating any Credit Party's debt;

(g) any change in the information provided in a Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein; and

(h) any matter or development that has had or could reasonably be expected to have a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Responsible Officer of the relevant Credit Party setting forth the details of the occurrence requiring such notice and stating what action the relevant Credit Party has taken and proposes to take with respect thereto.

SECTION V.04 Preservation of Existence, Etc. Each Credit Party will, and will cause each of its Subsidiaries to, (a) preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 6.03 or 6.04; (b) take all reasonable action to maintain all rights, licenses, permits, privileges and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

SECTION V.05 Maintenance of Properties. Each Credit Party will, and will cause each of its Subsidiaries to, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, (a) maintain, preserve and protect all of its properties and equipment necessary in the operation of its business in good working order and condition (ordinary wear and tear excepted) and (b) make all necessary repairs thereto and renewals and replacements thereof.

SECTION V.06 Maintenance of Insurance. Each Credit Party will, and will cause each of its Subsidiaries to, maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the relevant Credit Party and its Subsidiaries) as are customarily carried under similar circumstances by such Persons.

SECTION V.07 Payment of Obligations. Each Credit Party will, and will cause each of its Subsidiaries to, pay, discharge or otherwise satisfy as the same shall become due and payable, all of its obligations and liabilities, including Tax liabilities, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the relevant Credit Party or such Subsidiary, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION V.08 Compliance with Laws. Each Credit Party will, and will cause each of its Subsidiaries to, comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION V.09 Environmental Matters. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, each Credit Party will, and will cause each of its Subsidiaries and each Controlled Investment Entity to, (a) comply with all Environmental Laws, (b) obtain, maintain in full force and effect and comply with any permits, licenses or approvals required for the facilities or operations of such Credit Party or any of its Subsidiaries or any Controlled Investment Entity, and (c) conduct and complete any investigation, study, sampling or testing, and undertake any corrective, cleanup, removal, response, remedial or other action necessary to identify, report, remove and clean up all Hazardous Materials present or released at, on, in, under or from any of the facilities or real properties of such Credit Party or any of its Subsidiaries or any Controlled Investment Entity.

SECTION V.10 Books and Records. Each Credit Party will, and will cause each of its Subsidiaries to, maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of such Credit Party or such Subsidiary, as the case may be.

SECTION V.11 Inspection Rights. Each Credit Party will, and will cause each of its Subsidiaries to, permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the reasonable expense of such Credit Party and at such reasonable times during normal business hours and as often as may be reasonably requested; provided that, other than with respect to such visits and inspections during the continuation of an Event of Default, (a) only the Administrative Agent on behalf of the Lender may exercise rights under this Section and (b) the Administrative Agent shall not exercise such rights more often than two times during any calendar year; provided, further, that when an Event of Default exists the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing under this Section at the expense of such Credit Party and at any time during normal business hours and without advance notice.

SECTION V.12 Use of Letters of Credit. The Borrower will, and will cause each of its Subsidiaries and Affiliates to, use the Letters of Credit issued hereunder, to provide collateral support for reinsurance transactions of the Borrower or any Eligible Affiliate not in contravention of any Law or of any Credit Document.

SECTION V.13 Sanctions; Anti-Corruption Laws. Each Credit Party will maintain in effect policies and procedures designed to promote compliance by such Credit Party, its Subsidiaries, each Controlled Investment Entity, and their respective directors, officers, employees, and agents with applicable Sanctions and with the Bribery Act, the FCPA and any other applicable anti-corruption and anti-money laundering laws.

SECTION V.14 Bermuda Solvency Coverage Ratio. The Parent shall ensure at all times that the Group Enhanced Capital Resources exceed 100 percent of the Group Enhanced Capital Requirement.

SECTION V.15 Guarantor Coverage. The Parent shall ensure at all times after the Closing Date that the Borrower, together with any Guarantors other than the Parent, has an aggregate Net Worth (calculated quarterly on a consolidated basis) of not less than 80% of Consolidated Net Worth of the Parent. This covenant shall be tested quarterly at the end of each fiscal quarter. If, based on the financial statements most recently delivered pursuant to Section 5.01(a) or 5.01(b), the aggregate Net Worth of the Borrower, together with any Guarantors other than the Parent, (calculated quarterly on a consolidated basis) is not at least 80% of the Consolidated Net Worth of the Parent, then within 30 days of delivery of such financial statements the Parent shall either (a) take such action as it deems appropriate to increase the Net Worth of the Borrower and Guarantors so that the foregoing requirement is satisfied or (b) cause such other members of the Group to become Guarantors such that the foregoing requirement is satisfied, and in each case deliver evidence of such compliance to the Administrative Agent. Subject to compliance with any client identification or know-your-customer requirements the Administrative Agent or the Lenders may have, the Parent may request that any of its Wholly-Owned Subsidiaries become a Guarantor hereunder by delivering an executed counterpart of a Guarantor Joinder Agreement or comparable guaranty documentation reasonably satisfactory to the Administrative Agent within ten (10) Business Days of becoming aware of that the test set out in this Section 5.15 is not or will not be met (or such longer time period agreed to by the Administrative Agent in its reasonable discretion) (it being understood that such Guarantor Joinder Agreement or comparable guaranty documentation shall be accompanied by documentation with respect thereto substantially consistent with the documentation delivered pursuant to Section 4.01(c)). If requested by the Administrative Agent, the Administrative Agent shall receive an opinion or opinions of counsel for the Parent in form and substance reasonably satisfactory to the Administrative Agent in respect of matters reasonably requested by the Administrative Agent relating to any such Guarantor Joinder Agreement or comparable guaranty documentation delivered pursuant to this Section 5.15, dated as of the date of such Guarantor Joinder Agreement or comparable guaranty documentation. At any time that any Investment Fund is included in the calculation of Consolidated Net Worth of the Parent but is not included in the calculation of Net Worth of any Guarantor (other than the Parent) or the Borrower, if the Parent is not in compliance with the covenant set forth in the first sentence of this Section 5.15 but would be in compliance with such covenant if the Net Worth contributed by such Investment Fund or Investment Funds were excluded from the calculation of Consolidated Net Worth of the Parent, then the covenant in the first sentence of Section 5.15 shall be deemed to be satisfied and the Parent shall not be required to take any action with respect to the second, third and fourth sentences of this Section 5.15.

ARTICLE VI

NEGATIVE COVENANTS

Until the Commitments have expired or been terminated and all Obligations have been paid in full, each Credit Party covenants and agrees with the Lenders that:

SECTION VI.01 Indebtedness. No Credit Party will, nor will it permit any Subsidiary to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Credit Documents;

(b) Indebtedness outstanding on the date hereof and listed on Schedule 6.01 and any refinancings, refundings, renewals or extensions thereof; provided that the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder;

(c) Guarantees:

(i) of any Credit Party or any Subsidiary in respect of Indebtedness otherwise permitted hereunder of such Credit Party or any Wholly-Owned Subsidiary;

(ii) given in respect of netting or set-off arrangements permitted pursuant to Section 6.02(m);

(iii) given by the Parent in the ordinary course of its insurance business excluding, for the avoidance of doubt, (x) any Guarantee of Indebtedness which Indebtedness is not otherwise permitted under this Section 6.01 and (y) any Guarantee of Indebtedness incurred by any Investment Entity;

(iv) not otherwise permitted hereunder made in the ordinary course of business in an aggregate amount not exceeding \$100,000,000 (but in no event shall this subclause (iv) permit any Guarantees in respect of which the "primary obligor" is an Investment Entity);

provided that no new Guarantees of Indebtedness will be permitted at any time after the occurrence of a Default which is continuing, other than Guarantees of Indebtedness provided in the ordinary course of trading by members of the Group which are not Credit Parties;

(d) obligations (contingent or otherwise) of a Credit Party or any Subsidiary existing or arising under any Swap Contract entered into in compliance with Section 6.17;

(e) Indebtedness of any Person that becomes a Subsidiary after the date hereof; provided that such Indebtedness (i) exists at the time such Person becomes a Subsidiary and is not created or increased or has its maturity date extended (other than by the waiver of any applicable change of control provision) in contemplation of, or in connection with, or since such Person becoming a Subsidiary and (ii) remains outstanding for a period of no more than six months following that acquisition;

(f) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations not in connection with money borrowed, in each case provided in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business;

(g) Indebtedness (i) resulting from a bank or other financial institution honoring a check, draft or similar instrument in the ordinary course of business or (ii) arising under or in connection with cash management services in the ordinary course of business;

(h) Acquisition SPV Indebtedness in an aggregate principal amount not exceeding 25% of Consolidated Net Worth at any time outstanding (provided that no such Acquisition SPV Indebtedness shall be utilized in respect of or for the benefit of any Investment Entity);

(i) Indebtedness incurred pursuant to any letter of credit or its equivalent in the ordinary course of business;

(j) other Indebtedness of any member of the Group that is not a Credit Party in an aggregate principal amount for all such Indebtedness under this paragraph (j) not exceeding 5% of Consolidated Net Worth at any time outstanding (provided that this basket shall not be utilized to Guarantee Indebtedness of an Investment Entity);

(k) the Revolving Credit Facility;

(l) the Term Loan Credit Facility;

(m) other Indebtedness of a Credit Party that would not cause a breach of Section 6.12 and which is unsecured and ranks pari passu with, or is subordinated to, any rights or claims of the Lenders under any of the Credit Documents (provided that this basket shall not be utilized to Guarantee Indebtedness of an Investment Entity); and

(n) to the extent constituting Indebtedness, Investments permitted by Section 6.06(c), provided that such Indebtedness shall, by its terms, be expressly subordinated in right of payment to the Obligations.

SECTION VI.02 Liens. No Credit Party will, nor will it permit any Subsidiary to, create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

- (a) Liens existing on the date hereof and listed on Schedule 6.02 and any renewals or extensions thereof, provided that (i) the property covered thereby is not changed, (ii) the amount secured or benefited thereby is not increased except as contemplated by Section 6.01(b), (iii) the direct or any contingent obligor with respect thereto is not changed and (iv) any renewal or extension of the obligations secured or benefited thereby is permitted by Section 6.01(b);
- (b) Liens for Taxes not yet due or that are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;
- (c) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 30 days or that are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person;
- (d) pledges or deposits in the ordinary course of business in connection with (i) workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA, and (ii) public utility services provided to a Credit Party or a Subsidiary;
- (e) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;
- (f) easements, rights-of-way, restrictions and other similar encumbrances affecting real property that, in the aggregate, are not substantial in amount, and that do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person, and any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary conduct of the business of a Credit Party and its Subsidiaries;
- (g) Liens securing judgments for the payment of money not constituting an Event of Default under Section 7.01(j);
- (h) any Lien existing on any property or asset prior to the acquisition thereof by a Credit Party or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of, in connection with or since such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary and (iii) such Lien shall secure only those obligations that it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof and (iv) such Lien is removed or discharged within six months of such acquisition or such Person becoming a Subsidiary except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such extension, renewal, or replacement;

(i) Liens (i) of a collecting bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, (ii) in favor of a banking institution encumbering deposits (including the right of setoff) that are customary in the banking industry, and (iii) in favor of a custodian bank on assets subject to the custodial arrangement with such custodian bank which arrangements are entered into in the ordinary course of business;

(j) any interest or title of a lessor, sublessor, licensor or sublicensor under leases or licenses permitted by this Agreement that are entered into in the ordinary course of business;

(k) leases, licenses, subleases or sublicenses granted to others in the ordinary course of business that do not (i) interfere in any material respect with the ordinary conduct of the business of the Borrower and its Subsidiaries, or (ii) secure any Indebtedness;

(l) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(m) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Group but only so long as (A) such arrangement does not permit credit balances of Credit Parties to be netted or set-off against debit balances of members of the Group which are not Credit Parties and (B) such arrangement does not give rise to other Lien over the assets of Credit Parties in support of liabilities of members of the Group which are not Credit Parties;

(n) Liens provided by an Acquisition SPV to the provider of any credit facilities constituting Acquisition SPV Indebtedness over all or part of the assets of that Acquisition SPV or any limited recourse Liens provided by any Holding Company of an Acquisition SPV over all or part of the Equity Interests or other ownership interests held in that Acquisition SPV;

(o) Liens created by a member of the Group in support of a letter of credit or its equivalent in the ordinary course of business of the relevant member of the Group;

(p) Liens arising by virtue of trust arrangements, withheld balances, administrative accounts, or any other collateral or security arrangements incurred in connection with any Policies, Reinsurance Agreements or related agreements in the ordinary course of business or capital support agreements or any other agreements by the Credit Parties in support of the capital of any Insurance Subsidiary, or guarantees or any other agreements by the Credit Parties guaranteeing the obligations of any Insurance Subsidiary under any Policies or Reinsurance Agreements in each case entered into in the ordinary course of business;

(q) Liens from time to time securing the Revolving Credit Facility;

(r) Liens from time to time securing the Term Loan Credit Facility; and

(s) Liens securing Indebtedness and other obligations (~~other than Indebtedness and other obligations of an Investment Entity~~), in an aggregate amount not exceeding 2.5% of Consolidated Net Worth at any time outstanding (~~other than Indebtedness and other obligations of an Investment Entity~~).

SECTION VI.03 Fundamental Changes. No Credit Party will, nor will it permit any Subsidiary to, merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom:

- (a) any Subsidiary may merge with (i) a Credit Party, provided that a Credit Party shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries (other than a Credit Party), provided that when any Wholly-Owned Subsidiary is merging with another Subsidiary, a Wholly-Owned Subsidiary shall be the continuing or surviving Person;
- (b) any Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to a Credit Party or to another Subsidiary; provided that if the transferor in such a transaction is a Wholly-Owned Subsidiary, then the transferee shall either be a Credit Party or another Wholly-Owned Subsidiary and if the transferor is a Credit Party, then the transferee shall be a Credit Party;
- (c) a Credit Party and its Subsidiaries may make Dispositions permitted by Section 6.04;
- (d) any Investment permitted by Section 6.06 may be structured as a merger, consolidation or amalgamation; and
- (e) any Subsidiary may dissolve, liquidate or wind up its affairs if it owns no material assets, engages in no business and otherwise has no activities other than activities related to the maintenance of its existence and good standing.

SECTION VI.04 Dispositions. No Credit Party will, and will not permit any Subsidiary to, make any Disposition or enter into any agreement to make any Disposition, except:

- (a) Dispositions of obsolete or worn out property, whether now owned or hereafter acquired, in the ordinary course of business;
- (b) Dispositions of inventory and Investments in the ordinary course of business (other than Equity Interests of Subsidiaries, lines of business, real property or intellectual property);
- (c) Dispositions of assets (other than Equity Interests of Subsidiaries, lines of business, real property or intellectual property) to the extent that such assets are exchanged for other assets comparable or superior as to type, value and quality;
- (d) Dispositions of property by (i) any Wholly-Owned Subsidiary (which is not itself a Credit Party) to a Credit Party or to another Wholly-Owned Subsidiary, (ii) any Subsidiary (which is not itself a Credit Party or a Wholly-Owned Subsidiary) to a Credit Party or to another Subsidiary or (iii) a Credit Party to another Credit Party or a Wholly-Owned Subsidiary;
- (e) Dispositions of property as a result of a casualty event involving such property or any Disposition of real property to a Governmental Authority as a result of a condemnation of such real property;
- (f) Dispositions of assets (other than cash) to an Acquisition SPV;
- (g) Dispositions permitted by Section 6.03;
- (h) Dispositions of intellectual property rights that are no longer used or useful in the business of a Credit Party and its Subsidiaries;
- (i) Restricted Payments permitted by Section 6.05 and Investments permitted by Section 6.06;
- (j) Dispositions of all or part of any Investments acquired after the date of this Agreement provided that such disposal is completed within 180 days of that acquisition;

(k) Dispositions of assets by a Credit Party and its Subsidiaries, including Insurance Subsidiaries, in connection with an Insurance Contract, Reinsurance Agreement or any related agreement, in each case in the ordinary course of business; and

(l) Dispositions by a Credit Party and its Subsidiaries not otherwise permitted under this Section; provided that the aggregate book value of all property Disposed of pursuant to this clause (l) in any fiscal year shall not exceed 2.5% of Consolidated Net Worth of the Parent.

SECTION VI.05 Restricted Payments. Parent will not declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that:

(a) the Parent may declare and make dividend payments or other distributions payable solely in Equity Interests of the Parent;

(b) the Parent may purchase, redeem or otherwise acquire Equity Interests issued by it with the proceeds received from the substantially concurrent issue of new common Equity Interests;

(c) the Parent may (i) declare or pay cash dividends to its shareholders and (ii) purchase, redeem or otherwise acquire for cash its Equity Interests if no Default or Event of Default exists either before or after giving effect thereto; and

(d) the Parent may pay withholding or similar taxes payable by any future, present or former employee, director or officer (or any spouses, former spouses, successors, executors, administrators, heirs, legatees or distributees of any of the foregoing) in connection with any repurchases of Equity Interests or the exercise of stock options.

SECTION VI.06 Investments. No Credit Party will, and will not permit any Subsidiary to, make any Investments, except:

(a) Investments held by a Credit Party or such Subsidiary in the form of Cash Equivalents;

(b) (i) Investments in Subsidiaries in existence on the Closing Date, and (ii) other Investments in existence on the Closing Date and identified on Schedule 6.06, and any refinancing, refunding, renewal or extension of any such Investment that does not increase the amount thereof except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing, refunding, renewal or extension;

(c) Investments of any Credit Party in any Subsidiary or in another Credit Party and Investments of any Subsidiary in any Credit Party or in another Subsidiary;

(d) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(e) Investments consisting of the indorsement by any Credit Party or any Subsidiary of negotiable instruments payable to such Person for deposit or collection in the ordinary course of business;

(f) to the extent constituting an Investment, transactions otherwise permitted by Sections 6.01, 6.03 and 6.05;

(g) any acquisition (A) by a member of the Group other than a Credit Party of a company, entity, business or undertaking (or in each case, any interest in any of them) or (B) by

any Credit Party of a company or entity (or in each case any interest in any of them), in each case:

(i) which either (y) holds (or after giving effect to the transaction or series of transactions contemplated therewith, will hold) more than 50 percent of its assets in or generates more than 50 percent of its revenues from the insurance, reinsurance, asset management or insurance broking sectors or (z) for which the majority of the liabilities of the company, entity, business or undertaking consists of direct exposure from legacy operations to claims in lines of business in the Group's portfolio of existing non-life run-off liabilities; and

(ii) whose gross assets would represent in aggregate less than 25 percent of the pro forma consolidated total assets (in each case determined in accordance with GAAP) of the Group immediately following such acquisition,

provided, that, (1) for any such acquisition by a member of the Group other than a Credit Party, such acquisition may be effected by (x) acquisition of all or a portion of the Equity Interests (y) subject to compliance with Section 6.03, by way of a merger or (z) an acquisition of new business effected through a portfolio transfer or reinsurance transaction, and (2) for any such acquisition by a Credit Party, such acquisition may be effected by acquisition of all or a portion of the Equity Interests of such company or entity.

(h) the incorporation or formation of a company as a Subsidiary;

(i) any acquisition by a member of the Group of an Equity Interest from another member of the Group to the extent that the disposal of such Equity Interest is not otherwise restricted by Section 6.04;

(j) Investments in accordance with the investment policy of the Parent and its Subsidiaries as approved by the board of directors (or a committee thereof) of the Parent from time to time; and

(k) Investments not otherwise permitted under this Section; provided that the aggregate fair value of all Investments pursuant to this clause (k) in any fiscal year shall not exceed 2.5% of the Consolidated Net Worth of the Parent.

SECTION VI.07 Transactions with Affiliates. Each Credit Party will not, and will not permit any Subsidiary to, enter into any transaction of any kind with any Affiliate of a Credit Party, whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to such Credit Party or such Subsidiary as would be obtainable by such Credit Party or such Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate; provided that the foregoing restriction shall not apply to (a) transactions between or among the Credit Parties and any of their Wholly-Owned Subsidiaries or between and among any Wholly-Owned Subsidiaries, (b) Restricted Payments permitted by Section 6.05, (c) Investments permitted by Section 6.06(b), (c) or (d) and (d) transactions in the ordinary course of business with Investment Funds, Investment Fund Managers and Investment Fund GPs.

SECTION VI.08 Reserved.

SECTION VI.09 Changes in Fiscal Periods. Each Credit Party will not permit the last day of its fiscal year to end on a day other than December 31 or change any Credit Party's method of determining its fiscal quarters.

SECTION VI.10 Changes in Nature of Business. Each Credit Party will not, and will not permit any Subsidiary to, engage to any material extent in any business other than those businesses conducted by such Credit Party and its Subsidiaries on the date hereof or any business reasonably related or incidental thereto or representing a reasonable expansion thereof.

SECTION VI.11 Reserved.

SECTION VI.12 Financial Covenants.

(a) Parent Net Worth. The Consolidated Net Worth of the Parent shall at all times not be less than the aggregate of:

- (i) \$2,300,000,000; plus
- (ii) 50.0% of the net income available for distribution to common shareholders of the Parent at any time after August 16, 2018; plus
- (iii) 50.0% of the proceeds of any common stock issuance of the Parent made after August 16, 2018.

(b) Gearing Ratio. The Consolidated Financial Indebtedness of the Parent shall not at any time be more than 35.0% of the Total Capital.

(c) The financial covenants in this Section 6.12 shall be in effect at all times but shall be tested on each Quarter Date commencing with the first Quarter Date after the Closing Date. The financial covenants set out in Sections 6.12(a) and 6.12(b) shall be calculated in accordance with GAAP and, in each case, shall be tested first by reference to the quarterly consolidated balance sheet and related financial statements and, where available, by reference to the annual consolidated balance sheet and related financial statements (each delivered in accordance with Section 5.01(b) and Section 5.01(a)(i) respectively). No item shall be deducted or credited more than once in any such calculation. Where an amount in any financial statement is not denominated in Dollars, it shall be converted into Dollars at the rate specified in the financial statements so long as such rate has been set in accordance with GAAP.

(d) Notwithstanding anything set forth in this Agreement, for purposes of calculating the financial covenant set forth in Section 6.12(b), no Investment Entity shall be consolidated with the Parent, but rather shall be accounted for on a non-consolidated basis with its carrying value contributing to the various components of the financial covenant set forth in Section 6.12(b), in each case in a manner that is consistent with the treatment of InRe Fund in the Parent's consolidated financial statements for the fiscal year ended December 31, 2020.

SECTION VI.13 Sanctions; Anti-Corruption Use of Proceeds. Neither the Credit Parties nor any Subsidiary will, directly or indirectly, use any Letter of Credit (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of the Bribery Act, the FCPA or any other applicable anti-corruption law, or (b) (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Letters of Credit, whether as the Several L/C Issuing Bank, the Administrative Agent, an Arranger, a Lender, an underwriter, an advisor, an investor or otherwise).

SECTION VI.14 Bermuda Private Act. No Credit Party will become subject to a Private Act which, in the reasonable determination of the Administrative Agent, would be adverse in any material respect to the rights or interests of the Lenders.

SECTION VI.15 Share Capital. No Credit Party (other than the Parent) will issue any Equity Interests except to another Credit Party.

SECTION VI.16 Amendments. No Credit Party shall amend its Organizational Documents in a way that could reasonably be expected to materially and adversely affect the interests of the Lenders.

SECTION VI.17 Swap Contracts. No Credit Party will enter into any Swap Contract for speculative purposes.

ARTICLE VII

EVENTS OF DEFAULT

SECTION VII.01 Events of Default. If any of the following events (each, an “Event of Default”) shall occur:

- (a) any Credit Party shall fail to pay any Reimbursement Obligation when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;
- (b) any Credit Party shall fail to pay (i) any interest on any Reimbursement Obligation, when the same shall become due and payable, and such failure shall continue unremedied for a period of three or more Business Days, or (ii) any fee or other amount due and payable under this Agreement or under any other Credit Document (other than an amount referred to in clause (a) of this Section), when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five or more Business Days;
- (c) any representation or warranty made or deemed made by or on behalf of any Credit Party in or in connection with this Agreement or any other Credit Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Credit Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, shall prove to have been incorrect in any material respect (or, in the case of any such representation or warranty under this Agreement or any other Credit Document already qualified by materiality, such representation or warranty shall prove to have been incorrect) when made or deemed made;
- (d) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in Section 5.01, Section 5.02, Section 5.03(a), Section 5.04 (with respect to any Credit Party's existence), Section 5.12, Section 5.13, Sections 6.04 to 6.06 (inclusive) or Sections 6.09 to 6.16 (inclusive);
- (e) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Credit Document (other than those specified in clause (a), (b) or (d) of this Section) and such failure shall continue unremedied for a period of 10 or more Business Days after the earlier of notice thereof by the Administrative Agent to the Borrower or a Credit Party becoming aware of the failure to comply;
- (f) any Credit Party or any Subsidiary shall fail to observe or perform any agreement or condition relating to any Indebtedness (other than Indebtedness under the Credit Documents) having an aggregate principal amount of more than \$75,000,000 or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity; provided that this clause (f) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness and such Indebtedness is repaid when required under the documents providing for such Indebtedness;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization, rehabilitation, conservatorship, delinquency or other relief in respect of any Credit Party or any of its Material Subsidiaries or its debts, or of a substantial part of its assets, under any Debtor Relief Law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Credit Party or any of its Material Subsidiaries or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of 45 or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) any Credit Party or any of its Material Subsidiaries shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Debtor Relief Law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Section, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Credit Party or any of its Material Subsidiaries or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(i) any Credit Party or any of its Material Subsidiaries shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) there is entered against any Credit Party or any Subsidiary (i) a final judgment or order for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding \$75,000,000 (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and has not denied or failed to acknowledge coverage), or (ii) a non-monetary final judgment or order that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of 30 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect;

(k) an ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan that has resulted or could reasonably be expected to result in liability of the Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount that could reasonably be expected to have a Material Adverse Effect;

(l) a Change of Control shall occur or a Credit Party (other than the Parent) ceases to be a Wholly-Owned Subsidiary of the Parent;

(m) the cessation, variation or imposition of limitations (for any reason) of any consent, authorization, license and/or exemption which is required to enable the Parent or any Subsidiary to carry on its business, or the taking by any governmental, regulatory or other authority of any action in relation to the Parent or any Subsidiary which is reasonably likely to have a Material Adverse Effect, save that no Event of Default under this Section 7.01(m) will occur if the failure to comply is capable of remedy and is remedied within 20 Business Days of the earlier of (i) the Administrative Agent giving notice to the Borrower and (ii) the Parent or the Borrower becoming aware of the failure to comply;

(n) any fine, levy or sanctions are imposed upon any member of the Group or any Controlled Investment Entity by the Bermuda Monetary Authority, the PRA or the FCA or by any equivalent regulatory authority in any other jurisdiction or under the Financial Services and Markets Act 2000 of the United Kingdom or any equivalent legislation or regulation in any other jurisdiction which is reasonably likely to have a Material Adverse Effect;

(o) the Guaranty or any other material provision of this Agreement or any other Credit Document, at any time after its execution and delivery and for any reason other than as

expressly permitted hereunder or thereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or any Credit Party or any other Person contests in writing the validity or enforceability of any provision of any Credit Document; or any Credit Party denies in writing that it has any or further liability or obligation under any Credit Document to which it is a party, or purports in writing to revoke, terminate or rescind any such Credit Document; or

(p) any Credit Party shall fail to observe or perform any agreement or condition under an Existing Facility Agreement (if such agreement has at such time, an aggregate principal amount or aggregate commitments thereunder of more than \$75,000,000), the effect of which default or other event is to cause, or to permit the holder or holders or beneficiary or beneficiaries under such Existing Facility Agreement (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, the obligations of such Credit Party under such Existing Facility Agreement to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such obligations to be made, prior to its stated maturity;

then, and in every such event, and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take any or all of the following actions, at the same or different times:

- (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately;
- (ii) require that the Borrower Cash Collateralize the L/C Obligations;
- (iii) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Credit Documents and Applicable Law; and
- (iv) require the Borrower to obtain the return of any outstanding Letters of Credit;

provided that, in case of any event described in clause (g) or (h) of this Section, the Commitments shall automatically terminate and the unreimbursed L/C Disbursements, together with accrued interest thereon and all fees and other Obligations accrued hereunder, shall automatically become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Credit Parties.

SECTION VII.02 Application of Payments. Notwithstanding anything herein to the contrary, following the occurrence and during the continuance of an Event of Default, and notice thereof to the Administrative Agent by the Borrower or the Required Lenders, all payments received on account of the Obligations shall, subject to Section 2.15, be applied by the Administrative Agent as follows:

(a) first, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including reasonable and documented fees and disbursements and other charges of counsel payable under Section 10.03 and amounts payable to the Administrative Agent in its capacity as such);

(b) second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than Reimbursement Obligations, interest and Letter of Credit fees) payable to the Lenders and the Several L/C Issuing Bank (including reasonable and documented fees and disbursements and other charges of counsel payable under Section 10.03) arising under the Credit Documents, ratably among them in proportion to the respective amounts described in this clause (b) payable to them;

(c) third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit fees and charges and interest on unpaid Reimbursement Obligations, ratably among the Lenders and the Several L/C Issuing Bank in proportion to the respective amounts described in this clause (c) payable to them;

(d) fourth, (i) to payment of that portion of the Obligations constituting Reimbursement Obligations and (ii) to Cash Collateralize that portion of L/C Obligations comprising the undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized by the Borrower pursuant to Section 2.01, ratably among the Lenders and the Several L/C Issuing Bank in proportion to the respective amounts described in this clause (d) payable to them; provided that (x) any such amounts applied pursuant to subclause (ii) above shall be paid to the Administrative Agent for the ratable account of the Several L/C Issuing Bank to Cash Collateralize such L/C Obligations, (y) subject to Section 2.01(c), amounts used to Cash Collateralize the aggregate amount of Letters of Credit pursuant to this clause (d) shall be used to satisfy drawings under such Letters of Credit as they occur and (z) upon the expiration of any Letter of Credit (without any pending drawings), the pro rata share of Cash Collateral shall be distributed in accordance with this clause (d);

(e) fifth, to the payment in full of all other Obligations, in each case ratably among the Finance Parties based upon the respective aggregate amounts of all such Obligations owing to them in accordance with the respective amounts thereof then due and payable; and

(f) finally, the balance, if any, after all Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

ARTICLE VIII

AGENCY

SECTION VIII.01 Appointment and Authority. Each Lender hereby irrevocably appoints National Australia Bank Limited, London Branch to act on its behalf as the Administrative Agent hereunder and under the other Credit Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Except as otherwise provided in Section 8.06(b), the provisions of this Article are solely for the benefit of the Finance Parties, and no Credit Party or other Person shall have any rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Credit Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any Applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

SECTION VIII.02 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, the Credit Parties or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

SECTION VIII.03 Exculpatory Provisions.

(a) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Credit Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Credit Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Credit Documents); provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Credit Document or Applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(iii) shall not, except as expressly set forth herein and in the other Credit Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Credit Parties or any of their Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 7.01 and 10.02), or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent in writing by a Credit Party, a Lender or the Several L/C Issuing Bank.

(c) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Credit Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Credit Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION VIII.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the issuance, extension, increase, reinstatement or renewal of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the Several L/C Issuing Bank, the Administrative Agent may presume that such condition is satisfactory to such Lender or the Several L/C Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or the Several L/C Issuing Bank prior to the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION VIII.05 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Credit Document by or through any one or more subagents appointed by the Administrative Agent. The Administrative Agent and any such subagent may perform any and all of its duties and exercise its rights and powers by or through their

respective Related Parties. The exculpatory provisions of this Article shall apply to any such subagent and to the Related Parties of the Administrative Agent and any such subagent, and shall apply to their respective activities in connection with the syndication of the facility under this Agreement as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such subagents.

SECTION VIII.06 Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the Several L/C Issuing Bank and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank with an office in New York, or an Affiliate of any such bank with an office in New York. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders and the Several L/C Issuing Bank, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that in no event shall any such successor Administrative Agent be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by Applicable Law, by notice in writing to the Borrower and such Person remove such Person as Administrative Agent and, in consultation with the Borrower, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Credit Documents and (ii) except for any indemnity payments owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and the Several L/C Issuing Bank directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments owed to the retiring or removed Administrative Agent), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Credit Documents. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Credit Documents, the provisions of this Article and Section 10.03 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its subagents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

SECTION VIII.07 Non-Reliance on Agents and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, the Several L/C Issuing Bank or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Several L/C Issuing Bank or any other Lender or any of their Related Parties and

based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Credit Document or any related agreement or any document furnished hereunder or thereunder.

SECTION VIII.08 No Other Duties. Anything herein to the contrary notwithstanding, the Arrangers, the Syndication Agents and the Documentation Agent listed on the cover page of this Agreement shall not have any duties or responsibilities under this Agreement or any of the other Credit Documents, except in their capacity, as applicable, as Lenders hereunder.

SECTION VIII.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Credit Party, the Administrative Agent (irrespective of whether any Reimbursement Obligations shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Credit Party) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount owing and unpaid in respect of the L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Several L/C Issuing Bank and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Several L/C Issuing Bank and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the Several L/C Issuing Bank and the Administrative Agent under Section 10.03) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the Several L/C Issuing Bank to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Several L/C Issuing Bank, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due to the Administrative Agent under Section 10.03. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender, the Several L/C Issuing Bank or any other Agent any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender, the Several L/C Issuing Bank or any other Agent or to authorize the Administrative Agent to vote in respect of the claim of any Lender, the Several L/C Issuing Bank or any other Agent in any such proceedings.

ARTICLE IX

GUARANTY

SECTION IX.01 Guaranty of the Obligations. The Guarantors hereby jointly and severally guarantee to the Administrative Agent, for the ratable benefit of the Beneficiaries, the due and punctual Payment in Full of all Obligations when the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)) (collectively, the "Guaranteed Obligations").

SECTION IX.02 Contribution by Guarantors. All Guarantors desire to allocate among themselves (collectively, the "Contributing Guarantors"), in a fair and equitable manner, their obligations arising under this Guaranty. Accordingly, in the event any payment or distribution is made on any date by a Guarantor (a "Funding Guarantor") under this Guaranty such that its Aggregate Payments exceeds its Fair Share as of such date, such Funding Guarantor shall be entitled to a contribution from each of the other

Contributing Guarantors in an amount sufficient to cause each Contributing Guarantor's Aggregate Payments to equal its Fair Share as of such date. "Fair Share" means, with respect to a Contributing Guarantor as of any date of determination, an amount equal to (a) the ratio of (i) the Fair Share Contribution Amount with respect to such Contributing Guarantor to (ii) the aggregate of the Fair Share Contribution Amounts with respect to all Contributing Guarantors multiplied by (b) the aggregate amount paid or distributed on or before such date by all Funding Guarantors under this Guaranty in respect of the Guaranteed Obligations. "Fair Share Contribution Amount" means, with respect to a Contributing Guarantor as of any date of determination, the maximum aggregate amount of the obligations of such Contributing Guarantor under this Guaranty that would not render its obligations hereunder or thereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any comparable applicable provisions of state law or of the laws of the jurisdiction of incorporation or organization of any Guarantor; provided, solely for purposes of calculating the "Fair Share Contribution Amount" with respect to any Contributing Guarantor for purposes of this Section 9.02, any assets or liabilities of such Contributing Guarantor arising by virtue of any rights to subrogation, reimbursement or indemnification or any rights to or obligations of contribution hereunder shall not be considered as assets or liabilities of such Contributing Guarantor. "Aggregate Payments" means, with respect to a Contributing Guarantor as of any date of determination, an amount equal to (1) the aggregate amount of all payments and distributions made on or before such date by such Contributing Guarantor in respect of this Guaranty (including in respect of this Section 9.02), minus (2) the aggregate amount of all payments received on or before such date by such Contributing Guarantor from the other Contributing Guarantors as contributions under this Section 9.02. The amounts payable as contributions hereunder shall be determined as of the date on which the related payment or distribution is made by the applicable Funding Guarantor. The allocation among Contributing Guarantors of their obligations as set forth in this Section 9.02 shall not be construed in any way to limit the liability of any Contributing Guarantor hereunder. Each Guarantor is a third party beneficiary to the contribution agreement set forth in this Section 9.02.

SECTION IX.03 Payment by Guarantors. The Guarantors hereby jointly and severally agree, in furtherance of the foregoing and not in limitation of any other right which any Beneficiary may have at law or in equity against any Guarantor by virtue hereof, that upon the failure of the Borrower to pay any of the Guaranteed Obligations when and as the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)), the Guarantors will immediately upon demand pay, or cause to be paid, in cash, to the Administrative Agent for the ratable benefit of the Beneficiaries, an amount equal to the sum of all Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations (including interest which, but for the Borrower's becoming the subject of a case under the Bankruptcy Code, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against the Borrower for such interest in the related bankruptcy case) and all other Guaranteed Obligations then owed to Beneficiaries as aforesaid.

SECTION IX.04 Liability of Guarantors Absolute. Each Guarantor agrees that its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than Payment in Full of the Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows:

- (a) this Guaranty is a guaranty of payment when due and not of collectability;
- (b) this Guaranty is a primary obligation of each Guarantor and not merely a contract of surety;
- (c) Administrative Agent may enforce this Guaranty upon the occurrence and during the continuance of an Event of Default notwithstanding the existence of any dispute between any Credit Party and any Beneficiary with respect to the existence of such Event of Default;
- (d) the obligations of each Guarantor hereunder are independent of the obligations of any other Credit Party, and a separate action or actions may be brought and prosecuted against such

Guarantor whether or not any action is brought against any other Credit Party and whether or not such Credit Party is joined in any such action or actions;

(e) payment by any Guarantor of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge any Guarantor's liability for any portion of the Guaranteed Obligations which has not been paid. Without limiting the generality of the foregoing, if Administrative Agent is awarded a judgment in any suit brought to enforce the Guarantor's covenant to pay a portion of the Guaranteed Obligations, such judgment shall not be deemed to release such Guarantor from its covenant to pay the portion of the Guaranteed Obligations that is not the subject of such suit, and such judgment shall not, except to the extent satisfied by such Guarantor, limit, affect, modify or abridge any other Guarantor's liability hereunder in respect of the Guaranteed Obligations;

(f) any Beneficiary, upon such terms as it deems appropriate, without notice or demand and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Guarantor's liability hereunder, from time to time may (i) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment of the Guaranteed Obligations; (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or any agreement relating thereto and/or subordinate the payment of the same to the payment of any other obligations; (iii) request and accept other guaranties of the Guaranteed Obligations and take and hold security for the payment hereof or the Guaranteed Obligations; (iv) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment of the Guaranteed Obligations, any other guaranties of the Guaranteed Obligations, or any other obligation of any Person (including any other Guarantor) with respect to the Guaranteed Obligations; (v) enforce and apply any security now or hereafter held by or for the benefit of such Beneficiary in respect hereof or the Guaranteed Obligations and direct the order or manner of sale thereof, or exercise any other right or remedy that such Beneficiary may have against any such security, in each case as such Beneficiary in its discretion may determine consistent herewith and any applicable security agreement, including foreclosure on any such security pursuant to one or more judicial or non-judicial sales, whether or not every aspect of any such sale is commercially reasonable, and even though such action operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor against any other Credit Party or any security for the Guaranteed Obligations; and (vi) exercise any other rights available to it under the Credit Documents; and

(g) this Guaranty and the obligations of Guarantors hereunder shall be valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than Payment in Full of the Guaranteed Obligations), including the occurrence of any of the following, whether or not any Guarantor shall have had notice or knowledge of any of them: (i) any failure or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy (whether arising under the Credit Documents, at law, in equity or otherwise) with respect to the Guaranteed Obligations or any agreement relating thereto, or with respect to any other guaranty of or security for the payment of the Guaranteed Obligations; (ii) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions (including provisions relating to events of default) hereof, any of the other Credit Documents or any agreement or instrument executed pursuant thereto, or of any other guaranty or security for the Guaranteed Obligations, in each case whether or not in accordance with the terms hereof or such Credit Document or any agreement relating to such other guaranty or security; (iii) (the Guaranteed Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect; (iv) the application of payments received from any source (other than payments received pursuant to the other Credit Documents or from the proceeds of any security for the Guaranteed Obligations) to the payment of indebtedness other than the Guaranteed Obligations, even though any Beneficiary might have elected to apply such payment to any part or all of the Guaranteed Obligations; (v) any Beneficiary's consent to the change, reorganization or termination of the corporate structure or existence of any Credit Party or any of its Subsidiaries and to any corresponding restructuring

of the Guaranteed Obligations; (vi) any failure to perfect or continue perfection of a security interest in any collateral which secures any of the Guaranteed Obligations; (vii) any defenses, set-offs or counterclaims which any Credit Party may allege or assert against any Beneficiary in respect of the Guaranteed Obligations, including failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury; and (viii) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of any Guarantor as an obligor in respect of the Guaranteed Obligations.

SECTION IX.05 Waivers by Guarantor. Each Guarantor hereby waives, for the benefit of Beneficiaries: (a) any right to require any Beneficiary, as a condition of payment or performance by such Guarantor, to (i) proceed against any other Credit Party or any other Person with respect to the Guaranteed Obligations, (ii) proceed against or exhaust any security held from the Borrower, any such other guarantor or any other Person, (iii) proceed against or have resort to any balance of any deposit account or credit on the books of any Beneficiary in favor of any Credit Party or any other Person, or (iv) pursue any other remedy in the power of any Beneficiary whatsoever; (b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of any other Credit Party, including any defense based on or arising out of the lack of validity or the unenforceability of the Guaranteed Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of any other Credit Party from any cause other than payment in full of the Guaranteed Obligations; (c) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (d) any defense based upon any Beneficiary's errors or omissions in the administration of the Guaranteed Obligations, except behavior which amounts to bad faith; (e)(i) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms hereof and any legal or equitable discharge of such Guarantor's obligations hereunder, (ii) the benefit of any statute of limitations affecting such Guarantor's liability hereunder or the enforcement hereof, (iii) any rights to set-offs, recoupments and counterclaims, and (iv) promptness, diligence and any requirement that any Beneficiary protect, secure, perfect or insure any security interest or lien or any property subject thereto; (f) notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance hereof, notices of default hereunder, notices of any renewal, extension or modification of the Guaranteed Obligations or any agreement related thereto, notices of any extension of credit to the Borrower and notices of any of the matters referred to in Section 9.04 and any right to consent to any thereof; and (g) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof.

SECTION IX.06 Guarantors' Rights of Subrogation, Contribution, etc. Until the Guaranteed Obligations shall have been Paid in Full, each Guarantor hereby waives any claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against any other Credit Party or any of its assets in connection with this Guaranty or the performance by such Guarantor of its obligations hereunder, in each case whether such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise and including (a) any right of subrogation, reimbursement or indemnification that such Guarantor now has or may hereafter have against any other Credit Party with respect to the Guaranteed Obligations, (b) any right to enforce, or to participate in, any claim, right or remedy that any Beneficiary now has or may hereafter have against any other Credit Party, and (c) any benefit of, and any right to participate in, any collateral or security now or hereafter held by any Beneficiary. In addition, until the Guaranteed Obligations shall have been Paid in Full, each Guarantor shall withhold exercise of any right of contribution such Guarantor may have against any other guarantor (including any other Guarantor) of the Guaranteed Obligations, including any such right of contribution as contemplated by Section 9.02. Each Guarantor further agrees that, to the extent the waiver or agreement to withhold the exercise of its rights of subrogation, reimbursement, indemnification and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement or indemnification such Guarantor may have against any other Credit Party or against any collateral or security, and any rights of contribution such Guarantor may have against any such other guarantor, shall be junior and subordinate to any rights any Beneficiary may have against any Credit Party, to all right, title and interest any Beneficiary may have in any such collateral or security, and to any right any Beneficiary may have against such other guarantor. If any amount shall be paid to any Guarantor on

account of any such subrogation, reimbursement, indemnification or contribution rights at any time when all Guaranteed Obligations shall not have been finally and Paid in Full, such amount shall be held in trust for Administrative Agent on behalf of Beneficiaries and shall forthwith be paid over to Administrative Agent for the benefit of Beneficiaries to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof.

SECTION IX.07 Subordination of Other Obligations. Any Indebtedness of the Borrower now or hereafter held by any Guarantor is hereby subordinated in right of payment to the Guaranteed Obligations.

SECTION IX.08 Continuing Guaranty. This Guaranty is a continuing guaranty and shall remain in effect until all of the Guaranteed Obligations shall have been Paid in Full. Each Guarantor hereby irrevocably waives any right to revoke this Guaranty as to future transactions giving rise to any Guaranteed Obligations.

SECTION IX.09 Authority of Credit Parties. It is not necessary for any Beneficiary to inquire into the capacity or powers of any Credit Party or the officers, directors or any agents acting or purporting to act on behalf of any of them.

SECTION IX.10 Financial Condition of Credit Parties. Any Credit Extension may be made to the Borrower or continued from time to time without notice to or authorization from any Guarantor regardless of the financial or other condition of any Credit Party at the time of any such grant or continuation. No Beneficiary shall have any obligation to disclose or discuss with any Guarantor its assessment, or the Guarantor's assessment, of the financial condition of any Credit Party. Each Guarantor has adequate means to obtain information from any Credit Party on a continuing basis concerning the financial condition of such Credit Party and its ability to perform its obligations under the Credit Documents and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of each Credit Party and of all circumstances bearing upon the risk of non-payment of the Guaranteed Obligations. Each Guarantor hereby waives and relinquishes any duty on the part of any Beneficiary to disclose any matter, fact or thing relating to the business, operations or conditions of any Credit Party now known or hereafter known by any Beneficiary.

SECTION IX.11 Bankruptcy, etc.

(b) So long as any Guaranteed Obligations remain outstanding, no Guarantor shall, without the prior written consent of the Several L/C Issuing Bank and the Administrative Agent acting pursuant to the instructions of Required Lenders, commence or join with any other Person in commencing any bankruptcy, reorganization or insolvency case or proceeding of or against any other Credit Party. The obligations of the Guarantors hereunder shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any case or proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of any other Credit Party or by any defense which any other Credit Party may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding.

(c) Each Guarantor acknowledges and agrees that any interest on any portion of the Guaranteed Obligations which accrues after the commencement of any case or proceeding referred to in clause (a) above (or, if interest on any portion of the Guaranteed Obligations ceases to accrue by operation of law by reason of the commencement of such case or proceeding, such interest as would have accrued on such portion of the Guaranteed Obligations if such case or proceeding had not been commenced) shall be included in the Guaranteed Obligations because it is the intention of Guarantors and Beneficiaries that the Guaranteed Obligations which are guaranteed by Guarantors pursuant hereto should be determined without regard to any rule of law or order which may relieve any Credit Party or any of its Subsidiaries of any portion of such Guaranteed Obligations. Guarantors will permit any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar Person to pay Administrative Agent, or allow the claim of Administrative Agent in respect of, any such interest accruing after the date on which such case or proceeding is commenced.

(d) In the event that all or any portion of the Guaranteed Obligations are paid by any Credit Party or any of its Subsidiaries, the obligations of Guarantors hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from any Beneficiary as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Guaranteed Obligations for all purposes hereunder.

SECTION IX.12 Instrument for the Payment of Money. Each Guarantor hereby acknowledges that the Guarantee in Section 9.01 constitutes an instrument for the payment of money, and consents and agrees that the Administrative Agent, at its sole option, in the event of a dispute by such Guarantor in the payment of any moneys due hereunder, shall have the right to bring a motion/action under New York CPLR Section 3213.

SECTION IX.13 General Limitation on Guarantee Obligations. In any action or proceeding involving any provincial, territorial or state corporate law or corporate law of a jurisdiction of incorporation or organization of any Guarantor, or any state or federal bankruptcy, insolvency, reorganization or other law (including any such law of a jurisdiction of incorporation or organization of any Guarantor) affecting the rights of creditors generally, if the obligations of any Guarantor under Section 9.01 would otherwise, taking into account the provisions of Section 9.02, be held or determined to be void, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under Section 9.01, then, notwithstanding any other provision hereof to the contrary, the amount of such liability shall, without any further action by such Guarantor, any Beneficiary or any other Person, be automatically limited and reduced to the highest amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

ARTICLE X

MISCELLANEOUS

SECTION X.01 Notices.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or email as follows:

(i) if to the Borrower, the Guarantors or Enstar (US) Inc., to it at Windsor Place, 4th Floor, 22 Queen Street, Hamilton HM11, Bermuda, Attention of Matthew Kirk (Telephone No. +1 (201) 743-7734; Email: matthew.kirk@enstargroup.com) with a copy to One Logan Square, Suite 2000, Philadelphia, PA 19103, Attention of Audrey Taranto (Telephone No. +1 (727) 415-7995; Email: audrey.taranto@enstargroup.com);

(ii) if to the Several L/C Issuing Bank:

(A) to National Australia Bank Limited, London Branch at ~~88 Wood~~The Scalpel, 52 Lime Street, London EC2V3M ~~7QQAF~~; Attention of Lending Admin; ~~(Facsimile No. +61 1300 859 382; Telephone No. 00 612 9936 4716;~~Email: lendingadminlon@eu.nabgroup.com); with a copy to

~~(1) (B)-National Australia Bank Limited, New York Branch at 245 Park Avenue, 28th Floor, New York, N.Y. 10167; Attention of Marie Healey / Judy Esposito (Telephone No. 212 916 9691 / 212 916 9622; Email: Marie.P.Healey@nabny.com / NY_Lending_Administration@nabny.com); with a copy to and~~

~~(2) National Australia Bank Limited, London Branch at The Scalpel, 52 Lime Street, London EC3M 7AF; Attention of Melisha Hughes, Head~~

[of Agency Services, Northern Hemisphere; Email: melisha.hughes@eu.nabgroup.com](#)

(iii) if to the Administrative Agent, to National Australia Bank Limited, London Branch at ~~88 Wood~~[The Scalpel, 52 Lime Street, London EC2V3M 7QAF](#); Attention of Lending Admin; (~~Facsimile No. +61 1300 859 392; Telephone No. 00 612 9936 4716; Email: lendingadminlon@eu.nabgroup.com~~);[Email: lendingadminlon@eu.nabgroup.com](#)); with a copy to

(1) [National Australia Bank Limited, New York Branch at 245 Park Avenue, 28th Floor, New York, N.Y. 10167; Attention of Marie Healey; Email: Marie.P.Healey@nabny.com / NY_Lending_Administration@nabny.com](#));
[and](#)

(2) [National Australia Bank Limited, London Branch at The Scalpel, 52 Lime Street, London EC3M 7AF; Attention of Melisha Hughes, Head of Agency Services, Northern Hemisphere; Email: melisha.hughes@eu.nabgroup.com](#)

(iv) if to a Lender, to it at its address (or facsimile number or email address) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the Several L/C Issuing Bank hereunder may be delivered or furnished by electronic communication (including email, FpML, and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or the Several L/C Issuing Bank pursuant to Article II if such Lender or the Several L/C Issuing Bank, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or any Credit Party may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Change of Address, etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) Platform.

(i) The Credit Parties agree that the Administrative Agent may, but shall not be obligated to, make the Communications (as defined below) available to the Several L/C Issuing Bank and the Lenders by posting the Communications on the Platform.

(ii) The Platform is provided “as is” and “as available.” The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “Agent Parties”) have any liability to any Credit Party, any Lender or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Credit Party’s or the Administrative Agent’s transmission of communications through the Platform. “Communications” means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Credit Party pursuant to any Credit Document or the transactions contemplated therein that is distributed to the Administrative Agent, any Lender or the Several L/C Issuing Bank by means of electronic communications pursuant to this Section, including through the Platform.

(e) Public Information. The Credit Parties hereby acknowledge that certain of the Lenders (each, a “Public Lender”) may have personnel who do not wish to receive material non-public information with respect to the Credit Parties or their Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons’ securities. Each Credit Party hereby agrees that it will use commercially reasonable efforts to identify that portion of the materials and information provided by or on behalf of that Credit Party hereunder and under the other Credit Documents (collectively, “Borrower Materials”) that may be distributed to the Public Lenders and that (i) all such Borrower Materials shall be clearly and conspicuously marked “PUBLIC,” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (ii) by marking Borrower Materials “PUBLIC,” such Credit Party shall be deemed to have authorized the Agents and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to such Credit Party or its securities for purposes of U.S. federal and state securities Laws (provided, however, that to the extent that such Borrower Materials constitute Information, they shall be subject to Section 10.12); (iii) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Side Information;” and (iv) the Agents shall be entitled to treat any Borrower Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Side Information”. Each Public Lender will designate one or more representatives that shall be permitted to receive information that is not designated as being available for Public Lenders.

SECTION X.02 Waivers; Amendments.

(a) No Waiver; Remedies Cumulative; Enforcement. No failure or delay by the Administrative Agent, the Several L/C Issuing Bank or any Lender in exercising any right, remedy, power or privilege hereunder or under any other Credit Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege, or any abandonment or discontinuance of steps to enforce such a right remedy, power or privilege, preclude any other or further exercise thereof or the exercise of any other right remedy, power or privilege. The rights, remedies, powers and privileges of the Administrative Agent, the Several L/C Issuing Bank and the Lenders hereunder and under the Credit Documents are cumulative and are not exclusive of any rights, remedies, powers or privileges that any such Person would otherwise have.

Notwithstanding anything to the contrary contained herein or in any other Credit Document, the authority to enforce rights and remedies hereunder and under the other Credit Documents against any Credit Party shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 7.01 for the benefit of all the Lenders and the Several L/C Issuing Bank; provided that the foregoing shall not prohibit (i) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Credit Documents, (ii) the Several L/C Issuing Bank from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as the Several L/C Issuing Bank) hereunder and under the other Credit Documents, (iii) any Lender from exercising setoff rights in accordance with Section 10.08 (subject to the terms of Section 2.06) or (iv) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to the Borrower under any Debtor Relief Law; provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Credit Documents, then (x) the Required Lenders shall have the rights otherwise provided to the Administrative Agent pursuant to Section 7.01 and (y) in addition to the matters set forth in clauses (ii), (iii) and (iv) of the preceding proviso and subject to Section 2.06, any Lender may, with the consent of the Required Lenders, enforce any rights or remedies available to it and as authorized by the Required Lenders.

(b) Amendments, Etc. Except as otherwise expressly set forth in this Agreement, no amendment or waiver of any provision of this Agreement or any other Credit Document, and no consent to any departure by any Credit Party therefrom, shall be effective unless in writing executed by the applicable Credit Party and the Required Lenders, and acknowledged by the Administrative Agent, or by the applicable Credit Party and the Administrative Agent with the consent of the Required Lenders, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no such amendment, waiver or consent shall:

(i) extend or increase any Commitment of any Lender without the written consent of such Lender (it being understood that a waiver of any condition precedent set forth in Article IV or the waiver of any Default shall not constitute an extension or increase of any Commitment of any Lender);

(ii) reduce the amount of, or rate of interest specified herein on, any Reimbursement Obligation or any fees or other amounts payable hereunder or under any other Credit Document, without the written consent of each Lender directly and adversely affected thereby (provided that only the consent of the Required Lenders shall be necessary (x) to amend the definition of "Default Rate" or to waive the obligation of any Credit Party to pay interest at the Default Rate or (y) to amend any financial covenant (or any defined term directly or indirectly used therein), even if the effect of such amendment would be to reduce the rate of interest on any Reimbursement Obligation or other Obligation or to reduce any fee payable hereunder);

(iii) postpone the due date for payment of any Reimbursement Obligation or any interest, fees or other amounts payable hereunder or under any other Credit Document, or reduce the amount of, waive or excuse any such payment, without the written consent of each Lender directly and adversely affected thereby;

(iv) change Section 2.05(b) or Section 2.06 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly and adversely affected thereby;

(v) waive any condition set forth in Section 4.01 without the written consent of each Lender;

(vi) change any provision of this Section or the percentage in the definition of "Required Lenders", "Tranche A Required Lenders", "Tranche B Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or

otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; (but any change to the definition of "Tranche A Required Lenders" shall only require the written consent of each Tranche A Lender and any change to the definition of "Tranche B Required Lenders" shall only require the written consent of each Tranche B Lender);

(vii) amend, waive or otherwise modify any term or provision that directly affects the rights or duties of the Tranche A Lenders under the Tranche A Facility and does not directly affect the rights or duties of the Tranche B Lenders under the Tranche B Facility, in each case, without the written consent of the Tranche A Required Lenders;

(viii) amend, waive or otherwise modify any term or provision that directly affects the rights or duties of the Tranche B Lenders under the Tranche B Facility and does not directly affect the rights or duties of the Tranche A Lenders under the Tranche A Facility, in each case, without the written consent of the Tranche B Required Lenders;

(ix) ~~(vii)~~ change Section 2.01(d) or Section 2.01(m);

(x) ~~(viii)~~ release the Guarantors from their guarantee obligations under Article IX of this Agreement; or

(xi) ~~(ix)~~ change the definition of "Alternative Currency" without the written consent of each Lender;

provided, further, that no such amendment, waiver or consent shall amend, modify or otherwise affect the rights or duties hereunder or under any other Credit Document of the Administrative Agent, unless in writing executed by the Administrative Agent, the Credit Parties and the Lenders required above.

Notwithstanding anything herein to the contrary, (i) any amendment, waiver or other modification of this Agreement or any other Loan Document that by its terms directly affects the rights or duties of (a) the Tranche A Lenders, but not the Tranche B Lenders, or (b) the Tranche B Lenders, but not the Tranche A Lenders, may be effected by an agreement or agreements in writing entered into by the Borrower and the requisite number of percentage in interest of the Tranche A Lender or Tranche B Lenders, as applicable, that would be required to consent thereto under this Section 10.02(b) if the Tranche A Lenders or the Tranche B Lenders, as applicable, were the only Lenders hereunder at such time and (ii) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent that by its terms requires the consent of all the Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended, or the maturity of any of its L/C Obligations may not be extended, the rate of interest in respect of any L/C Obligations may not be reduced and the principal amount of any of its L/C Obligations may not be forgiven, in each case without the consent of such Defaulting Lender and (y) any amendment, waiver or consent requiring the consent of all the Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than the other affected Lenders shall require the consent of such Defaulting Lender.

In addition, notwithstanding anything in this Section to the contrary, if the Administrative Agent and the Borrower shall have jointly identified an obvious error or any error or omission of a technical nature, in each case, in any provision of the Credit Documents, then the Administrative Agent and the Borrower shall be permitted to amend such provision, and, in each case, such amendment shall become effective without any further action or consent of any other party to any Credit Document if the same is not objected to in writing by the Required Lenders to the Administrative Agent within 10 Business Days following receipt of notice thereof.

SECTION X.03 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred (whether incurred before or after the date hereof) by the Administrative Agent and its Affiliates (including the reasonable and documented fees, charges and disbursements of counsel for the Administrative Agent) in connection with the syndication of the facility under this Agreement, the preparation, negotiation, execution, delivery and administration of this Agreement, the Engagement Letter and the other Credit Documents, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all reasonable and documented out-of-pocket expenses incurred by the Several L/C Issuing Bank in connection with the issuance, amendment, extension, reinstatement or renewal of any Letter of Credit or any demand for payment thereunder, and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Lender or the Several L/C Issuing Bank (including the fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or the Several L/C Issuing Bank), and shall pay all fees and time charges for attorneys who may be employees of the Administrative Agent, any Lender or the Several L/C Issuing Bank, in connection with the enforcement or protection of its rights (A) in connection with this Agreement, the Engagement Letter and the other Credit Documents, including its rights under this Section, or (B) in connection with the Letters of Credit issued hereunder, including all such outofpocket expenses incurred during any workout, restructuring or negotiations in respect of such Letters of Credit.

(b) Indemnification. The Credit Parties shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender, the Several L/C Issuing Bank, each Arranger, each Confirming Bank and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including any Credit Party) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Credit Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Several L/C Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by any Credit Party or any of its Subsidiaries or any Controlled Investment Entity, or any Environmental Liability related in any way to any Credit Party or any of its Subsidiaries or any Controlled Investment Entity, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Credit Party, and regardless of whether any Indemnitee is a party thereto (including preparing a defense in respect of any such claim, litigation, investigation or proceeding); provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, or (y) result from a claim not involving an act or omission of any Credit Party and that is brought by an Indemnitee against another Indemnitee (other than against an Arranger or an Agent in their capacities as such). Paragraph (b) of this Section shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Credit Parties for any reason fail to indefeasibly pay any amount required under paragraph (a) or (b) of this Section to be paid by them to the Administrative Agent (or any sub-agent thereof), the Several L/C Issuing Bank or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the Several L/C Issuing Bank or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is

sought based on each Lender's Applicable Percentage at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), the Several L/C Issuing Bank in its capacity as such or any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or the Several L/C Issuing Bank in connection with such capacity. The obligations of the Lenders under this paragraph (c) are subject to the provisions of Section 2.05(e). The Credit Parties shall indemnify and hold harmless each Lender in respect of any payment made by such Lender pursuant to this paragraph (c).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, the Credit Parties shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Credit Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable promptly and in any event not later than three Business Days after demand therefor.

(f) Survival. Each party's obligations under this Section shall survive the termination of the Credit Documents and payment of the obligations hereunder.

SECTION X.04 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (e) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its applicable Commitment); provided that (in each case with respect to any Tranche), (x) any Lender assigning all or a portion of its Tranche A Commitment that holds a corresponding Tranche B Commitment shall be required to make a corresponding and proportionate assignment of its Tranche B Commitment and vice versa, and (y) any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's applicable Commitment and/or the L/C Obligations at the time owing to it (in each case with respect to any Tranche) or contemporaneous assignments to related Approved Funds (determined after giving effect to such assignments) that equal

at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the applicable Commitment (which for this purpose includes L/C Obligations) or, if the applicable Commitment is not then in effect, the outstanding L/C Obligations the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the applicable Letter of Credit or the applicable Commitment assigned.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by paragraph (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within 10 Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(C) the consent of the Several L/C Issuing Bank shall be required (such consent not to be unreasonably withheld).

(iv) NAIC Approved Banks; No Disqualified Lenders. Each assignee shall be an NAIC Approved Bank and shall provide written confirmation that such assignee would not be a Disqualified Lender (under clause (a) of the definition thereof) immediately after giving effect to such assignment.

(v) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500; provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(vi) No Assignment to Certain Persons. No such assignment shall be made to (A) the Parent or any of the Parent's Affiliates or Subsidiaries, or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute a Defaulting Lender or a Subsidiary thereof.

(vii) No Assignment to Natural Persons. No such assignment shall be made to a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person).

(viii) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Parent and the Administrative Agent, the applicable pro rata share of L/C Obligations not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent and each other Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all L/C Obligations in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under Applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.08, 2.09 and 10.03 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Credit Parties, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Total Credit Exposure of each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Credit Parties and the Finance Parties shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Credit Party and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, any Credit Party, the Several L/C Issuing Bank or the Administrative Agent, sell participations to any Person (other than a natural Person, or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person, or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its applicable Commitment and/or the applicable Obligations owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such

obligations, and (iii) the Credit Parties, the Administrative Agent, the Several L/C Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 10.03(b) with respect to any payments made by such Lender to its Participant(s). Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in its rights and/or obligations under the Credit Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, letters of credit or its other obligations under any Credit Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or any other central bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION X.05 Survival. All covenants, agreements, representations and warranties made by the Credit Parties herein and in any Credit Document or other documents delivered in connection herewith or therewith or pursuant hereto or thereto shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery hereof and thereof and the making of the Credit Extensions hereunder, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Several L/C Issuing Bank or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding and so long as the Commitments have not expired or been terminated. The provisions of Sections 2.08, 10.03, 10.15 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the payment in full of the Obligations, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

SECTION X.06 Counterparts; Integration; Effectiveness; Electronic Execution.

(a) Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Credit Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (e.g., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Assignments Credit Documents. The words "execution," "signed," "signature," and words of like import in [this Agreement and the other Credit Documents including](#)

any Assignment and Assumption shall be deemed to include electronic signatures or ~~the keeping of electronic records in electronic form~~, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION X.07 Severability. If any provision of this Agreement or the other Credit Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Credit Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section, if and to the extent that the enforceability of any provision of this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, then such provision shall be deemed to be in effect only to the extent not so limited.

SECTION X.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, the Several L/C Issuing Bank and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by such Lender, the Several L/C Issuing Bank or any such Affiliate, to or for the credit or the account of any Credit Party against any and all of the obligations of any Credit Party now or hereafter existing under this Agreement or any other Credit Document to such Lender, the Several L/C Issuing Bank or its Affiliates, irrespective of whether or not such Lender, the Several L/C Issuing Bank or such Affiliate shall have made any demand under this Agreement or any other Credit Document and although such obligations of any Credit Party may be contingent or unmatured or are owed to a branch office or Affiliate of such Lender or the Several L/C Issuing Bank different from the branch office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.15 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, the Several L/C Issuing Bank and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the Several L/C Issuing Bank or their respective Affiliates may have. Each Lender and the Several L/C Issuing Bank agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION X.09 Governing Law; Jurisdiction; Etc.

(a) Governing Law. This Agreement and the other Credit Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Credit Document (except, as to any other Credit Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

(b) Jurisdiction. Each Credit Party irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Finance Parties or any Related Party of the foregoing in any way relating to this Agreement or any other Credit Document or the transactions relating

hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by Applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Credit Document shall affect any right that any Finance Party may otherwise have to bring any action or proceeding relating to this Agreement or any other Credit Document against any Credit Party or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. Each Credit Party irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Credit Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. Enstar (US) Inc. irrevocably consents to service of process in the manner provided for notices in Section 10.01. Each other Credit Party irrevocably appoints Enstar (US) Inc. as its agent for service of process in relation to any proceedings before any courts located in the State of New York in connection with this Agreement, agrees to maintain Enstar (US) Inc. as its agent for service of process in the State of New York until the earlier of (i) the date falling one year after the Final Termination Date and (ii) the date falling one year after the date on which this Agreement and any other Credit Documents are terminated in accordance with their terms, agrees that failure by any process agent to notify such Credit Party of the process will not invalidate the proceedings concerned, and consents to the service of process relating to any proceedings by a notice given to Enstar (US) Inc. in accordance with Section 10.01. Enstar (US) Inc. hereby irrevocably accepts such appointment. If the appointment of Enstar (US) Inc. ceases to be effective with respect to any Credit Party, such Credit Party must immediately appoint a different Person in the State of New York to accept service of process on the terms set out in this paragraph (d) on its behalf in the State of New York and, if such Credit Party does not appoint a process agent within 15 days, such Credit Party authorizes the Administrative Agent to appoint a process agent for, and at the expense of such Credit Party. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

SECTION X.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION X.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION X.12 Treatment of Certain Information; Confidentiality. Each Finance Party agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such

disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (ii) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (iii) to the extent required by Applicable Laws or by any subpoena or similar legal process; (iv) to any other party hereto; (v) in connection with the exercise of any remedies hereunder or under any other Credit Document or any action or proceeding relating to this Agreement or any other Credit Document or the enforcement of rights hereunder or thereunder; (vi) subject to an agreement containing provisions substantially the same as those of this Section (or as may otherwise be agreed to in writing by the Borrower), to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, (B) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to any Credit Party and its obligations, this Agreement or payments hereunder, or (C) to any actual or perspective Confirming Bank; (vii) on a confidential basis to (A) any rating agency in connection with rating any Credit Party or its Subsidiaries or this facility, (B) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to this facility or (C) any insurer or insurance broker in connection with obtaining or obtaining a quote for credit risk insurance; (viii) with the consent of the Borrower; or (x) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section, (B) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than a Credit Party who did not acquire such information as a result of a breach of this Section or (C) has been or is subsequently independently conceived or developed by any Finance Party or any Arranger without reference to or reliance on non-public Information. In addition, the Finance Parties may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Agents or any Finance Parties in connection with the administration of this Agreement, the other Credit Documents, and the Commitments. For purposes of this Section, "Information" means all information received from the Parent or any of its Subsidiaries relating to the Parent or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Finance Parties on a nonconfidential basis prior to disclosure by the Parent or any of its Subsidiaries; provided that, in the case of information received from the Parent or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION X.13 PATRIOT Act. Each Finance Party subject to the PATRIOT Act hereby notifies the Credit Parties that, pursuant to the requirements of the PATRIOT Act, it may be required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of such Credit Party and other information that will allow such Lender to identify such Credit Party in accordance with the PATRIOT Act.

SECTION X.14 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any L/C Disbursement, together with all fees, charges and other amounts that are treated as interest on such L/C Disbursement under Applicable Law (collectively, "charges"), shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by the Lender holding such L/C Disbursement in accordance with Applicable Law, the rate of interest payable in respect of such L/C Disbursement hereunder, together with all charges payable in respect thereof, shall be limited to the Maximum Rate. To the extent lawful, the interest and charges that would have been paid in respect of such L/C Disbursement but were not paid as a result of the operation of this Section shall be cumulated and the interest and charges payable to such Lender in respect of other L/C Disbursements or periods shall be increased (but not above the amount collectible at the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate for each day to the date of repayment, shall have been received by such Lender. Any amount collected by such Lender that exceeds the maximum amount collectible at the Maximum Rate shall be applied to the reduction of the Reimbursement Obligation or refunded to the

applicable Credit Party so that at no time shall the interest and charges paid or payable in respect of such Reimbursement Obligation exceed the maximum amount collectible at the Maximum Rate.

SECTION X.15 Payments Set Aside. To the extent that any payment by or on behalf of any Credit Party is made to any Finance Party, or any Finance Party exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by such Finance Party in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and the Several L/C Issuing Bank severally agree to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Effective Rate from time to time in effect.

SECTION X.16 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Credit Document), each Credit Party acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) no fiduciary, advisory or agency relationship between the Credit Parties and their Subsidiaries and any Arranger, any Agent or any other Finance Party is intended to be or has been created in respect of the transactions contemplated hereby or by the other Credit Documents, irrespective of whether any Arranger, any Agent or any other Finance Party has advised or is advising any Credit Party or any Subsidiary on other matters, (ii) the services regarding this Agreement provided by the Arrangers, the Agents and the other Finance Parties are arm's-length commercial transactions between any Credit Party and its Affiliates, on the one hand, and the Finance Parties, on the other hand, (iii) each Credit Party has consulted its own legal, accounting, regulatory and tax advisors to the extent that it has deemed appropriate and (iv) each Credit Party is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Credit Documents; and (b) (i) the Arrangers, the Agents and each other Finance Party is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for any Credit Party or any of its Affiliates, or any other Person; (ii) none of the Arrangers, the Agents and the other Finance Parties has any obligation to any Credit Party or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Credit Documents; and (iii) the Arrangers, the Agents and the other Finance Parties and their respective Affiliates may be engaged, for their own accounts or the accounts of customers, in a broad range of transactions that involve interests that differ from those of any Credit Party and its Affiliates, and none of the Arrangers, the Agents and the other Finance Parties has any obligation to disclose any of such interests to any Credit Party or its Affiliates. To the fullest extent permitted by Law, each Credit Party hereby waives and releases any claims that it may have against any of the Arrangers, the Agents and the other Finance Parties with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

SECTION X.17 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Credit Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Credit Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:

- (i) a reduction in full or in part or cancellation of any such liability;
- (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Credit Document; or
- (iii) ~~(iii)~~ the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

SECTION X.18 Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, the Several L/C Issuing Bank and each Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that at least one of the following is and will be true:

- (i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans in connection with the L/C Obligations, the Commitments or this Agreement,
- (ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the L/C Obligations, the Commitments and this Agreement,
- (iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the L/C Obligations, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the L/C Obligations, the Commitments and this Agreement satisfies the requirements of subsections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the L/C Obligations the Commitments and this Agreement, or
- (iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Several L/C Issuing Bank, Administrative Agent and each Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that none of the Several L/C Issuing Bank, the Administrative Agent, or any Arranger or any of their respective Affiliates is a fiduciary with respect to the assets of such

Lender involved in the L/C Obligations, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Credit Document or any documents related to hereto or thereto).

[Remainder of page intentionally left blank]

[FORM OF ASSIGNMENT AND ASSUMPTION]

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between the Assignor identified in item 1 below (the "Assignor") and the Assignee identified in item 2 below (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective tranches identified below (including any guarantees included in such tranches), and (ii) to the extent permitted to be assigned under Applicable Law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by the Assignor to the Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Each such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____

[Assignee is an [Affiliate][Approved Fund] of [identify Lender]

3. Borrower: Cavello Bay Reinsurance Limited, an exempted company limited by shares and incorporated in Bermuda
4. Administrative Agent: National Australia Bank Limited, London Branch, as the Administrative Agent under the Credit Agreement
5. Credit Agreement: The \$800,000,000 Letter of Credit Facility Agreement, dated as of August [•], 2019, among the Borrower identified in item 3 above, the Guarantors parties thereto, the Lenders party thereto, and National Australia Bank Limited, London Branch as Administrative Agent.
6. Assigned Interest:

Tranche Assigned	Aggregate Amount of Commitment/L/C Obligations for all Lenders	Amount of Commitment/ L/C Obligations Assigned	Percentage Assigned of Commitment/ L/C Obligations
	\$	\$	%
	\$	\$	%
	\$	\$	%

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Name:
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____
Name:
Title:

Consented to and Accepted:

NATIONAL AUSTRALIA BANK LIMITED, LONDON BRANCH,
as Administrative Agent

By: _____
Name:
Title:

Consented to:

NATIONAL AUSTRALIA BANK LIMITED,
as Several L/C Issuing Bank

By: _____
Name:
Title:

[Consented to:¹

ENSTAR GROUP LIMITED

By: _____
Name:
Title:]

¹ To be added only if the consent of the Parent is required by the terms of the Credit Agreement.

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION1. Representations and Warranties.

1.1 Assignor. the Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is not a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document, or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document.

1.2 Assignee. the Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 10.04 of the Credit Agreement (subject to such consents, if any, as may be required thereunder), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, and (vii) if it is a Foreign Lender attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts that have accrued to but excluding the Effective Date and to the Assignee for amounts that have accrued from and after the Effective Date. Notwithstanding the foregoing, the Administrative Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to the Assignee.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and

Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

[FORM OF TOGGLE LETTER OF CREDIT]²

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER []

NATIONAL AUSTRALIA BANK LIMITED, NEW YORK BRANCH, AS SEVERAL L/C ISSUING BANK

Effective Date: -----

Beneficiary Name :-----

Beneficiary Address:-----

For the account of [Insert relevant Borrower/Applicant Name], National Australia Bank Limited, in its capacity as administrative agent and attorney-in-fact for the Letter of Credit Banks (as defined below), and acting through its New York Branch (in such capacity, the “**Several L/C Issuing Bank**”) hereby issues this clean and irrevocable letter of credit - number [****], on behalf of the issuing banks listed below (hereinafter referred to individually as a “**Letter of Credit Bank**” and collectively as the “**Letter of Credit Banks**”), in your favor as beneficiary (the “**Beneficiary**”) available on any Business Day for an aggregate amount of up to the maximum of US\$ [*****] effective as at the date set forth above and expiring at 4PM Eastern Standard Time at the office of National Australia Bank Limited, New York Branch, as Several L/C Issuing Bank, located at 245 Park Ave., 28th Floor, New York, NY 10167, Attention: Lending Administration or such other office in the United States as the Several L/C Issuing Bank shall notify you in writing, on the Expiration Date (as defined below).

Reference is also made to that certain clean and irrevocable letter of credit – number [****] issued on the Effective Date hereto to [insert relevant Beneficiary Name] for the account of [Insert relevant Borrower/Applicant Name] by National Australia Bank Limited, in its capacity as administrative agent and attorney-in-fact for the “Letter of Credit Banks” (as defined therein), and acting through its New York Branch (the “**Toggle Letter of Credit**”).

The maximum liability of each Letter of Credit Bank with respect to any demands for payment made hereunder shall be its Commitment Share listed below of the amount of such demand for payment, as follows:

² Each Toggle Beneficiary shall be issued two Toggle Letters of Credit.

Letter of Credit Bank	Commitment Share	Maximum share of Letter of Credit amount
National Australia Bank Limited	[***]%	US\$[***]
[Lender]	[***]%	US\$[***]
Total		US\$[***]

Upon funds being made available to you by a Letter of Credit Bank of its Commitment Share of the amount specified in the relevant sight draft drawn on such Letter of Credit Bank hereunder, such Letter of Credit Bank shall be discharged of its obligations under this Letter of Credit with respect to such sight draft, such Letter of Credit Bank shall not be obligated thereafter to make any further payments under this Letter of Credit with respect to such sight draft, and the amount available to be drawn thereafter under this Letter of Credit from such Letter of Credit Bank shall be automatically and permanently reduced by an amount equal to its Commitment Share of the amount of such sight draft. The obligations of the Letter of Credit Banks hereunder are several and not joint and no Letter of Credit Bank shall be responsible or otherwise liable for the failure of any other Letter of Credit Bank to perform its obligations hereunder, nor shall the failure of any Letter of Credit Bank to perform its obligations under this Letter of Credit relieve any other Letter of Credit Bank of its obligations hereunder. National Australia Bank Limited, New York Branch, solely in its capacity as the Several L/C Issuing Bank, shall have no liability for the obligations of any Letter of Credit Bank hereunder.

Subject to terms of this paragraph, funds under this Letter of Credit are available to you, as the beneficiary (and any successor by operation of law), on or prior to the Expiration Date as then in effect against your sight draft(s), in the form set out in Annex A hereto, presented to the Several L/C Issuing Bank, purportedly signed by your duly authorised officer, bearing the clause "Drawn under Standby Letter of Credit number [****]." Partial and multiple drawings are permitted. All drafts must be presented on any Business Day to the Several L/C Issuing Bank at its office at 245 Park Ave., 28th Floor, New York, NY 10167, Attention: Lending Administration or such other office in the United States as the Several L/C Issuing Bank shall notify you in writing, in one lot along with this original Letter of Credit and amendments hereto, if any. Notwithstanding the foregoing, in respect of any drawing under this Letter of Credit, you, as beneficiary of the Toggle Letter of Credit, shall also make a drawing under the Toggle Letter of Credit pursuant to the terms thereof and all drawings under this Letter of Credit and the Toggle Letter of Credit shall be pro rata, such that (i) the amount claimed by you as the beneficiary under the Toggle Letter of Credit shall be pro rata (as a percentage of the amount drawn under this Letter of Credit against the total face value of this Letter of Credit) to the amount claimed by you as the beneficiary under this Letter of Credit, and (ii) any delivery of a sight draft pursuant to this Letter of Credit shall be accompanied by delivery of a sight draft under the Toggle Letter of Credit pursuant to the term of the Toggle Letter of Credit (such requirements, the "**Toggle Requirements**"), and funds under this Letter of Credit are not available if the Toggle Requirements are not satisfied; provided that if the face value of either the Toggle Letter of Credit or this Letter of Credit is zero, the Toggle Requirements will not have to be satisfied and the drawings under the Toggle Letter of Credit or this Letter of Credit will not have to be made on a pro rata basis.

This Letter of Credit sets forth in full the terms of the Letter of Credit Banks' undertaking to you and, except as expressly set forth herein, is not subject to any agreement, conditions or qualifications outside of it. Such undertaking to you shall not in any way be modified, amended or amplified by reference to any

document or instrument referred to herein or in which this Letter of Credit is referred to, or to which this Letter of Credit relates, and any such reference shall not be deemed to incorporate herein by reference any document or instrument. The Letter of Credit Banks' obligations under this Letter of Credit are in no way contingent upon reimbursement of any drawing under this Letter of Credit.

This Letter of Credit may be amended by the Several L/C Issuing Bank without your consent to delete a Letter of Credit Bank, add a Letter of Credit Bank, or change Commitment Shares; provided that (i) such amendment does not, together with any simultaneous amendment to the Toggle Letter of Credit, decrease the Aggregate Letter of Credit Amount, and (ii) any new Letter of Credit Bank shall be listed on, or acting via confirming bank that is listed on, the "NAIC List of Qualified U.S. Financial Institutions" maintained by the securities valuation office of the National Association of Insurance Commissioners as issuers of letters of credit for which reinsurance reserve credit can be given. For the purposes of this Letter of Credit, "**Aggregate Letter of Credit Amount**" means (a) the aggregate amount of the Letter of Credit Amount hereunder and the "Letter of Credit Amount" (as defined in the Toggle Letter of Credit) under the Toggle Letter of Credit or (b) the aggregate of (i) the total liability of the Letter of Credit Banks in respect of the Letter of Credit Amount hereunder and the total liability of the "Letter of Credit Banks" (as defined in the Toggle Letter of Credit) in respect of the Letter of Credit Amount (as defined in the Toggle Letter of Credit) under the Toggle Letter of Credit.

This Letter of Credit may expire or be extended from time to time as provided in the immediately succeeding paragraph.

Unless the Several L/C Issuing Bank has notified you in writing prior to the sixtieth (60th) calendar day preceding the Expiration Date then in effect that the Letter of Credit Banks have elected not to extend this Letter of Credit, this Letter of Credit shall be automatically extended for a period of one year from the Expiration Date then in effect.

"Expiration Date" means [*specify initial Expiration Date*], or, if this Letter of Credit is extended from time to time as provided in the immediately preceding paragraph, the latest date to which this Letter of Credit is extended.

For the purpose hereof, "Business Day" shall mean any day other than a Saturday, Sunday or other day on which banking institutions in the State of New York and London, England are authorized or required by law to close.

Notwithstanding anything to the contrary herein, the Several L/C Issuing Bank and the Letter of Credit Banks will not make payment under this Letter of Credit to any person who and/or entity that is listed on a United Nations, European Union, United States of America sanctions list or the sanctions list of any other jurisdiction to which each of the Several L/C Issuing Bank and the Letter of Credit Banks may be subject, nor to any person with whom each of the Several L/C Issuing Bank and the Letter of Credit Banks is prohibited from engaging in transactions under applicable anti-boycott, anti-terrorism or anti-money laundering laws.

This Letter of Credit is governed by and construed in accordance with the laws of the State of Delaware and the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce Publication No. 600 (UCP 600). In the event of any conflict, the laws of the State Delaware will control. If this Letter of Credit expires during an interruption of business as described in Article 36 of said UCP 600, the Letter of Credit Banks hereby specifically agree to effect payment if this Letter of Credit is drawn upon within 30 calendar days after the resumption of the Several L/C Issuing Bank's business.

Except in the case of sight drafts presented under this Letter of Credit and the accompanying original of this Letter of Credit and any amendments, all notices provided for in this Letter of Credit shall be in writing and delivered by overnight courier service or certified mail, return receipt requested. All notices given hereunder shall be deemed to be given on the date of receipt.

Yours faithfully,
NATIONAL AUSTRALIA BANK LIMITED, NEW YORK BRANCH
As Several L/C Issuing Bank

By: _____

Name:

Title:

By: _____

Name:

Title:

ANNEX A – SIGHT DRAFT

(Draft Issue Date)

(Draft Issue Place) ...

Drawn under Standby Letter of Credit Number: [Insert details] Dated: []

Issued by: National Australia Bank Limited, NY Branch

Amount in Figures

(Amount Being Claimed in Figures)

AT SIGHT, PAY TO THE ORDER OF [full name of Beneficiary]

THE SUM OF _____

(The amount being claimed under the L/C expressed in words)

DRAWEE:

[Insert details of Bank]

DRAWER:

[Full name of Beneficiary]

Name:

Title:

Duly authorised

Name:

Title:

Duly authorised

[FORM OF LETTER OF CREDIT]

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER []

NATIONAL AUSTRALIA BANK LIMITED, NEW YORK BRANCH, AS SEVERAL L/C ISSUING BANK

Effective Date: -----

Beneficiary Name :-----

Beneficiary Address:-----

For the account of [Insert relevant Borrower/Applicant Name], National Australia Bank Limited, in its capacity as administrative agent and attorney-in-fact for the Letter of Credit Banks (as defined below), and acting through its New York Branch (in such capacity, the “**Several L/C Issuing Bank**”) hereby issues this clean and irrevocable letter of credit - number [***], on behalf of the issuing banks listed below (hereinafter referred to individually as a “**Letter of Credit Bank**” and collectively as the “**Letter of Credit Banks**”), in your favor as beneficiary (the “**Beneficiary**”) available on any Business Day for an aggregate amount of up to the maximum of US\$ [*****] effective as at the date set forth above and expiring at 4PM Eastern Standard Time at the office of National Australia Bank Limited, New York Branch, as Several L/C Issuing Bank, located at 245 Park Ave., 28th Floor, New York, NY 10167, Attention: Lending Administration or such other office in the United States as the Several L/C Issuing Bank shall notify you in writing, on the Expiration Date (as defined below).

The maximum liability of each Letter of Credit Bank with respect to any demands for payment made hereunder shall be its Commitment Share listed below of the amount of such demand for payment, as follows:

Letter of Credit Bank	Commitment Share	Maximum share of Letter of Credit amount
National Australia Bank Limited	[**]%	US\$[**]
[Lender]	[**]%	US\$[**]
Total		US\$[**]

Upon funds being made available to you by a Letter of Credit Bank of its Commitment Share of the amount specified in the relevant sight draft drawn on such Letter of Credit Bank hereunder, such Letter of

Credit Bank shall be discharged of its obligations under this Letter of Credit with respect to such sight draft, such Letter of Credit Bank shall not be obligated thereafter to make any further payments under this Letter of Credit with respect to such sight draft, and the amount available to be drawn thereafter under this Letter of Credit from such Letter of Credit Bank shall be automatically and permanently reduced by an amount equal to its Commitment Share of the amount of such sight draft. The obligations of the Letter of Credit Banks hereunder are several and not joint and no Letter of Credit Bank shall be responsible or otherwise liable for the failure of any other Letter of Credit Bank to perform its obligations hereunder, nor shall the failure of any Letter of Credit Bank to perform its obligations under this Letter of Credit relieve any other Letter of Credit Bank of its obligations hereunder. National Australia Bank Limited, New York Branch, solely in its capacity as the Several L/C Issuing Bank, shall have no liability for the obligations of any Letter of Credit Bank hereunder.

Funds under this Letter of Credit are available to you, as the beneficiary (and any successor by operation of law), on or prior to the Expiration Date as then in effect against your sight draft(s), in the form set out in Annex A hereto, presented to the Several L/C Issuing Bank, purportedly signed by your duly authorised officer, bearing the clause "Drawn under Standby Letter of Credit number [****]." Partial and multiple drawings are permitted. All drafts must be presented on any Business Day to the Several L/C Issuing Bank at its office at 245 Park Ave., 28th Floor, New York, NY 10167, Attention: Lending Administration or such other office in the United States as the Several L/C Issuing Bank shall notify you in writing, in one lot along with this original Letter of Credit and amendments hereto, if any.

This Letter of Credit sets forth in full the terms of the Letter of Credit Banks' undertaking to you and, except as expressly set forth herein, is not subject to any agreement, conditions or qualifications outside of it. Such undertaking to you shall not in any way be modified, amended or amplified by reference to any document or instrument referred to herein or in which this Letter of Credit is referred to, or to which this Letter of Credit relates, and any such reference shall not be deemed to incorporate herein by reference any document or instrument. The Letter of Credit Banks' obligations under this Letter of Credit are in no way contingent upon reimbursement of any drawing under this Letter of Credit.

This Letter of Credit may be amended by the Several L/C Issuing Bank without your consent to delete a Letter of Credit Bank, add a Letter of Credit Bank, or change Commitment Shares; provided that (i) such amendment does not decrease the Letter of Credit Amount or the aggregate liability of the Letter of Credit Banks in respect of the Letter of Credit Amount, and (ii) any new Letter of Credit Bank shall be listed on, or acting via confirming bank that is listed on, the "NAIC List of Qualified U.S. Financial Institutions" maintained by the securities valuation office of the National Association of Insurance Commissioners as issuers of letters of credit for which reinsurance reserve credit can be given.

This Letter of Credit may expire or be extended from time to time as provided in the immediately succeeding paragraph.

Unless the Several L/C Issuing Bank has notified you in writing prior to the sixtieth (60th) calendar day preceding the Expiration Date then in effect that the Letter of Credit Banks have elected not to extend this Letter of Credit, this Letter of Credit shall be automatically extended for a period of one year from the Expiration Date then in effect.

"Expiration Date" means [*specify initial Expiration Date*], or, if this Letter of Credit is extended from time to time as provided in the immediately preceding paragraph, the latest date to which this Letter of Credit is extended.

For the purpose hereof, "Business Day" shall mean any day other than a Saturday, Sunday or other day on which banking institutions in the State of New York and London, England are authorized or required by law to close.

Notwithstanding anything to the contrary herein, the Several L/C Issuing Bank and the Letter of Credit Banks will not make payment under this Letter of Credit to any person who and/or entity that is listed on a United Nations, European Union, United States of America sanctions list or the sanctions list of any other jurisdiction to which each of the Several L/C Issuing Bank and the Letter of Credit Banks may be subject, nor to any person with whom each of the Several L/C Issuing Bank and the Letter of Credit Banks is prohibited from engaging in transactions under applicable anti-boycott, anti-terrorism or anti-money laundering laws.

This Letter of Credit is governed by and construed in accordance with the laws of the State of Delaware and the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce Publication No. 600 (UCP 600). In the event of any conflict, the laws of the State Delaware will control. If this Letter of Credit expires during an interruption of business as described in Article 36 of said UCP 600, the Letter of Credit Banks hereby specifically agree to effect payment if this Letter of Credit is drawn upon within 30 calendar days after the resumption of the Several L/C Issuing Bank's business.

Except in the case of sight drafts presented under this Letter of Credit and the accompanying original of this Letter of Credit and any amendments, all notices provided for in this Letter of Credit shall be in writing and delivered by overnight courier service or certified mail, return receipt requested. All notices given hereunder shall be deemed to be given on the date of receipt.

Yours faithfully,
NATIONAL AUSTRALIA BANK LIMITED, NEW YORK BRANCH
As Several L/C Issuing Bank

By: _____

Name:

Title:

By: _____

Name:

Title:

ANNEX A – SIGHT DRAFT

(Draft Issue Date)

(Draft Issue Place) ...

Drawn under Standby Letter of Credit Number: [Insert details] Dated: []

Issued by: National Australia Bank Limited, NY Branch

Amount in Figures

(Amount Being Claimed in Figures)

AT SIGHT, PAY TO THE ORDER OF [full name of Beneficiary]

THE SUM OF _____

(The amount being claimed under the L/C expressed in words)

DRAWEE:

[Insert details of Bank]

DRAWER:

[Full name of Beneficiary]

Name:

Title:

Duly authorised

Name:

Title:

Duly authorised

[FORM OF LETTER OF CREDIT REQUEST]

CAVELLO BAY REINSURANCE LIMITED

From: Cavello Bay Reinsurance Limited

To: National Australia Bank Limited
as Administrative Agent

National Australia Bank Limited
as Several L/C Issuing Bank

in each case, under the Letter of Credit Facility Agreement (as defined below)

Date:

Request for Letter of Credit

Ladies and Gentlemen:

Reference is made to that certain Letter of Credit Facility Agreement dated as of [], 2019 among Cavello Bay Reinsurance Limited, as Borrower, Enstar Group Limited, Kenmare Holdings Ltd. Enstar (US Asia-Pac) Holdings Limited, and Enstar Holdings (US) LLC as Guarantors, the lenders party thereto and National Australia Bank Limited as Administrative Agent and Several L/C Issuing Bank (as amended, amended and restated, supplemented or otherwise modified from time to time, the "**Facility Agreement**"). Terms used herein and not otherwise defined shall have the meaning assigned thereto in the Facility Agreement. The undersigned hereby gives you irrevocable notice, pursuant to Section 2.01(b), of the following:

1. The undersigned hereby requests the issuance of a Letter of Credit in the amount of [] (the "**Letter of Credit**") in the form of Exhibit A attached hereto.
2. The date of issuance of the Letter of Credit shall be [] and the expiration date of the letter of credit shall be [].
3. The applicant named on the Letter of Credit is [Cavello Bay Reinsurance Limited][[name], which is an Eligible Affiliate].
4. The beneficiary of the requested Letter of Credit shall be [name] at [address], which is an Approved Beneficiary.
5. The Letter if Credit shall be a [Tranche A Letter of Credit][Tranche B Letter of Credit].
6. Set out below is a description of the purpose and nature of the requested Letter of Credit and such other information as shall be necessary to prepare, amend, extend, reinstate or renew such Letter of Credit:

7. The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of issuance of the Letter of Credit requested hereunder, before and after giving effect thereto: (a) no Default or Event of Default has occurred and is continuing or will result from the issuance of the Letter of Credit requested hereunder or from the application of proceeds thereof, and

(b) the representations and warranties of each Credit Party contained in each Credit Document are true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the date hereof and the date of the issuance of the Letter of Credit as requested hereunder (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date).

8. The Letter of Credit shall be delivered to the beneficiary listed above as follows:

9. The Letter of Credit requested herein complies with the Facility Agreement and we confirm that each condition specified in Section 4.02 of the Facility Agreement is satisfied on the date of this request for letter of credit.

[SIGNATURE PAGE TO FOLLOW]

By: _____
Name: _____
Title: _____

Exhibit A Form of Letter of Credit Requested

Commitments and Lenders

<u>Name of Lender</u>	<u>Tranche A Commitment</u>	<u>Tranche B Commitment</u>
National Australia Bank Limited, London Branch	\$91,850,000	\$63,150,000
The Bank of Nova Scotia	\$106,670,000	\$73,330,000
BMO Harris Bank N.A.	\$74,070,000	\$50,930,000
ING Bank N.V., London Branch	\$68,150,000	\$46,850,000
Commonwealth Bank of Australia	\$59,260,000	\$40,740,000
Commerzbank AG New York Branch	\$0	\$125,000,000
TOTAL	\$400,000,000	\$400,000,000

Eligible Affiliates

Yosemite Insurance Company, an Oklahoma corporation

Clarendon National Insurance Company, a Texas corporation

Fitzwilliam Insurance Limited, an exempted company limited by shares and incorporated under the laws of Bermuda

**CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Dominic F. Silvester, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Enstar Group Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 4, 2021

/S/ DOMINIC F. SILVESTER

Dominic F. Silvester
Chief Executive Officer

**CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Orla Gregory, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Enstar Group Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 4, 2021

/S/ ORLA GREGORY

Orla Gregory
Chief Operating Officer,
Acting Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Enstar Group Limited (the "Company") on Form 10-Q for the quarterly period ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dominic F. Silvester, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 4, 2021

/S/ DOMINIC F. SILVESTER

Dominic F. Silvester
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Enstar Group Limited (the "Company") on Form 10-Q for the quarterly period ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Orla Gregory, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 4, 2021

/S/ ORLA GREGORY

Orla Gregory
Chief Operating Officer,
Acting Chief Financial Officer