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 June 30, 2013

OR

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

For the Transition Period From to

001-33289
Commission File Number

ENSTAR GROUP LIMITED

(Exact name of registrant as specified in its charter)

Bermuda	**N/A**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

P.O. Box HM 2267
Windsor Place, 3rd Floor
22 Queen Street
Hamilton HM JX
Bermuda
(Address of principal executive office, including zip code)

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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☑ No ☐

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

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

As of August 6, 2013, the registrant had outstanding 13,900,434 voting ordinary shares and 2,725,637 non-voting convertible ordinary shares, each par value $1.00 per share.

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PART I — FINANCIAL INFORMATION

Item 1. ***FINANCIAL STATEMENTS***

ENSTAR GROUP LIMITED

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
As of June 30, 2013 and December 31, 2012

	June 30, 2013	December 31, 2012
	(expressed in thousands of U.S. dollars, except share data)	
ASSETS		
Short-term investments, trading, at fair value	$ 401,702	$ 319,111
Short-term investments, held-to-maturity, at amortized cost	10,135	—
Fixed maturities, trading, at fair value	3,227,790	2,253,210
Fixed maturities, held-to-maturity, at amortized cost	873,425	—
Fixed maturities, available-for-sale, at fair value (amortized cost: 2013 — $78,359; 2012 — $245,396)	82,441	251,121
Equities, trading, at fair value	146,227	114,588
Other investments, at fair value	468,412	414,845
Total investments	5,210,132	3,352,875
Cash and cash equivalents	616,897	654,890
Restricted cash and cash equivalents	407,062	299,965
Accrued interest receivable	42,102	22,932
Accounts receivable	51,820	15,399
Premiums receivable	46,017	—
Income taxes recoverable	11,478	11,302
Deferred tax asset	41,711	9,421
Reinsurance balances recoverable	1,178,884	1,122,919
Funds held by reinsured companies	222,708	365,252
Goodwill	21,222	21,222
Other assets	24,715	6,066
TOTAL ASSETS	$ 7,874,748	$ 5,882,243
LIABILITIES		
Losses and loss adjustment expenses	$ 4,041,236	$ 3,650,127
Policy benefits for life and annuity contracts	1,293,270	11,027
Unearned premium	52,056	—
Insurance and reinsurance balances payable	164,522	143,123
Accounts payable and accrued liabilities	63,571	73,258
Income taxes payable	19,854	23,023
Deferred tax liabilities	8,520	14,486
Loans payable	347,903	107,430
Other liabilities	93,595	84,536
TOTAL LIABILITIES	6,084,527	4,107,010
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Share capital		
Authorized, issued and fully paid, par value $1 each (authorized 2013: 156,000,000; 2012: 156,000,000)		
Ordinary shares (issued and outstanding 2013: 13,800,197; 2012: 13,752,172)	13,800	13,752
Non-voting convertible ordinary shares:		
Series A (issued 2013: 2,972,892; 2012: 2,972,892)	2,973	2,973
Series B, C and D (issued and outstanding 2013: 2,725,637; 2012: 2,725,637)	2,726	2,726
Treasury shares at cost (Series A non-voting convertible ordinary shares 2013: 2,972,892; 2012: 2,972,892)	(421,559)	(421,559)
Additional paid-in capital	960,399	958,571
Accumulated other comprehensive income	6,529	24,439
Retained earnings	1,004,009	972,853
Total Enstar Group Limited Shareholders' Equity	1,568,877	1,553,755
Noncontrolling interest	221,344	221,478
TOTAL SHAREHOLDERS' EQUITY	1,790,221	1,775,233
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 7,874,748	$ 5,882,243

See accompanying notes to the unaudited condensed consolidated financial statements

ENSTAR GROUP LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
For the Three and Six Month Periods Ended June 30, 2013 and 2012

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(expressed in thousands of U.S. dollars, except share and per share data)			
INCOME				
Net premiums earned — non-life run-off	$ 41,216	$ —	$ 72,136	$ —
Net premiums earned — life and annuities	34,380	896	35,121	1,870
Consulting fees	2,960	1,775	5,407	3,969
Net investment income	27,252	20,894	45,215	41,337
Net realized and unrealized (losses) gains	(27,919)	1,691	2,201	27,073
	77,889	25,256	160,080	74,249
EXPENSES				
Net reduction in ultimate loss and loss adjustment expense liabilities:				
Losses incurred on current period premiums earned	41,216	—	72,136	—
Reduction in estimates of net ultimate losses	(48,500)	(58,417)	(53,562)	(61,715)
Reduction in provisions for bad debt	—	(527)	—	(2,782)
Reduction in provisions for unallocated loss adjustment expense liabilities	(16,795)	(11,661)	(33,198)	(24,513)
Amortization of fair value adjustments	2,369	2,240	4,462	9,827
	(21,710)	(68,365)	(10,162)	(79,183)
Life and annuity policy benefits	29,482	896	30,223	1,870
Salaries and benefits	25,687	24,379	49,297	44,830
General and administrative expenses	20,002	14,156	37,948	29,014
Interest expense	3,091	2,062	5,526	4,173
Net foreign exchange (gains) losses	(8,403)	(627)	(3,321)	1,642
	48,149	(27,499)	109,511	2,346
EARNINGS BEFORE INCOME TAXES	29,740	52,755	50,569	71,903
INCOME TAXES	(4,542)	(11,905)	(12,386)	(15,647)
NET EARNINGS	25,198	40,850	38,183	56,256
Less: Net earnings attributable to noncontrolling interest	(6,001)	(129)	(7,027)	(5,862)
NET EARNINGS ATTRIBUTABLE TO ENSTAR GROUP LIMITED	$ 19,197	$ 40,721	$ 31,156	$ 50,394
EARNINGS PER SHARE — BASIC				
Net earnings per ordinary share attributable to Enstar Group Limited shareholders	$ 1.16	$ 2.48	$ 1.89	$ 3.07
EARNINGS PER SHARE — DILUTED				
Net earnings per ordinary share attributable to Enstar Group Limited shareholders	$ 1.15	$ 2.44	$ 1.87	$ 3.02
Weighted average ordinary shares outstanding — basic	16,525,026	16,436,401	16,519,640	16,432,001
Weighted average ordinary shares outstanding — diluted	16,693,943	16,674,792	16,685,444	16,673,250

See accompanying notes to the unaudited condensed consolidated financial statements

ENSTAR GROUP LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three and Six Month Periods Ended June 30, 2013 and 2012

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(expressed in thousands of U.S. dollars)			
NET EARNINGS	$ 25,198	$ 40,850	$ 38,183	$ 56,256
Other comprehensive income, net of tax:				
Unrealized holding (losses) gains on investments arising during the period	(28,010)	317	371	27,672
Reclassification adjustment for net realized and unrealized losses (gains) included in net earnings	27,919	(1,691)	(2,201)	(27,073)
Unrealized (losses) gains arising during the period, net of reclassification adjustment	(91)	(1,374)	(1,830)	599
Currency translation adjustment	(20,278)	(3,892)	(21,501)	(908)
Total other comprehensive loss	(20,369)	(5,266)	(23,331)	(309)
Comprehensive income	4,829	35,584	14,852	55,947
Less comprehensive (income) loss attributable to noncontrolling interest	(781)	643	(1,606)	(6,269)
COMPREHENSIVE INCOME ATTRIBUTABLE TO ENSTAR GROUP LIMITED	$ 4,048	$ 36,227	$ 13,246	$ 49,678

See accompanying notes to the unaudited condensed consolidated financial statements

ENSTAR GROUP LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Six Month Periods Ended June 30, 2013 and 2012

	Six Months Ended June 30,	
	2013	2012
	(expressed in thousands of U.S. dollars)	
Share Capital — Ordinary Shares		
Balance, beginning of period	$ 13,752	$ 13,665
Issue of shares	2	3
Share awards granted/vested	46	44
Balance, end of period	$ 13,800	$ 13,712
Share Capital — Series A Non-Voting Convertible Ordinary Shares		
Balance, beginning and end of period	$ 2,973	$ 2,973
Share Capital — Series B, C and D Non-Voting Convertible Ordinary Shares		
Balance, beginning and end of period	$ 2,726	$ 2,726
Treasury Shares		
Balance, beginning and end of period	$ (421,559)	$ (421,559)
Additional Paid-in Capital		
Balance, beginning of period	$ 958,571	$ 956,329
Share awards granted/vested	—	381
Issue of shares, net	319	280
Amortization of equity incentive plan	1,509	1,361
Balance, end of period	$ 960,399	$ 958,351
Accumulated Other Comprehensive Income Attributable to Enstar Group Limited		
Balance, beginning of period	$ 24,439	$ 27,096
Foreign currency translation adjustments	(16,415)	(1,487)
Net movement in unrealized holding (losses) gains on investments	(1,495)	771
Balance, end of period	$ 6,529	$ 26,380
Retained Earnings		
Balance, beginning of period	$ 972,853	$ 804,836
Net earnings attributable to Enstar Group Limited	31,156	50,394
Balance, end of period	$ 1,004,009	$ 855,230
Noncontrolling Interest		
Balance, beginning of period	$ 221,478	$ 297,345
Return of capital	—	(35,366)
Dividends paid	(1,740)	(18,985)
Net earnings attributable to noncontrolling interest	7,027	5,862
Foreign currency translation adjustments	(5,086)	579
Net movement in unrealized holding losses on investments	(335)	(172)
Balance, end of period	$ 221,344	$ 249,263

See accompanying notes to the unaudited condensed consolidated financial statements

ENSTAR GROUP LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Month Periods Ended June 30, 2013 and 2012

	Six Months Ended June 30,	
	2013	2012
	(expressed in thousands of U.S. dollars)	
OPERATING ACTIVITIES:		
Net earnings	$ 38,183	$ 56,256
Adjustments to reconcile net earnings to cash flows used in operating activities:		
Net realized and unrealized investment losses (gains)	27,881	(22,234)
Net realized and unrealized gains from other investments	(30,082)	(4,839)
Other items	2,175	1,754
Depreciation and amortization	505	631
Net amortization of bond premiums and discounts	23,261	16,426
Net movement of trading securities held on behalf of policyholders	2,096	11,317
Sales and maturities of trading securities	1,442,946	1,125,863
Purchases of trading securities	(1,527,521)	(1,319,669)
Changes in assets and liabilities:		
Reinsurance balances recoverable	60,437	382,569
Other assets	266,219	56,350
Losses and loss adjustment expenses	(203,471)	(483,702)
Policy benefits for life and annuity contracts	37,639	—
Insurance and reinsurance balances payable	(20,466)	(45,702)
Accounts payable and accrued liabilities	(49,419)	17,670
Other liabilities	(81,806)	20,755
Net cash flows used in operating activities	(11,423)	(186,555)
INVESTING ACTIVITIES:		
Acquisitions, net of cash acquired	(283,960)	—
Sales and maturities of available-for-sale securities	160,143	183,609
Maturities of held-to-maturity securities	137	—
Movement in restricted cash and cash equivalents	(107,097)	89,775
Funding of other investments	(24,410)	(126,130)
Redemption of bond funds	—	103
Other investing activities	298	(454)
Net cash flows (used in) provided by investing activities	(254,889)	146,903
FINANCING ACTIVITIES:		
Distribution of capital to noncontrolling interest	—	(7,236)
Dividends paid to noncontrolling interest	(1,740)	(18,985)
Receipt of loans	227,000	—
Repayment of loans	—	(115,875)
Net cash flows provided by (used in) financing activities	225,260	(142,096)
EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCY CASH AND CASH EQUIVALENTS	3,059	4,157
NET DECREASE IN CASH AND CASH EQUIVALENTS	(37,993)	(177,591)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	654,890	850,474
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 616,897	$ 672,883
Supplemental Cash Flow Information		
Net income taxes paid	$ 16,424	$ 15,367
Interest paid	$ 3,817	$ 4,689

See accompanying notes to the unaudited condensed consolidated financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Consolidation

The Company's condensed consolidated financial statements have not been audited. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. 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 accruals) considered necessary for a fair presentation of the Company's financial position and results of operations as at the end of and for the periods presented. Results of operations for subsidiaries acquired are included from the dates of their acquisition by the Company. The results of operations for any interim period are not necessarily indicative of the results for a full year. Inter-company accounts and transactions have been eliminated. In these notes, the terms "we," "us," "our," or "the Company" refer to Enstar Group Limited and its direct and indirect subsidiaries. The following information should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2012. Certain reclassifications have been made to the prior period reported amounts of investment income and net realized and unrealized gains and losses, net premiums earned - life and annuities, life and annuity policy benefits and losses and loss adjustment expenses to conform to the current period presentation. These reclassifications had no impact on income or net earnings previously reported.

Significant New Accounting Policies

As a result of the acquisitions of SeaBright Holdings, Inc. ("SeaBright") and five companies from a subsidiary of HSBC Holdings plc (the "Pavonia companies"), each described in Note 2 — "Acquisitions", the Company has adopted certain new significant accounting policies during the six months ended June 30, 2013. Other than the policies described below, there have been no material changes to the Company's significant accounting policies from those described in Note 2 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

(a) Premium revenue recognition

Non-life run-off

Premiums written are earned on a pro-rata basis over the period the coverage is provided. Reinsurance premiums are recorded at the inception of the policy, unless policy language stipulates otherwise, and are estimated based upon information in underlying contracts and information provided by clients and/or brokers. Changes in reinsurance premium estimates are expected and may result in significant adjustments in future periods. These estimates change over time as additional information regarding changes in underlying exposures is obtained. Any subsequent differences arising on such estimates are recorded as premiums written in the period they are determined.

Unearned premiums represent the portion of premiums written that relate to the unexpired terms of policies in force. Premiums ceded are similarly pro-rated over the period the coverage is provided with the unearned portion being deferred as prepaid reinsurance premiums.

Certain contracts that the Company has written are retrospectively rated and additional premium would be due should losses exceed pre-determined, contractual thresholds. These required additional premiums are based upon contractual terms and management judgment is involved with respect to the estimate of the amount of losses that the Company expects to be ceded. Additional premiums are recognized at the time loss thresholds specified in the contract are exceeded and are earned over the coverage period, or are earned immediately if the

1. SIGNIFICANT ACCOUNTING POLICIES — (cont'd)

period of risk coverage has passed. Changes in estimates of losses recorded on contracts with additional premium features will result in changes in additional premiums based on contractual terms.

Life and annuities

The Pavonia companies, prior to going into run-off, wrote various U.S. and Canadian life insurance, including credit life and disability insurance, term life insurance, assumed life reinsurance and annuities. The Pavonia companies will continue to recognize premiums on term life insurance, assumed life reinsurance and credit life and disability insurance.

Premiums from term life insurance, credit life and disability insurance and assumed life reinsurance are generally recognized as revenue when due from policyholders. Term life, assumed life reinsurance and credit life and disability policies include those contracts with fixed and guaranteed premiums and benefits. Benefits and expenses are matched with such revenue to result in the recognition of profit over the life of the contracts.

(b) Premiums Receivable

Non-life Run-off

Premiums receivable represent amounts currently due and amounts not yet due on insurance and reinsurance policies. Premiums for insurance policies are generally due at inception. Premiums for reinsurance policies generally become due over the period of coverage based on the policy terms. The Company monitors the credit risk associated with premiums receivable, taking into consideration that credit risk is reduced by the Company's contractual right to offset loss obligations or unearned premiums against premiums receivable. Amounts deemed uncollectible are charged to net earnings in the period they are determined. Changes in the estimate of premiums written will result in an adjustment to premiums receivable in the period they are determined. Certain contracts are retrospectively rated and provide for a final adjustment to the premium based on the final settlement of all losses. Premiums receivable on such contracts are adjusted based on the estimate of losses the Company expects to incur, and are not considered due until all losses are settled.

(c) Life and annuity benefits

The Company's life and annuity benefit and claim reserves are calculated using standard actuarial techniques and cash flow models in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 944, Financial Services — Insurance. The Company establishes and maintains its life and annuity reserves at a level that the Company estimates will, when taken together with future premium payments and investment income expected to be earned on associated premiums, be sufficient to support all future cash flow benefit obligations and third party servicing obligations as they become payable. The Company reviews its life and annuity reserves regularly and performs loss recognition testing based upon cash flow projections.

Since the development of the life and annuity reserves is based upon cash flow projection models, the Company must make estimates and assumptions based on experience and industry mortality tables, longevity and morbidity rates, lapse rates, expenses and investment experience, including a provision for adverse deviation. The assumptions used to determine policy benefit reserves are determined at the inception of the contracts, reviewed and adjusted at the point of acquisition as required, and are locked-in throughout the life of the contract

1. SIGNIFICANT ACCOUNTING POLICIES — (cont'd)

unless a premium deficiency develops. The assumptions are reviewed no less than annually and are unlocked if they would result in a material adverse reserve change. The Company establishes these estimates based upon transaction-specific historical experience, information provided by the ceding company for the assumed business and industry experience. Actual results could differ materially from these estimates. As the experience on the contracts emerges, the assumptions are reviewed by management. The Company determines whether actual and anticipated experience indicates that existing policy reserves, together with the present value of future gross premiums, are sufficient to cover the present value of future benefits, settlement and maintenance costs and to recover unamortized acquisition costs. If such a review indicates that reserves should be greater than those currently held, then the locked-in assumptions are revised and a charge for life and annuity benefits is recognized at that time.

Because of the many assumptions and estimates used in establishing reserves and the long-term nature of the contracts, the reserving process, while based on actuarial techniques, is inherently uncertain.

(d) Investments

Short-term investments and fixed maturity investments

Short-term investments comprise investments with a maturity greater than three months but less than one year from the date of purchase. Fixed maturities comprise investments with a maturity of one year and greater from the date of purchase.

Short-term investments and fixed maturities classified as trading are carried at fair value, with realized and unrealized holding gains and losses included in net earnings and reported as net realized and unrealized gains and losses. Investment purchases and sales are recorded on a trade-date basis. Realized gains and losses on the sale of investments are based upon specific identification of the cost of investments.

Short-term investments and fixed maturity investments classified as held-to-maturity securities, which are securities that the Company has the positive intent and ability to hold to maturity, are carried at amortized cost. The cost of short-term investments and fixed maturities are adjusted for amortization of premiums and accretion of discounts.

Fixed maturity investments classified as available-for-sale are carried at fair value, with unrealized gains and losses excluded from net earnings and reported as a separate component of accumulated other comprehensive income. Realized gains and losses on sales of investments classified as available-for-sale are recognized in the consolidated statements of earnings. Amortization of premium or discount is recognized using the effective yield method and included in net investment income. For mortgage-backed and asset-backed investments, and any other holdings for which there is a prepayment risk, prepayment assumptions are evaluated and revised on a regular basis.

Fixed maturity investments classified as available-for-sale and held-to-maturity are reviewed quarterly to determine if they have sustained an impairment of value that is, based on management's judgement, considered to be other than temporary. The process includes reviewing each fixed maturity investment that is below cost and: (1) determining if the Company has the intent to sell the fixed maturity investment; (2) determining if it is more likely than not that the Company will be required to sell the fixed maturity investment before its anticipated recovery; and (3) assessing whether a credit loss exists, that is, whether the Company expects that the present value of the cash flows expected to be collected from the fixed maturity investment is less than the amortized cost basis of the investment. In evaluating credit losses, the Company considers a variety of factors in the assessment of a fixed maturity investment including: (1) the time period during which there has been a significant decline below cost; (2) the extent of the decline below cost and par; (3) the potential for the

1. SIGNIFICANT ACCOUNTING POLICIES — (cont'd)

investment to recover in value; (4) an analysis of the financial condition of the issuer; (5) the rating of the issuer; and (6) failure of the issuer of the investment to make scheduled interest or principal payments. If management concludes an investment is other-than-temporarily impaired ("OTTI"), then the difference between the fair value and the amortized cost of the investment is presented as an OTTI charge in the consolidated statements of earnings, with an offset for any noncredit-related loss component of the OTTI charge to be recognized in other comprehensive income. Accordingly, only the credit loss component of the OTTI amount would have an impact on the Company's earnings.

New Accounting Standards Adopted in 2013

ASU 2011-11, Disclosures About Offsetting Assets and Liabilities

In December 2011, the FASB issued new disclosure requirements regarding the nature of an entity's rights of setoff and related arrangements associated with its financial instruments and derivative instruments. The new disclosures are designed to make financial statements that are prepared under U.S. GAAP more comparable to those prepared under International Financial Reporting Standards. The Company adopted the amended guidance effective January 1, 2013. The adoption of the guidance did not have a material impact on the consolidated financial statements.

ASU 2013-02, Presentation of Items Reclassified from Accumulated Other Comprehensive Income

In February 2013, the FASB issued new disclosure requirements for items reclassified from accumulated other comprehensive income. This guidance requires entities to disclose in a single location (either on the face of the financial statement that reports net earnings or in the notes) the effects of reclassification out of accumulated other comprehensive income. The Company adopted this guidance effective January 1, 2013. The adoption of the guidance did not have a material impact on the consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists

In July 2013, the FASB issued ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists ("ASU 2013-11"). The objective of ASU 2013-11 is to improve the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. ASU 2013-11 seeks to reduce the diversity in practice by providing guidance on the presentation of unrecognized tax benefits to better reflect the manner in which an entity would settle at the reporting date any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exist. ASU 2013-11 is effective for annual and interim reporting periods beginning after December 15, 2013, with both early adoption and retrospective application permitted. The Company is currently evaluating the impact of this guidance; however, it is not expected to have a material impact on the Company's consolidated statements of operations and financial position.

2. ACQUISITIONS

The Company accounts for acquisitions using the purchase method of accounting, which requires that the acquirer record the assets and liabilities acquired at their estimated fair value. The fair values of each of the reinsurance assets and liabilities acquired relating to our non-life run-off and life and annuity acquisitions are derived from estimates of

2. ACQUISITIONS — (cont'd)

the associated projected cash flows, based on actuarially prepared information and management's run-off strategy. Refer to Note 2 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 for more information on the accounting for acquisitions.

Torus Insurance Holdings Limited

Amalgamation Agreement

On July 8, 2013, the Company, Veranda Holdings Ltd ("Veranda"), an entity in which the Company owns an indirect 60% interest through its 60% interest in Bayshore Holdings Limited ("Bayshore"), Hudson Securityholders Representative LLC and Torus Insurance Holdings Limited ("Torus") entered into an Agreement
and Plan of Amalgamation (the "Amalgamation Agreement"). The Amalgamation Agreement provides for the amalgamation (the "Amalgamation") of Veranda and Torus (the combined entity, the "Amalgamated Company"). Torus is a global specialty insurer and holding company of six wholly-owned insurance vehicles, including one Lloyd's syndicate.

The purchase price for the Amalgamation is $692.0 million. The Company and Kenmare Holdings Ltd. (its wholly-owned subsidiary) ("Kenmare") will provide 60% of the purchase price and related expenses of the Amalgamation. Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P. (collectively, "Trident"), the owner of the remaining 40% interest in Bayshore, the parent company of Veranda, will provide 40% of the purchase price and related expenses associated with the Amalgamation. The Company will issue a combination of approximately 1,901,000 voting ordinary shares, par value $1.00 per share (the "Voting Ordinary Shares"), and approximately 711,000 newly-created Series B convertible non-voting preference shares, par value $1.00 per share (the "Non-Voting Preferred Shares"), having an aggregate value of approximately $346.0 million to partially fund the purchase price. Kenmare will contribute in cash approximately $69.2 million and Trident will contribute in cash the remaining approximately $276.8 million of the purchase price. Following the Amalgamation, the Company and Trident will continue to own, respectively, a 60% and 40% indirect interest in the Amalgamated Company through their ownership of Bayshore.

Completion of the Amalgamation is conditioned on, among other things, governmental and regulatory approvals and satisfaction of various customary closing conditions. The transaction is expected to close by the end of 2013.

Stock Issuance

FR XI Offshore AIV, L.P., First Reserve Fund XII, L.P., FR XII A Parallel Vehicle L.P. and FR Torus Co-Investment, L.P. (collectively, "First Reserve") will receive Voting Ordinary Shares, Non-Voting Preferred Shares and cash consideration in the transaction. In the event that the number of Voting Ordinary Shares deliverable to First Reserve at the closing of the Amalgamation would cause First Reserve, as of immediately after such closing, to beneficially own Voting Ordinary Shares that constitute more than 9.5% of the voting power of all shares of the Company, then the Company will issue to First Reserve, at the closing, the total number of shares of Voting Ordinary Shares representing 9.5% of the voting power of all shares of the Company as of immediately after the closing and Non-Voting Preferred Shares representing the remainder of the shares that First Reserve is entitled to under the Amalgamation Agreement. Corsair Specialty Investors, L.P. ("Corsair") will receive both Voting Ordinary Shares and cash consideration in the transaction. The remaining Torus shareholders will receive all cash. Following the Amalgamation, First Reserve will own approximately 9.5% and 11.5%, respectively, of the Company's Voting Ordinary Shares and outstanding share capital and Corsair will own approximately 2.5% and 2.1%, respectively, of the Company's Voting Ordinary Shares and outstanding share capital.

2. ACQUISITIONS — (cont'd)

The Company and First Reserve will enter into a Shareholder Rights Agreement at the closing of the Amalgamation, under which the Company has agreed that First Reserve will have the right to designate one representative to the Company's Board of Directors. This designation right terminates if First Reserve ceases to beneficially own at least 75% of the total number of Voting Ordinary Shares and Non-Voting Preferred Shares acquired by it under the Amalgamation Agreement.

The Company will also enter into a Registration Rights Agreement with First Reserve and Corsair at the closing of the Amalgamation that provides First Reserve and Corsair with certain rights to cause the Company to register under the Securities Act of 1933, as amended (the "Act"), the Voting Ordinary Shares (including the Voting Ordinary Shares into which the Non-Voting Preferred Shares may convert) issued pursuant to the Amalgamation and any securities issued by the Company in connection with the foregoing by way of a share dividend or share split or in connection with any recapitalization, reclassification or similar reorganization (the foregoing, collectively, "Registrable Securities"). Pursuant to the Registration Rights Agreement, the Company must file a resale shelf registration statement for the Registrable Securities within 20 business days after the closing of the Amalgamation. In addition, at any time following the six-month anniversary of the closing of the Amalgamation, First Reserve will be entitled to make three written requests for the Company to register all or any part of the Registrable Securities under the Act, subject to certain exceptions and conditions set forth in the Registration Rights Agreement. Corsair will have the right to make one such request. First Reserve and Corsair will also be granted "piggyback" registration rights with respect to the Company's registration of Voting Ordinary Shares for its own account or for the account of one or more of its securityholders.

Trident Co-investment in Torus

In connection with the Amalgamation Agreement, the Company, Kenmare and Trident entered an Investors Agreement on July 8, 2013 governing their investments in Bayshore, and Kenmare and Trident entered into individual equity commitment letters obligating each to fund its respective portion of the purchase price for the Amalgamation noted above. Completion of Kenmare's and Trident's funding obligations is conditioned on, among other things, the satisfaction of certain conditions tied directly to the satisfaction of the closing conditions under the Amalgamation Agreement.

Upon the funding of the equity commitments at the closing of the Amalgamation, Kenmare and Trident have agreed to enter into a Shareholders' Agreement (the "Bayshore Shareholders' Agreement"). Among other things, the Bayshore Shareholders' Agreement will provide that Kenmare would appoint three members to the Bayshore board of directors and Trident would appoint two members.

The Bayshore Shareholders' Agreement includes a five-year period during which neither party can transfer its ownership interest in Bayshore to a third party (the "Restricted Period"). Following the Restricted Period: (i) each party must offer the other party the right to buy its shares before the shares are offered to a third party; (ii) Kenmare can require Trident to participate in a sale of Bayshore to a third party as long as Kenmare owns 55% of Bayshore; (iii) each party has the right to be included on a pro rata basis in any sales made by the other party; and (iv) each party has the right to buy its pro rata share of any new securities issued by Bayshore.

During the 90-day period following the fifth anniversary of the closing of the Amalgamation, and at any time following the seventh anniversary of such closing, Kenmare would have the right to redeem Trident's shares in Bayshore at their then fair market value, which would be payable in cash. Following the seventh anniversary of the closing, Trident would have the right to require Kenmare to purchase Trident's shares for their then current fair market value, which Kenmare would have the option to pay either in cash or by delivering the Company's ordinary voting shares.

2. ACQUISITIONS — (cont'd)

Trident is a holder of approximately 9.7% of the Company's ordinary shares. Refer to Note 16 for information regarding the Company's other transactions with affiliates of Trident.

Atrium and Arden

Acquisition Agreements

On June 5, 2013, the Company entered into definitive agreements with Arden Holdings Limited under which the Company will acquire Atrium Underwriting Group Limited ("Atrium") and Arden Reinsurance Company Limited ("Arden"). Atrium is an underwriting business at Lloyd's of London, which manages Syndicate 609 and provides approximately one quarter of the syndicate's capital. Atrium specializes in accident and health, aviation, marine property, non-marine property, professional liability, property and casualty binding authorities, reinsurance, upstream energy, war and terrorism insurance, cargo and fine art. Arden is a Bermuda-based reinsurance company that provides reinsurance to Atrium and is currently in the process of running off certain other discontinued businesses.

The purchase price for Atrium will be approximately $183.0 million and the purchase price for Arden will be approximately $79.6 million. Completion of each transaction is conditioned on, among other things, governmental and regulatory approvals and satisfaction of various customary closing conditions. The two transactions are governed by separate purchase agreements and the acquisition of each company is not conditioned on the acquisition of the other. Both transactions are currently expected to close by the end of 2013.

Trident Co-investment in Atrium and Arden

On July 3, 2013, Kenmare entered into an Investors Agreement with Trident with respect to the acquisitions of Atrium and Arden, pursuant to which Trident acquired a 40% interest in Northshore Holdings Ltd., previously a wholly-owned subsidiary of Kenmare ("Northshore"). In connection with the Investors Agreement, Kenmare and Trident provided individual equity commitment letters to Northshore pursuant to which Kenmare and Trident agreed to provide 60% and 40%, respectively, of the Atrium and Arden purchase prices and related expenses. Kenmare expects to fund its equity commitment from available cash on hand.

Completion of Kenmare's and Trident's funding obligations is conditioned on, among other things, the satisfaction of certain conditions tied directly to the satisfaction of the closing conditions under the Atrium and Arden purchase agreements. In the event that the Arden acquisition closes, but the Atrium acquisition does not close, Trident's obligations under its commitment letter would terminate as to both companies and Trident would return its 40% interest in Northshore to Kenmare.

Upon the funding of the equity commitments at the closing of the Atrium and Arden transactions, Kenmare and Trident have agreed to enter into a Shareholders' Agreement (the "Northshore Shareholders' Agreement"). Among other things, the Northshore Shareholders' Agreement will provide that Kenmare would appoint three members to the Northshore board of directors and Trident would appoint two members. Trident would also have the right to designate one member of the Atrium board of directors.

The Northshore Shareholders' Agreement includes a five-year period during which neither party can transfer its ownership interest in Northshore to a third party (the "Restricted Period"). Following the Restricted Period: (i) each party must offer the other party the right to buy its shares before the shares are offered to a third party; (ii) Kenmare can require Trident to participate in a sale of Northshore to a third party as long as Kenmare owns 55% of Northshore; (iii) each party has the right to be included on a pro rata basis in any sales made by the other party; and (iv) each party has the right to buy its pro rata share of any new securities issued by Northshore.

2. ACQUISITIONS — (cont'd)

During the 90-day period following the fifth anniversary of the earlier of the closings of the Atrium and Arden transactions, and at any time following the seventh anniversary of the earlier of such closings, Kenmare would have the right to redeem Trident's shares in Northshore at their then fair market value, which would be payable in cash. Following the seventh anniversary of the earlier of the closings, Trident would have the right to require Kenmare to purchase Trident's shares for their then current fair market value, which Kenmare would have the option to pay either in cash or by delivering the Company's ordinary voting shares.

Trident is a holder of approximately 9.7% of the Company's ordinary shares. Refer to Note 16 for information regarding the Company's other transactions with affiliates of Trident.

SeaBright

On February 7, 2013, the Company completed its acquisition of SeaBright, through the merger of its indirect, wholly-owned subsidiary, AML Acquisition, Corp. ("AML Acquisition"), with and into SeaBright (the "Merger"), with SeaBright surviving the Merger as the Company's indirect, wholly-owned subsidiary. SeaBright owns SeaBright Insurance Company, an Illinois-domiciled insurer that is commercially domiciled in California, which wrote direct workers' compensation business. The aggregate cash purchase price paid by the Company for all equity securities of SeaBright was approximately $252.1 million, which was funded in part with $111.0 million borrowed under a four-year term loan facility provided by National Australia Bank and Barclays Bank PLC.

Immediately following the acquisition, SeaBright was placed into run-off, and accordingly is no longer writing new insurance policies. Since its acquisition, SeaBright had renewed expiring insurance policies when it was obligated to do so by regulators, but has now received approvals from all states relieving it of this obligation.

Gross and net premiums written by SeaBright from the date of the acquisition to June 30, 2013 totaled $16.5 million and $10.9 million, respectively. Because SeaBright's exit from the mandatory renewal process was approved, we expect that SeaBright will no longer generate premiums written.

The purchase price and fair value of the assets acquired in the SeaBright acquisition were as follows:

Purchase price	$ 252,091
Net assets acquired at fair value	$ 252,091

The following summarizes the estimated fair values of the assets acquired and the liabilities assumed as of the date of acquisition:

ASSETS	
Short-term investments, trading, at fair value	$ 25,171
Fixed maturities, trading, at fair value	683,780
Total investments	708,951
Cash and cash equivalents	41,846
Accrued interest receivable	6,344
Premiums receivable	112,510
Reinsurance balances recoverable	117,462
Other assets	4,515
TOTAL ASSETS	991,628

2. ACQUISITIONS — (cont'd)

LIABILITIES	
Losses and loss adjustment expenses	592,774
Unearned premium	93,897
Loans payable	12,000
Insurance balances payable	3,243
Other liabilities	37,623
TOTAL LIABILITIES	739,537
NET ASSETS ACQUIRED AT FAIR VALUE	$252,091

From the date of acquisition to June 30, 2013, the Company had earned premiums of $72.1 million, recorded losses incurred of $72.1 million on those earned premiums, and recorded $13.5 million in net losses related to SeaBright in its consolidated statement of earnings.

Pavonia

On March 31, 2013, the Company and its wholly-owned subsidiary, Pavonia Holdings (US), Inc. ("Pavonia"), completed the acquisition of all of the shares of Household Life Insurance Company of Delaware ("HLIC DE") and HSBC Insurance Company of Delaware ("HSBC DE") from Household Insurance Group Holding Company, a subsidiary of HSBC Holdings plc. HLIC DE and HSBC DE are both Delaware-domiciled insurers in run-off. HLIC DE owns three other insurers domiciled in Michigan, New York, and Arizona, which are also in run-off (collectively with HLIC DE and HSBC DE, the "Pavonia companies"). The aggregate cash purchase price was $155.6 million and was financed in part by a drawing of $55.7 million under the Company's revolving credit facility. The Pavonia companies wrote various U.S. and Canadian life insurance, including credit life and disability insurance, term life insurance, assumed life reinsurance and annuities.

The purchase price and fair value of the assets acquired in the Pavonia acquisition were as follows:

Purchase price	$ 155,564
Net assets acquired at fair value	$ 155,564

The following summarizes the estimated fair values of the assets acquired and the liabilities assumed as of the date of acquisition:

ASSETS	
Short-term investments, trading, at fair value	$ 40,404
Short-term investments, held-to-maturity, at fair value	10,268
Fixed maturities, trading, at fair value	329,985
Fixed maturities, held-to-maturity, at fair value	876,474
Total investments	1,257,131
Cash and cash equivalents	81,849
Accrued interest receivable	15,183
Funds held by reinsured companies	47,761
Other assets	59,002
TOTAL ASSETS	1,460,926

2. ACQUISITIONS — (cont'd)

LIABILITIES	
Policyholder benefits for life and annuity contracts	1,255,632
Reinsurance balances payable	39,477
Unearned premium	5,618
Other liabilities	4,635
TOTAL LIABILITIES	1,305,362
NET ASSETS ACQUIRED AT FAIR VALUE	$ 155,564

As of March 31, 2013, the date of acquisition of the Pavonia companies, all of the companies were either in run-off or, immediately following the acquisition, were placed into run-off, and accordingly are no longer writing any new policies. The Pavonia companies will continue to collect premiums in relation to the unexpired policies assumed on acquisition.

For the period from the date of the acquisition to June 30, 2013, the Company had earned premiums of $33.7 million, recorded life and annuity claim costs of $28.8 million on those earned premiums, and recorded $1.9 million in net losses related to the Pavonia companies in its consolidated statement of earnings.

The following pro forma condensed combined income statement for the three months ended June 30, 2012 and six months ended June 30, 2013 and 2012 combines the historical consolidated statements of earnings of the Company with those of the Pavonia companies, giving effect to the business combinations and related transactions as if they had occurred on January 1, 2013 and 2012, respectively. The unaudited pro forma data does not necessarily represent results that would have occurred if the acquisition had taken place at the beginning of each period presented, nor is it necessarily indicative of future results.

Three Months Ended June 30,	2012
Total income	$101,858
Total expenses	(59,255)
Noncontrolling interest	(129)
Net earnings	$ 42,474
Net earnings per ordinary share — basic	$ 2.58
Net earnings per ordinary share — diluted	$ 2.55

Six Months Ended June 30,	2013	2012
Total income	$ 206,930	$ 226,753
Total expenses	(185,762)	(156,932)
Noncontrolling interest	(7,027)	(5,862)
Net earnings	$ 14,141	$ 63,959
Net earnings per ordinary share — basic	$ 0.86	$ 3.89
Net earnings per ordinary share — diluted	$ 0.85	$ 3.84

3. SIGNIFICANT NEW BUSINESS

Shelbourne

Effective January 1, 2013, Lloyd's Syndicate 2008 ("S2008"), which is managed by the Company's wholly-owned subsidiary and Lloyd's managing agent, Shelbourne Syndicate Services Limited, entered into a reinsurance to close contract of the 2009 underwriting year of account of another Lloyd's syndicate and a 100% quota share reinsurance agreement with a further Lloyd's syndicate in respect of its 2010 underwriting year of account, under which S2008 assumed total gross insurance reserves of approximately £33.8 million (approximately $51.4 million) for consideration of an equal amount.

American Physicians

On April 26, 2013, the Company, through its wholly-owned subsidiary, Providence Washington Insurance Company ("PWIC"), completed the assignment and assumption of a portfolio of workers' compensation business from American Physicians Assurance Corporation and APSpecialty Insurance Company (collectively "APS"). Total assets and liabilities assumed were approximately $35.3 million.

Reciprocal of America

On July 6, 2012, PWIC entered into a definitive loss portfolio transfer reinsurance agreement with Reciprocal of America (in Receivership) and its Deputy Receiver relating to a portfolio of workers' compensation business. The estimated total liabilities to be assumed are approximately $174.0 million, with an equivalent amount of assets to be received as consideration. Completion of the transaction is conditioned upon, among other things, regulatory approvals and satisfaction of customary closing conditions. The transaction is expected to close in the fourth quarter of 2013.

4. INVESTMENTS

Trading

The estimated fair values of the Company's investments in fixed maturity securities, short-term investments and equities classified as trading securities were as follows:

	June 30, 2013	December 31, 2012
U.S. government and agency	$ 430,055	$ 361,906
Non-U.S. government	428,614	265,722
Corporate	2,199,924	1,598,876
Municipal	83,435	20,446
Residential mortgage-backed	163,765	115,594
Commercial mortgage-backed	143,288	130,848
Asset-backed	180,411	78,929
Total fixed maturity and short-term investments	3,629,492	2,572,321
Equities — U.S.	110,212	92,406
Equities — International	36,015	22,182
	$3,775,719	$2,686,909

The increase of $1.09 billion in the Company's investments in fixed maturity securities, short-term investments and equities classified as trading securities for the six months ended June 30, 2013 was primarily a result of the completion of the acquisitions of SeaBright and the Pavonia companies.

4. INVESTMENTS — (cont'd)

The following tables set forth certain information regarding the credit ratings (provided by major rating agencies) of the Company's fixed maturity securities and short-term investments classified as trading:

As at June 30, 2013	Fair Value	% of Total Fair Value
AAA	$ 485,322	13.4%
AA	1,364,018	37.6%
A	1,264,866	34.8%
BBB or lower	492,537	13.6%
Not Rated	22,749	0.6%
	$3,629,492	100.0%

As at December 31, 2012	Fair Value	% of Total Fair Value
AAA	$ 418,297	16.3%
AA	958,267	37.2%
A	812,428	31.6%
BBB or lower	376,347	14.6%
Not Rated	6,982	0.3%
	$2,572,321	100.0%

Held-to-maturity

The amortized cost and estimated fair values of the Company's fixed maturity securities and short-term investments classified as held-to-maturity were as follows:

As at June 30, 2013	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses Non-OTTI	Fair Value
U.S. government and agency	$ 19,835	$ —	$ (1,257)	$ 18,578
Non-U.S. government	21,854	12	(984)	20,882
Corporate	833,376	13	(45,280)	788,109
Residential mortgage-backed	261	1	—	262
Asset-backed	8,234	5	(5)	8,234
	$883,560	$ 31	$(47,526)	$836,065

The Company's short-term investments and fixed maturity securities classified as held-to-maturity securities as at June 30, 2013 were acquired in connection with the acquisition of the Pavonia companies. As at December 31, 2012, the Company had no investments classified as held-to-maturity.

4. INVESTMENTS — (cont'd)

The contractual maturities of the Company's fixed maturity securities and short-term investments classified as held-to-maturity are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

As at June 30, 2013	Amortized Cost	Fair Value	% of Total Fair Value
Due in one year or less	$ 10,134	$ 10,134	1.2%
Due after one year through five years	81,739	80,541	9.6%
Due after five years through ten years	113,384	109,464	13.1%
Due after ten years	669,808	627,430	75.0%
	875,065	827,569	98.9%
Residential mortgage-backed	261	262	0.1%
Asset-backed	8,234	8,234	1.0%
	$883,560	$836,065	100.0%

The following tables set forth certain information regarding the credit ratings (provided by major rating agencies) of the Company's fixed maturity securities and short-term investments classified as held-to-maturity:

As at June 30, 2013	Amortized Cost	Fair Value	% of Total Fair Value
AAA	$ 56,580	$ 54,245	6.5%
AA	262,453	246,528	29.5%
A	498,644	471,057	56.3%
BBB or lower	65,353	63,705	7.6%
Not Rated	530	530	0.1%
	$883,560	$836,065	100.0%

Available-for-sale

The amortized cost and estimated fair values of the Company's fixed maturity securities classified as available-for-sale were as follows:

As at June 30, 2013	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses Non-OTTI	Fair Value
U.S. government and agency	$ 4,174	$ 353	$ —	$ 4,527
Non-U.S. government	39,550	2,038	—	41,588
Corporate	30,598	1,568	(1)	32,165
Residential mortgage-backed	3,777	168	(40)	3,905
Asset-backed	260	3	(7)	256
	$78,359	$ 4,130	$ (48)	$82,441

4. INVESTMENTS — (cont'd)

As at December 31, 2012	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses Non-OTTI	Fair Value
U.S. government and agency	$ 4,503	$ 454	$ —	$ 4,957
Non-U.S. government	120,634	3,373	(151)	123,856
Corporate	115,139	2,379	(524)	116,994
Residential mortgage-backed	4,308	230	(40)	4,498
Commercial mortgage-backed	474	7	—	481
Asset-backed	338	9	(12)	335
	$245,396	$ 6,452	$ (727)	$251,121

Included within residential mortgage-backed securities as at June 30, 2013 are securities issued by U.S. governmental agencies with a fair value of $2,999 (as at December 31, 2012: $3,500 within residential and commercial mortgage-backed securities).

The following tables summarize the Company's fixed maturity securities classified as available-for-sale in an unrealized loss position as well as the aggregate fair value and gross unrealized loss by length of time the security has continuously been in an unrealized loss position:

	12 Months or Greater		Less Than 12 Months		Total	
As at June 30, 2013	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate	$ 53	$ (1)	$ —	$ —	$ 53	$ (1)
Residential mortgage-backed	1,016	(38)	100	(2)	1,116	(40)
Asset-backed	109	(7)	—	—	109	(7)
	$ 1,178	$ (46)	$ 100	$ (2)	$ 1,278	$ (48)

	12 Months or Greater		Less Than 12 Months		Total	
As at December 31, 2012	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Non-U.S. government	$ 2,646	$ (82)	$ 2,399	$ (69)	$ 5,045	$ (151)
Corporate	13,936	(86)	8,689	(438)	22,625	(524)
Residential mortgage-backed	1,124	(40)	—	—	1,124	(40)
Asset-backed	174	(12)	—	—	174	(12)
	$17,880	$ (220)	$11,088	$ (507)	$28,968	$ (727)

As at June 30, 2013 and December 31, 2012, the number of securities classified as available-for-sale in an unrealized loss position was 12 and 30, respectively, with a fair value of $1.3 million and $29.0 million, respectively. Of these securities, the number of securities that had been in an unrealized loss position for twelve months or longer was 10 and 23, respectively. As of June 30, 2013, none of these securities were considered to be other than temporarily impaired.

4. INVESTMENTS — (cont'd)

The contractual maturities of the Company's fixed maturity securities classified as available-for-sale are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

As at June 30, 2013	Amortized Cost	Fair Value	% of Total Fair Value
Due in one year or less	$ 31,011	$ 31,683	38.4%
Due after one year through five years	40,587	43,197	52.5%
Due after ten years	2,724	3,400	4.1%
	74,322	78,280	95.0%
Residential mortgage-backed	3,777	3,905	4.7%
Asset-backed	260	256	0.3%
	$ 78,359	$ 82,441	100.0%

As at December 31, 2012	Amortized Cost	Fair Value	% of Total Fair Value
Due in one year or less	$173,113	$173,949	69.3%
Due after one year through five years	64,089	68,298	27.2%
Due after ten years	3,074	3,560	1.4%
	240,276	245,807	97.9%
Residential mortgage-backed	4,308	4,498	1.8%
Commercial mortgage-backed	474	481	0.2%
Asset-backed	338	335	0.1%
	$245,396	$251,121	100.0%

The following tables set forth certain information regarding the credit ratings (provided by major rating agencies) of the Company's fixed maturity securities classified as available-for-sale:

As at June 30, 2013	Amortized Cost	Fair Value	% of Total Fair Value
AAA	$44,025	$46,068	55.9%
AA	18,694	19,606	23.8%
A	5,679	6,372	7.7%
BBB or lower	9,869	10,090	12.2%
Not Rated	92	305	0.4%
	$78,359	$82,441	100.0%

As at December 31, 2012	Amortized Cost	Fair Value	% of Total Fair Value
AAA	$107,615	$110,829	44.1%
AA	59,535	60,742	24.2%
A	72,773	73,935	29.4%
BBB or lower	5,281	5,197	2.1%
Not Rated	192	418	0.2%
	$245,396	$251,121	100.0%

4. INVESTMENTS — (cont'd)

Other-Than-Temporary Impairment Process

The Company assesses whether declines in the fair value of its fixed maturity investments classified as available-for-sale and held-to-maturity represent impairment losses that are other-than-temporary and whether a credit loss exists in accordance with its accounting policies. In assessing whether it is more likely than not that the Company will be required to sell a fixed maturity investment before its anticipated recovery, the Company considers various factors including its future cash flow requirements, legal and regulatory requirements, the level of its cash, cash equivalents, short-term investments and fixed maturity investments available-for-sale in an unrealized gain position, and other relevant factors. For the six months ended June 30, 2013, the Company did not recognize any other-than-temporary impairment losses due to required sales. The Company determined that, as at June 30, 2013, no credit losses existed.

Other Investments

The estimated fair values of the Company's other investments were as follows:

	June 30, 2013	December 31, 2012
Private equity funds	$150,932	$ 127,696
Fixed income funds	156,625	156,235
Fixed income hedge funds	62,039	53,933
Equity fund	62,473	55,881
Real estate debt fund	31,928	16,179
Other	4,415	4,921
	$468,412	$ 414,845

These investments are discussed in further detail below.

Private equity funds

This class is comprised of several private equity funds that invest primarily in the financial services industry. All of the Company's investments in private equity funds are subject to restrictions on redemptions and sales that are determined by the governing documents and limit the Company's ability to liquidate those investments. These restrictions have been in place since the dates the initial investments were made by the Company.

As of June 30, 2013 and December 31, 2012, the Company had $150.9 million and $127.7 million, respectively, of other investments recorded in private equity funds, which represented 2.4% and 3.0% of total investments, cash and cash equivalents and restricted cash and cash equivalents at June 30, 2013 and December 31, 2012, respectively. Due to a lag in the valuations reported by the managers, the Company records changes in the investment value with up to a three-month lag. Management regularly reviews and discusses fund performance with their 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.

Fixed income funds

This class is comprised of 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, but are generally invested in liquid fixed income markets. These funds have regularly published prices. The funds have liquidity terms that vary from daily to monthly.

4. INVESTMENTS — (cont'd)

Fixed income hedge funds

This class is comprised of hedge funds that invest in a diversified portfolio of debt securities. The hedge funds are not currently eligible for redemption due to imposed lock-up periods of three years from the time of the Company's initial investment. Once eligible, redemptions will be permitted quarterly with 90 days' notice. The first investment in the funds will be eligible for redemption in March 2014.

Equity fund

This class is comprised of an equity fund that invests in a diversified portfolio of international publicly-traded equity securities.

Real estate debt fund

This class is comprised of a real estate debt fund that invests primarily in U.S. commercial real estate loans and securities. A redemption request for this fund can be made 10 days after the date of any monthly valuation; the fund states that it will make commercially reasonable efforts to redeem the investment within the next monthly period.

Other

This class is primarily comprised of a fund that provides loans to educational institutions throughout the U.S. and its territories. Through these investments, the Company participates in the performance of the underlying loans. This investment matures when the loans are paid down and cannot be redeemed before maturity.

Redemption restrictions on other investments

Certain funds included in other investments are subject to a lock-up period. A lock-up period refers to the initial amount of time an investor is contractually required to invest before having the ability to redeem the investment. Funds that do provide for periodic redemptions may, depending on the funds' governing documents, have the ability to deny or delay a redemption request, which is called a "gate." The fund may restrict redemptions because the aggregate amount of redemption requests as of a particular date exceeds a specified level. The gate is a method for executing an orderly redemption process that allows for redemption requests to be executed in a timely manner to reduce the possibility of adversely affecting the remaining investors in the fund. Typically, the imposition of a gate delays a portion of the requested redemption, with the remaining portion to be settled in cash sometime after the redemption date.

Certain funds included in other investments may be allowed to invest a portion of their assets in illiquid securities, such as private equity or convertible debt. In such cases, a common mechanism used is a "side-pocket," whereby the illiquid security is assigned to a separate memorandum capital account or designated account. Typically, the investor loses its redemption rights in the designated account. Only when the illiquid security is sold, or is otherwise deemed liquid by the fund, may investors redeem their interest in the side-pocket.

At June 30, 2013 and December 31, 2012, the Company had no investments subject to gates or side-pockets.

4. INVESTMENTS — (cont'd)

The following tables present the fair value, unfunded commitments and redemption frequency for all other investments. These investments are all valued at net asset value as at June 30, 2013 and December 31, 2012:

June 30, 2013	Total Fair Value	Gated/Side Pocket Investments	Investments without Gates or Side Pockets	Unfunded Commitments	Redemption Frequency
Private equity funds	$150,932	$ —	$ 150,932	$ 93,085	Not eligible
Fixed income funds	156,625	—	156,625	—	Daily to monthly
Fixed income hedge funds	62,039	—	62,039	—	Quarterly after lock-up periods expire
Equity fund	62,473	—	62,473	—	Bi-monthly
Real estate debt fund	31,928	—	31,928	—	Monthly
Other	4,415	—	4,415	655	Not eligible
	$468,412	$ —	$ 468,412	$ 93,740	

December 31, 2012	Total Fair Value	Gated/Side Pocket Investments	Investments without Gates or Side Pockets	Unfunded Commitments	Redemption Frequency
Private equity funds	$127,696	$ —	$ 127,696	$ 86,936	Not eligible
Fixed income funds	156,235	—	156,235	—	Daily to monthly
Fixed income hedge funds	53,933	—	53,933	—	Quarterly after lock-up periods expire
Equity fund	55,881	—	55,881	—	Bi-monthly
Real estate debt fund	16,179	—	16,179	—	Monthly
Other	4,921	—	4,921	655	Not eligible
	$414,845	$ —	$ 414,845	$ 87,591	

Fair Value of Financial Instruments

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. The Company uses 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 the Company has 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 inputs that are unobservable and significant to the overall fair value measurement. The unobservable inputs reflect the Company's own judgment about assumptions that market participants might use.

4. INVESTMENTS — (cont'd)

The following is a summary of valuation techniques or models the Company uses to measure fair value by asset and liability classes.

Fixed Maturity Investments

The Company's fixed maturity portfolio is managed by the Company's Chief Investment Officer and outside investment advisors with oversight from the Company's Investment Committee. Fair values for all securities in the fixed maturities portfolio are independently provided by the investment custodian, investment accounting service provider and investment managers, each of which utilize internationally recognized independent pricing services. Interactive Data Corporation is, however, the main pricing service utilized to estimate the fair value measurements for the Company's fixed maturity investments. The Company records the unadjusted price provided by the investment custodian, investment accounting service provider or the investment manager and validates this price through a process that includes, but is not limited to: (i) comparison of prices against alternative pricing sources; (ii) quantitative analysis (e.g. comparing the quarterly return for each managed portfolio to its target benchmark); (iii) evaluation of methodologies used by external parties to estimate fair value, including a review of the inputs used for pricing; and (iv) comparing the price to the Company's knowledge of the current investment market. The Company's internal price validation procedures and review of fair value methodology documentation provided by independent pricing services have not historically resulted in adjustment in the prices obtained from the pricing service.

The independent pricing services used by the investment custodian, investment accounting service provider and investment managers obtain actual transaction prices for securities that have quoted prices in active markets. For determining the fair value of securities that are not actively traded, in general, pricing services use "matrix pricing" in which the independent pricing service uses observable market inputs including, but not limited to, reported trades, benchmark yields, broker-dealer quotes, interest rates, prepayment speeds, default rates and such other inputs as are available from market sources to determine a reasonable fair value. In addition, pricing services use valuation models, using observable data, such as an Option Adjusted Spread model, to develop prepayment and interest rate scenarios. The Option Adjusted Spread model is commonly used to estimate fair value for securities such as mortgage-backed and asset-backed securities.

The following describes the techniques generally used to determine the fair value of the Company's fixed maturity investments by asset class.

- U.S. government and agency securities consist of securities issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades and broker-dealer quotes. These are considered to be observable market inputs and, therefore, the fair values of these securities are classified within Level 2.
- Non-U.S. government securities consist of bonds issued by non-U.S. governments and agencies along with supranational organizations. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades and broker-dealer quotes. These are considered to be observable market inputs and, therefore, the fair values of these securities are classified within Level 2.

4. INVESTMENTS — (cont'd)

- Corporate securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes, benchmark yields, and industry and market indicators. These are considered observable market inputs and, therefore, the fair values of these securities are classified within Level 2. Where pricing is unavailable from pricing services, the Company obtains non-binding quotes from broker-dealers. This is generally the case when there is a low volume of trading activity and current transactions are not orderly. In this event, securities are classified within Level 3. As at June 30, 2013, the Company had one corporate security classified as Level 3.
- Municipal securities consist primarily of bonds issued by U.S.-domiciled state and municipal entities. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes and benchmark yields. These are considered observable market inputs and, therefore, the fair values of these securities are classified within Level 2.
- Asset-backed securities consist primarily of investment-grade bonds backed by pools of loans with a variety of underlying collateral. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades, benchmark yields, broker-dealer quotes, prepayment speeds and default rates. These are considered observable market inputs and, therefore, the fair values of these securities are classified within Level 2.
- Residential and commercial mortgage-backed securities include both agency and non-agency originated securities. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades, benchmark yields, broker-dealer quotes, prepayment speeds and default rates. These are considered observable market inputs and, therefore, the fair values of these securities are classified within Level 2. Where pricing is unavailable from pricing services, the Company obtains non-binding quotes from broker-dealers. This is generally the case when there is a low volume of trading activity and current transactions are not orderly. In this event, securities are classified within Level 3. As at June 30, 2013, the Company had no residential or commercial mortgage-backed securities classified as Level 3.

Equities

The Company's equities are predominantly traded on the major exchanges and are primarily managed by two external advisors. The Company uses Interactive Data Corporation, an internationally recognized pricing service, to estimate the fair value for all of its equities. The Company's equities are widely diversified and there is no significant concentration in any specific industry.

The Company has categorized all of its investments in equities as Level 1 investments because the fair values of these investments are based on quoted prices in active markets for identical assets or liabilities. Because their fair value estimates are based on observable market data, the Company has categorized its investments in preferred stock as Level 2, with the exception of one investment in preferred stock that has been categorized as Level 3.

Other Investments

The Company has ongoing due diligence processes with respect to funds in which it invests and their managers. These processes are designed to assist the Company in assessing the quality of information provided by, or on behalf of, each fund and in determining whether such information continues to be reliable or whether further review is warranted. Certain funds do not provide full transparency of their underlying holdings; however, the Company obtains the audited financial statements for funds annually, and regularly reviews and discusses the

4. INVESTMENTS — (cont'd)

fund performance with the fund managers to corroborate the reasonableness of the reported net asset values. The use of net asset value as an estimate of the fair value for investments in certain entities that calculate net asset value is a permitted practical expedient. While reported net asset value is the primary input to the review, when the net asset value is deemed not to be indicative of fair value, the Company may incorporate adjustments to the reported net asset value (and not use the permitted practical expedient) on an investment by investment basis. These adjustments may involve significant management judgment.

For its investments in private equity funds, the Company measures fair value by obtaining the most recently provided capital statement from the external fund manager or third-party administrator. The funds calculate net asset value on a fair value basis. For all publicly-traded companies within these funds, the Company adjusts the reported net asset value based on the latest share price as of the Company's reporting date. The Company has classified its investments in private equity funds as Level 3.

The fixed income funds and equity fund in which the Company invests have been classified as Level 2 investments because their fair value is estimated using the published net asset value and because the fixed income funds and equity fund are highly liquid.

For its investments in fixed income hedge funds, the Company measures fair value by obtaining the most recently published net asset value as advised by the external fund manager or third-party administrator. The investments in the funds are classified as Level 3.

The real estate debt fund in which the Company invests has been valued based on the most recent published net asset value. This investment has been classified as Level 3.

The Company's remaining other investments are valued based on the latest available capital statements and have been classified as Level 3.

Fair Value Measurements

In accordance with the provisions of the Fair Value Measurement and Disclosure topic of the FASB Accounting Standards Codification ("ASC") 820, the Company has categorized its investments that are recorded at fair value among levels as follows:

	June 30, 2013			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
U.S. government and agency	$ —	$ 434,582	$ —	$ 434,582
Non-U.S. government	—	470,202	—	470,202
Corporate	—	2,231,483	606	2,232,089
Municipal	—	83,435	—	83,435
Residential mortgage-backed	—	167,670	—	167,670
Commercial mortgage-backed	—	143,288	—	143,288
Asset-backed	—	180,667	—	180,667
Equities — U.S.	105,712	—	4,500	110,212
Equities — International	36,015	—	—	36,015
Other investments	—	219,098	249,314	468,412
Total investments	$ 141,727	$ 3,930,425	$ 254,420	$4,326,572

4. INVESTMENTS — (cont'd)

	December 31, 2012			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
U.S. government and agency	$ —	$ 366,863	$ —	$ 366,863
Non-U.S. government	—	389,578	—	389,578
Corporate	—	1,715,330	540	1,715,870
Municipal	—	20,446	—	20,446
Residential mortgage-backed	—	120,092	—	120,092
Commercial mortgage-backed	—	131,329	—	131,329
Asset-backed	—	79,264	—	79,264
Equities — U.S.	83,947	5,058	3,401	92,406
Equities — International	10,377	11,805	—	22,182
Other investments	—	212,115	202,730	414,845
Total investments	$ 94,324	$ 3,051,880	$ 206,671	$3,352,875

The following table presents the Company's fair value hierarchy for those assets classified as held-to-maturity in the consolidated balance sheet but for which disclosure of the fair value is required as of June 30, 2013 (there were no assets classified as held-to-maturity as of December 31, 2012):

	June 30, 2013			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
U.S. government and agency	$ —	$ 18,578	$ —	$ 18,578
Non-U.S. government	—	20,882	—	20,882
Corporate	—	788,109	—	788,109
Residential mortgage-backed	—	262	—	262
Asset-backed	—	8,234	—	8,234
Total investments	$ —	$ 836,065	$ —	$836,065

During 2013 and 2012, the Company had no transfers between Levels 1 and 2.

The following table presents a reconciliation of the beginning and ending balances for all investments measured at fair value on a recurring basis using Level 3 inputs during the three months ended June 30, 2013:

	Fixed Maturity Investments	Other Investments	Equity Securities	Total
Level 3 investments as of April 1, 2013	$ 555	$214,687	$ 4,000	$219,242
Purchases	—	25,166	—	25,166
Sales	—	(469)	—	(469)
Total realized and unrealized gains through earnings	51	9,930	500	10,481
Net transfers into and/or (out of) Level 3	—	—	—	—
Level 3 investments as of June 30, 2013	$ 606	$249,314	$ 4,500	$254,420

4. INVESTMENTS — (cont'd)

The amount of net gains/(losses) for the three months ended June 30, 2013 included in earnings attributable to the fair value of changes in assets still held at June 30, 2013 was $10.2 million. All of this amount was included in net realized and unrealized gains.

The following table presents a reconciliation of the beginning and ending balances for all investments measured at fair value on a recurring basis using Level 3 inputs during the three months ended June 30, 2012:

	Fixed Maturity Investments	Other Investments	Equity Securities	Total
Level 3 investments as of April 1, 2012	$ 540	$177,354	$ 3,350	$181,244
Purchases	—	11,999	—	11,999
Sales	—	(12,021)	—	(12,021)
Total realized and unrealized gains through earnings	22	4,408	(40)	4,390
Net transfers into and/or (out of) Level 3	—	—	—	—
Level 3 investments as of June 30, 2012	$ 562	$181,740	$ 3,310	$185,612

The amount of net gains/(losses) for the three months ended June 30, 2012 included in earnings attributable to the fair value of changes in assets still held at June 30, 2012 was $5.3 million. All of this amount was included in net realized and unrealized gains.

The following table presents a reconciliation of the beginning and ending balances for all investments measured at fair value on a recurring basis using Level 3 inputs during the six months ended June 30, 2013:

	Fixed Maturity Investments	Other Investments	Equity Securities	Total
Level 3 investments as of January 1, 2013	$ 540	$202,730	$ 3,402	$206,672
Purchases	—	34,158	—	34,158
Sales	—	(9,754)	—	(9,754)
Total realized and unrealized gains through earnings	66	22,180	1,098	23,344
Net transfers into and/or (out of) Level 3	—	—	—	—
Level 3 investments as of June 30, 2013	$ 606	$249,314	$ 4,500	$254,420

The amount of net gains/(losses) for the six months ended June 30, 2013 included in earnings attributable to the fair value of changes in assets still held at June 30, 2013 was $23.6 million. All of this amount was included in net realized and unrealized gains.

The following table presents a reconciliation of the beginning and ending balances for all investments measured at fair value on a recurring basis using Level 3 inputs during the six months ended June 30, 2012:

	Fixed Maturity Investments	Other Investments	Equity Securities	Total
Level 3 investments as of January 1, 2012	$ 519	$137,727	$ 2,975	$141,221
Purchases	—	50,162	—	50,162
Sales	—	(13,164)	—	(13,164)
Total realized and unrealized gains through earnings	43	7,015	335	7,393
Net transfers into and/or (out of) Level 3	—	—	—	—
Level 3 investments as of June 30, 2012	$ 562	$181,740	$ 3,310	$185,612

4. INVESTMENTS — (cont'd)

The amount of net gains/(losses) for the six months ended June 30, 2012 included in earnings attributable to the fair value of changes in assets still held at June 30, 2012 was $7.8 million. All of this amount was included in net realized and unrealized gains.

Net Realized and Unrealized Gains (Losses)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Gross realized gains on available-for-sale securities	$ 345	1,044	$ 410	$ 1,474
Gross realized losses on available-for-sale securities	(114)	—	(131)	(423)
Net realized gains on trading securities	3,581	4,765	9,590	8,860
Net unrealized gains (losses) on trading securities	(42,882)	(6,617)	(37,750)	12,323
Net realized and unrealized gains on other investments	11,151	2,499	30,082	4,839
Net realized and unrealized gains (losses)	$ (27,919)	1,691	$ 2,201	$ 27,073
Proceeds from sales and maturities of available-for-sale securities	$ 100,512	93,333	$ 160,143	$ 183,609

Net Investment Income

Major categories of net investment income are summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Interest from fixed maturity investments	$ 34,752	$ 21,499	$ 55,377	$ 41,992
Interest from cash and cash equivalents and short-term investments	4,228	2,788	7,309	7,159
Net amortization of bond premiums and discounts	(14,748)	(7,720)	(23,261)	(16,426)
Dividends from equities	1,305	690	2,396	1,311
Other investments	(106)	—	(45)	—
Interest on other receivables	955	4,005	1,573	5,215
Other income	593	566	1,990	3,358
Interest on deposits held with clients	1,673	314	2,868	611
Investment expenses	(1,400)	(1,248)	(2,992)	(1,883)
	$ 27,252	$ 20,894	$ 45,215	$ 41,337

4. INVESTMENTS — (cont'd)

Restricted Assets

The Company is required to maintain investments and cash and cash equivalents on deposit with various regulatory authorities to support its insurance and reinsurance operations. The investments and cash and cash equivalents on deposit are available to settle insurance and reinsurance liabilities. The Company also utilizes trust accounts to collateralize business with its insurance and reinsurance counterparties. These trust accounts generally take the place of letter of credit requirements. The assets in trusts as collateral are primarily highly rated fixed maturity securities. The carrying value of the Company's restricted assets as of June 30, 2013 and December 31, 2012 was as follows:

	June 30, 2013	December 31, 2012
Collateral in trust for third party agreements	$ 707,593	$ 570,391
Assets on deposit with regulatory authorities	248,593	212,012
Collateral for secured letter of credit facility	355,729	246,608
	$1,311,915	$1,029,011

5. DERIVATIVE INSTRUMENTS

The Company uses foreign currency forward contracts as part of its overall foreign currency risk management strategy or to obtain exposure to a particular financial market and for yield enhancement. These derivatives were not designated as hedging investments.

The following table sets out the foreign currency forward contracts outstanding as at June 30, 2013 and December 31, 2012 and the estimated fair value of derivative instruments recorded within other assets on the condensed consolidated balance sheet:

Foreign Currency Forward Contract	Contract Date	Settlement Date	Contract Amount	Settlement Amount	Fair Value as at June 30, 2013	Fair Value as at December 31, 2012
Australian dollar	February 8, 2012	May 10, 2013	AU$35.0 million	$ 36,099	$ —	$ (238)
British pound	March 6, 2012	March 6, 2013	UKP17.0 million	26,611	—	(1,023)
					$ —	$ (1,261)

5. DERIVATIVE INSTRUMENTS — (cont'd)

The following table sets out the changes in fair value and realized gains on derivative instruments recorded in net earnings for the three and six month periods ended June 30, 2013 and 2012, respectively.

Foreign Currency Forward Contract	Contract Date	Settlement Date	Contract Amount	Settlement Amount	Net Foreign Exchange Gains Three Months Ended June 30, 2013	2012
Australian dollar	February 8, 2012	December 19, 2012	AU$25.0 million	$26,165	$ —	$ 270
Australian dollar	February 8, 2012	May 10, 2013	AU$35.0 million	36,099	453	378
British pound	March 6, 2012	March 6, 2013	UKP17.0 million	26,611	—	496
					$ 453	$ 1,144

Foreign Currency Forward Contract	Contract Date	Settlement Date	Contract Amount	Settlement Amount	Net Foreign Exchange Gains (Losses) Six Months Ended June 30, 2013	2012
Australian dollar	February 8, 2012	December 19, 2012	AU$25.0 million	$26,165	$ —	$ 538
Australian dollar	February 8, 2012	May 10, 2013	AU$35.0 million	36,099	303	221
British pound	March 6, 2012	March 6, 2013	UKP17.0 million	26,611	1,023	(56)
					$ 1,326	$ 703

6. PREMIUMS WRITTEN AND EARNED

Net premiums written by SeaBright totaled $10.9 million and $1.2 million from the date of acquisition to June 30, 2013 and for the three months ended June 30, 2013, respectively, and net earned premiums, over the same periods, totaled $72.1 million and $41.2 million, respectively.

Life and annuity premiums written by the Company's life and annuities segment, which includes both Pavonia and Laguna Life Limited ("Laguna") for 2013, totaled $33.0 million and $33.7 million for the three and six months ended June 30, 2013, respectively, and net earned premiums, over the same periods, totaled $34.4 million and $35.1 million, respectively.

For the three and six months ended June 30, 2012, our life and annuities segment, which consisted of Laguna only, had net written and earned premiums of $0.9 million and $1.9 million, respectively.

	Three Months Ended June 30, 2013		Six Months Ended June 30, 2013	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Non-life run-off				
Direct	$ 4,048	$ 44,620	$ 15,904	$ 78,201
Assumed	396	794	638	1,349
Ceded	(3,274)	(4,198)	(5,664)	(7,414)
Net	$ 1,170	$ 41,216	$ 10,878	$ 72,136
Life and annuities				
Life	$ 32,993	$ 34,380	$ 33,734	$ 35,121

6. PREMIUMS WRITTEN AND EARNED — (cont'd)

	Three Months Ended June 30, 2012		Six Months Ended June 30, 2012	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Life and annuities				
Life	$ 896	$ 896	$ 1,870	$ 1,870

7. REINSURANCE BALANCES RECOVERABLE

	June 30, 2013	December 31, 2012
Non-life run-off		
Recoverable from reinsurers on:		
Outstanding losses	$ 667,098	$ 665,303
Losses incurred but not reported	297,593	295,922
Fair value adjustments	(75,721)	(85,005)
Total reinsurance reserves recoverable	888,970	876,220
Paid losses recoverable	247,664	246,408
	1,136,634	1,122,628
Life and annuities		
Recoverable losses incurred but not reported	40,763	—
Paid losses recoverable	1,487	291
	42,250	291
	$1,178,884	$1,122,919

Non-life run-off

The Company's acquired insurance and reinsurance subsidiaries, prior to acquisition, used retrocessional agreements to reduce their exposure to the risk of insurance and reinsurance assumed. The Company's insurance and reinsurance subsidiaries remain liable to the extent that retrocessionaires do not meet their obligations under these agreements, and therefore, the Company evaluates and monitors concentration of credit risk among its reinsurers. Provisions are made for amounts considered potentially uncollectible.

As of June 30, 2013 and December 31, 2012, the Company had total non-life run-off reinsurance balances recoverable of $1.14 billion and $1.12 billion, respectively. The increase of $14.0 million in total non-life run-off reinsurance balances recoverable was primarily a result of the completion of acquisitions in the period partially offset by commutations and cash collections made during the six months ended June 30, 2013.

At June 30, 2013 and December 31, 2012, the provision for uncollectible reinsurance recoverable relating to total non-life run-off reinsurance balances recoverable was $338.3 million and $343.9 million, respectively. To estimate the provision for uncollectible reinsurance recoverable, the balances are first allocated to applicable reinsurers. This determination is based on a detailed process, although management judgment is involved. As part of this process, ceded incurred but not reported ("IBNR") reserves are allocated by reinsurer. The ratio of the provision for uncollectible reinsurance recoverable to total non-life run-off reinsurance balances recoverable (excluding provision for uncollectible reinsurance recoverable) as of June 30, 2013 decreased to 22.9% as compared to 23.4% as of December 31, 2012,

7. REINSURANCE BALANCES RECOVERABLE — (cont'd)

primarily as a result of reinsurance balances recoverable of companies acquired during the period against which there were minimal provisions for uncollectible reinsurance recoverable.

The fair value adjustments, determined on acquisition of insurance and reinsurance subsidiaries, are based on the estimated timing of loss and loss adjustment expense recoveries and an assumed interest rate equivalent to a risk free rate for securities with similar duration to the reinsurance recoverables acquired plus a spread to reflect credit risk, and are amortized over the estimated recovery period, as adjusted for accelerations in timing of payments as a result of commutation settlements.

At June 30, 2013 and December 31, 2012, the Company's top ten reinsurers accounted for 64.8% and 63.1%, respectively, of total non-life run-off reinsurance balances recoverable (which includes loss reserves recoverable and recoverables on paid losses) and included $218.6 million and $194.5 million, respectively, of IBNR reserves recoverable. With the exception of one BBB+ rated reinsurer from which $45.6 million was recoverable (December 31, 2012: $37.7 million), the other top ten reinsurers, as at June 30, 2013 and December 31, 2012, were all rated A- or better. Reinsurance balances recoverable by reinsurer were as follows:

	June 30, 2013		December 31, 2012	
	Reinsurance Balances Recoverable	% of Total	Reinsurance Balances Recoverable	% of Total
Top ten reinsurers	$ 736,093	64.8%	$ 708,953	63.1%
Other reinsurers' balances > $1 million	384,105	33.8%	409,666	36.5%
Other reinsurers' balances < $1 million	16,436	1.4%	4,300	0.4%
Total	$1,136,634	100.0%	$1,122,919	100.0%

As at June 30, 2013 and December 31, 2012, reinsurance balances recoverable with a carrying value of $252.4 million and $144.1 million, respectively, were associated with two and one reinsurers, respectively, which represented 10% or more of total non-life run-off reinsurance balances recoverable. Of the $252.4 million and $144.1 million recoverable from reinsurers as at June 30, 2013 and December 31, 2012, $93.0 million and $121.6 million, respectively, is secured by a trust fund held for the benefit of the Company's insurance and reinsurance subsidiaries. As at June 30, 2013 and December 31, 2012, the two and one reinsurers, respectively, had a minimum credit rating of A+, as provided by a major rating agency.

8. LOSSES AND LOSS ADJUSTMENT EXPENSES

	June 30, 2013	December 31, 2012
Outstanding	$2,518,434	$2,358,330
Incurred but not reported	1,780,170	1,588,309
Fair value adjustment	(257,368)	(296,512)
	$4,041,236	$3,650,127

Refer to Note 8 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 for more information on establishing reserves.

Loss and loss adjustment expenses increased by $391.1 million in the six months ended June 30, 2013 primarily as a result of the completion of the acquisition of SeaBright, the assumption of Lloyd's syndicate business by S2008 and the assumption by PWIC of a portfolio of worker's compensation business from APS.

8. LOSSES AND LOSS ADJUSTMENT EXPENSES — (cont'd)

The table below provides a reconciliation of the beginning and ending reserves for losses and loss adjustment expenses for the three months ended June 30, 2013 and 2012. Losses incurred and paid are reflected net of reinsurance recoverables.

	Three Months Ended June 30,	
	2013	2012
Balance as at April 1 (1)	$4,143,799	$4,126,536
Less: total reinsurance reserves recoverable	947,750	1,294,606
	3,196,049	2,831,930
Net reduction in ultimate loss and loss adjustment expense liabilities related to:		
Current period	41,216	—
Prior periods	(62,926)	(68,365)
Total net reduction in ultimate loss and loss adjustment expense liabilities	(21,710)	(68,365)
Net losses paid related to:		
Current period	(8,496)	—
Prior periods	(40,884)	(72,771)
Total net losses paid	(49,380)	(72,771)
Effect of exchange rate movement	(9,411)	(16,760)
Assumed business	36,718	58,721
Net balance as at June 30	3,152,266	2,732,755
Plus: total reinsurance reserves recoverable	888,970	1,064,854
Balance as at June 30	$4,041,236	$3,797,609

(1) The Company has reclassified outstanding loss and loss adjustment expenses of $11.1 million and $12.1 million to policy benefits for life and annuity contracts as at April 1, 2013 and 2012, respectively, to conform to the current period presentation. These amounts are associated with Laguna, which now forms part of the Company's life and annuities segment that was established following the acquisition of the Pavonia companies.

The net reduction in ultimate loss and loss adjustment expense liabilities for the three months ended June 30, 2013 and 2012 was due to the following:

	Three Months Ended June 30,					
	2013			2012		
	Prior Periods	Current Period	Total	Prior Periods	Current Period	Total
Net losses paid	$(40,884)	$ (8,496)	$(49,381)	$ (72,771)	$ —	$ (72,771)
Net change in case and LAE reserves	74,166	(10,133)	64,033	108,829	—	108,829
Net change in IBNR reserves	15,218	(22,587)	(7,368)	22,359	—	22,359
Reduction (increase) in estimates of net ultimate losses	48,500	(41,216)	7,284	58,417	—	58,417
Reduction in provisions for bad debt	—	—	—	527	—	527
Reduction in provisions for unallocated loss adjustment expense liabilities	16,795	—	16,795	11,661	—	11,661
Amortization of fair value adjustments	(2,369)	—	(2,369)	(2,240)	—	(2,240)
Net reduction (increase) in ultimate loss and loss adjustment expense liabilities	$ 62,926	$(41,216)	$ 21,710	$ 68,365	$ —	$ 68,365

8. LOSSES AND LOSS ADJUSTMENT EXPENSES — (cont'd)

Net change in case and loss adjustment expense reserves ("LAE reserves") comprises the movement during the quarter in specific case reserve liabilities as a result of claims settlements or changes advised to the Company by its policyholders and attorneys, less changes in case reserves recoverable advised by the Company to its reinsurers as a result of the settlement or movement of assumed claims. Net change in IBNR reserves represents the change in the Company's actuarial estimates of losses incurred but not reported, less amounts recoverable.

The net reduction in ultimate loss and loss adjustment expense liabilities for the three months ended June 30, 2013 of $21.7 million included incurred losses of $41.2 million related to premiums earned in the period by SeaBright. Excluding SeaBright's incurred losses of $41.2 million, ultimate loss and loss adjustment expenses relating to prior periods were reduced by $62.9 million, which was attributable to a reduction in estimates of net ultimate losses of $48.5 million and a reduction in provisions for unallocated loss adjustment expense liabilities of $16.8 million, relating to 2013 run-off activity, partially offset by amortization of fair value adjustments over the estimated payout period relating to companies acquired amounting to $2.4 million.

Excluding the impact of losses incurred of $41.2 million relating to SeaBright, the reduction in estimates of net ultimate losses of $48.5 million was primarily related to:

(i) the Company's review of historic case reserves for which no updated advices had been received for a number of years. This review identified the redundancy of a number of advised case reserves with an estimated aggregate value of approximately $8.3 million;

(ii) net favorable incurred loss development of $25.0 million (excluding the impact of redundant case reserves of $8.3 million) which included the settlement of net ceded case reserves of $26.2 million (excluding ceded IBNR recoverable) for net paid receipts of $74.3 million relating to the settlement of five commutations and policy buy-backs of assumed and ceded exposures including the commutation of one of the Company's top ten ceded reinsurance balances recoverable; and

(iii) a reduction in IBNR reserves of $20.2 million as a result of the application, on a basis consistent with the assumptions applied in the prior period, of the Company's actuarial methodologies to revised historical loss development data to estimate loss reserves required to cover liabilities for unpaid loss and loss adjustment expenses relating to non-commuted exposures in one of its Bermuda-based reinsurance subsidiaries. The prior period estimate of aggregate net IBNR liabilities for this subsidiary was reduced as a result of the favorable trend of loss development during 2013 compared to prior forecasts.

The net reduction in ultimate loss and loss adjustment expense liabilities for the three months ended June 30, 2012 of $68.4 million was attributable to a reduction in estimates of net ultimate losses of $58.4 million, a reduction in provisions for bad debt of $0.5 million and a reduction in provisions for unallocated loss adjustment expense liabilities of $11.7 million, relating to 2012 runoff activity, partially offset by the amortization of fair value adjustments over the estimated payout period relating to companies acquired amounting to $2.2 million.

The reduction in estimates of net ultimate losses of $58.4 million for the three months ended June 30, 2012, comprised of net favorable incurred loss development of $36.0 million and reductions in IBNR reserves of $22.4 million, primarily related to the completion of six commutations of assumed reinsurance liabilities, including one of the Company's largest ten policyholder exposures as at January 1, 2012, and two commutations of ceded reinsurance recoverables, one of which was among the Company's largest ten reinsurance balances recoverable as at January 1, 2012.

8. LOSSES AND LOSS ADJUSTMENT EXPENSES — (cont'd)

The reduction in provisions for bad debt of $0.5 million resulted from the collection of recoverables against which bad debt provisions had been provided for in earlier periods.

The table below provides a reconciliation of the beginning and ending reserves for loss and loss adjustment expenses for the six months ended June 30, 2013 and 2012. Losses incurred and paid are reflected net of reinsurance recoverables.

	Six Months Ended June 30,	
	2013	2012
Balance as at January 1 (1)	$3,650,127	$4,272,081
Less: total reinsurance reserves recoverable	876,220	1,383,003
	2,773,907	2,889,078
Net reduction in ultimate loss and loss adjustment expense liabilities related to:		
Current period	72,136	—
Prior periods	(82,298)	(79,183)
Total net reduction in ultimate loss and loss adjustment expense liabilities	(10,162)	(79,183)
Net losses paid related to:		
Current period	(13,423)	—
Prior periods	(122,018)	(135,481)
Total net losses paid	(135,441)	(135,481)
Effect of exchange rate movement	(35,362)	(2,780)
Acquired on purchase of subsidiaries	479,982	—
Assumed business	79,342	61,121
Net balance as at June 30	3,152,266	2,732,755
Plus: total reinsurance reserves recoverable	888,970	1,064,854
Balance as at June 30	$4,041,236	$3,797,609

(1) The Company has reclassified outstanding loss and loss adjustment expenses of $11.0 million and $10.8 million to policy benefits for life and annuity contracts as at January 1, 2013 and 2012, respectively, to conform to the current period presentation. These amounts are associated with Laguna, which now forms part of the Company's life and annuities segment that was established following the acquisition of the Pavonia companies.

8. LOSSES AND LOSS ADJUSTMENT EXPENSES — (cont'd)

The net reduction in ultimate loss and loss adjustment expense liabilities for the six months ended June 30, 2013 and 2012 was due to the following:

	Six Months Ended June 30,					
	2013			2012		
	Prior Periods	Current Period	Total	Prior Periods	Current Period	Total
Net losses paid	$(122,018)	$(13,423)	$(135,441)	$(135,481)	$ —	$ (135,481)
Net change in case and LAE reserves	137,612	(15,379)	122,233	169,944	—	169,944
Net change in IBNR reserves	37,968	(43,334)	(5,366)	27,252	—	27,252
Reduction (increase) in estimates of net ultimate losses	53,562	(72,136)	(18,574)	61,715	—	61,715
Reduction in provisions for bad debt	—	—	—	2,782	—	2,782
Reduction in provisions for unallocated loss adjustment expense liabilities	33,198	—	33,198	24,513	—	24,513
Amortization of fair value adjustments	(4,462)	—	(4,462)	(9,827)	—	(9,827)
Net reduction (increase) in ultimate loss and loss adjustment expense liabilities	$ 82,298	$(72,136)	$ 10,162	$ 79,183	$ —	$ 79,183

The net reduction in ultimate loss and loss adjustment expense liabilities for the six months ended June 30, 2013 of $10.2 million included incurred losses of $72.1 million related to premiums earned in the period by SeaBright. Excluding SeaBright's incurred losses of $72.1 million, ultimate loss and loss adjustment expenses relating to prior periods were reduced by $82.3 million, which was attributable to a reduction in estimates of net ultimate losses of $53.6 million and a reduction in provisions for unallocated loss adjustment expense liabilities of $33.2 million, relating to 2013 run-off activity, partially offset by amortization of fair value adjustments over the estimated payout period relating to companies acquired amounting to $4.5 million.

Excluding the impact of losses incurred of $72.1 million relating to SeaBright, the reduction in estimates of net ultimate losses of $53.6 million was primarily related to:

(i) the Company's review of historic case reserves for which no updated advices had been received for a number of years. This review identified the redundancy of a number of advised case reserves with an estimated aggregate value of approximately $16.6 million;

(ii) net adverse incurred loss development of $1.0 million (excluding the impact of redundant case reserves of $16.6 million) which included the settlement of net ceded case reserves of $26.2 million (excluding ceded IBNR recoverable) for net paid receipts of $74.3 million relating to the settlement of five commutations and policy buy-backs of assumed and ceded exposures including the commutation of one of the Company's top ten ceded reinsurance balances recoverable; and

(iii) a reduction in IBNR reserves of $20.2 million as a result of the application, on a basis consistent with the assumptions applied in the prior period, of the Company's actuarial methodologies to revised historical loss development data to estimate loss reserves required to cover liabilities for unpaid loss and loss adjustment expenses relating to non-commuted exposures in one of its

8. LOSSES AND LOSS ADJUSTMENT EXPENSES — (cont'd)

Bermuda-based reinsurance subsidiaries. The prior period estimate of aggregate net IBNR liabilities for this subsidiary was reduced as a result of the favorable trend of loss development during 2013 compared to prior forecasts.

The net reduction in ultimate loss and loss adjustment expense liabilities for the six months ended June 30, 2012 of $79.2 million was attributable to a reduction in estimates of net ultimate losses of $61.7 million, a reduction in provisions for bad debt of $2.8 million and a reduction in provisions for unallocated loss adjustment expense liabilities of $24.5 million, relating to 2012 runoff activity, partially offset by the amortization of fair value adjustments over the estimated payout period relating to companies acquired amounting to $9.8 million.

The reduction in estimates of net ultimate losses of $61.7 million for the six months ended June 30, 2012, comprised of net favorable incurred loss development of $34.4 million and reductions in IBNR reserves of $27.3 million, primarily related to the completion of six commutations of assumed reinsurance liabilities, including one of the Company's largest ten policyholder exposures as at January 1, 2012, and two commutations of ceded reinsurance recoverables, one of which was among the Company's largest ten reinsurance balances recoverable as at January 1, 2012.

The reduction in provisions for bad debt of $2.8 million resulted from the collection of recoverables against which bad debt provisions had been provided for in earlier periods.

9. POLICY BENEFITS FOR LIFE AND ANNUITY CONTRACTS

Policy benefits for life and annuity contracts as at June 30, 2013 and December 31, 2012 were as follows:

	June 30, 2013	December 31, 2012
Life	$ 400,723	$ 11,027
Annuities	976,184	—
	1,376,907	11,027
Fair value adjustments	(83,637)	—
	$1,293,270	$ 11,027

10. RETROSPECTIVELY RATED CONTRACTS

On October 1, 2003, SeaBright began selling workers' compensation insurance policies for which the premiums varied based on loss experience. Accrued retrospective premiums are determined based upon the loss experience of business subject to such experience rating adjustment, and are determined by and allocated to individual policyholder accounts. Accrued retrospective premiums are recorded as additions to written or earned premium, and return retrospective premiums are recorded as reductions from written or earned premium. During the period from February 7, 2013, the date of acquisition, to June 30, 2013, none of the Company's direct premiums written related to retrospectively rated contracts. The Company accrued $9.3 million for retrospective premiums receivable and $25.8 million for return retrospective premiums as at June 30, 2013.

11. INTANGIBLE ASSETS

	Intangible Assets With a Definite Life
Balance as at December 31, 2012	$ 211,507
Recognized during the period	60,746
Intangible assets amortization	(6,969)
Balance as at June 30, 2013	$ 265,284

Intangible assets with a definite-life represent the fair value adjustments ("FVA") related to outstanding losses and loss adjustment expenses, policy benefits for life and annuity contracts and reinsurance recoverables. The FVA are recorded as a component of each line item. FVA are amortized in proportion to future premiums for policy benefits for life and annuity contracts and over the estimated payout or recovery period for outstanding losses and loss adjustment expenses and reinsurance recoverables.

The gross carrying value, accumulated amortization and net carrying value of intangible assets with a definite-life by type at June 30, 2013 and December 31, 2012 were as follows:

	June 30, 2013			December 31, 2012		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Fair value adjustments						
Losses and loss adjustment expenses	$ 530,534	$(273,166)	$ 257,368	$ 552,455	$(255,943)	$ 296,512
Reinsurance recoverables	(181,853)	106,132	(75,721)	(178,377)	93,372	(85,005)
Policy benefits for life and annuity contracts	86,143	(2,506)	83,637	—	—	—
Total fair value adjustments	$ 434,824	$(169,540)	$ 265,284	$ 374,078	$(162,571)	$ 211,507

12. LOANS PAYABLE

The Company's long-term debt consists of loan facilities used to partially finance certain of the Company's acquisitions or significant new business transactions, its Revolving Credit Facility (the "EGL Revolving Credit Facility"), which can be used for permitted acquisitions and general corporate purposes, and surplus notes acquired in connection with the SeaBright acquisition. The Company's three outstanding credit facilities (its term facility related to the Company's 2011 acquisition of Clarendon National Insurance Company (the "Clarendon Facility"), its term facility related to the acquisition of SeaBright (the "SeaBright Facility"), and the EGL Revolving Credit Facility) are described in Note 9 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

On February 5, 2013, the Company, through AML Acquisition, fully drew down the $111.0 million SeaBright Facility in connection with the acquisition of SeaBright.

12. LOANS PAYABLE — (cont'd)

On February 5, 2013 and March 26, 2013, the Company borrowed $56.0 million and $60.0 million, respectively, under the EGL Revolving Credit Facility. As of June 30, 2013, the unused portion of the EGL Revolving Credit Facility was $134.0 million.

As of June 30, 2013, all of the covenants relating to the three credit facilities were met.

Total amounts of loans payable outstanding, including accrued interest, as of June 30, 2013 and December 31, 2012, totaled $347.9 million and $107.4 million, respectively, and were comprised as follows:

Facility	Date of Facility	Facility Term	June 30, 2013	December 31, 2012
EGL Revolving Credit Facility	June 30, 2011	3 Years	$ 116,000	$ —
SeaBright Facility	December 21, 2012	3 Years	111,000	—
Clarendon Facility	July 12, 2011	4 Years	106,500	106,500
Total long-term bank debt			333,500	106,500
SeaBright Surplus Notes			12,000	—
Accrued interest			2,403	930
Total loans payable			$ 347,903	$ 107,430

Amendment and Restatement of EGL Revolving Credit Facility

On July 8, 2013, the Company, and certain of its subsidiaries, as borrowers, as well as certain of its subsidiaries, as guarantors, entered into an amendment and restatement of its existing Revolving Credit Facility Agreement with National Australia Bank Limited ("NAB") and Barclays Bank PLC ("Barclays"), as mandated lead arrangers, NAB, Barclays and Royal Bank of Canada, as original lenders, and NAB as agent (the "Restated Credit Agreement"). The Restated Credit Agreement provides for a five-year revolving credit facility (expiring in July 2018) pursuant to which the Company is permitted to borrow up to an aggregate of $375.0 million (the "Credit Facility"), which is available to fund permitted acquisitions and for general corporate purposes. The existing Revolving Credit Facility Agreement had provided for a three-year $250.0 million facility that was set to terminate in June 2014. The Company's ability to draw on the Credit Facility is subject to customary conditions.

The Credit Facility is secured by a first priority lien on the stock of certain of the Company's subsidiaries and certain bank accounts held with Barclays in the name of the Company and into which amounts received in respect of any capital release from certain of the Company's subsidiaries are required to be paid. Interest is payable at the end of each interest period chosen by the Company or, at the latest, each six months. The interest rate is LIBOR plus 2.75%, plus an incremental amount tied to certain regulatory costs, if any, that may be incurred by the lenders. Any unused portion of the Credit Facility will be subject to a commitment fee of 1.10%. The Credit Facility imposes various financial and business covenants on the Company, the guarantors and certain other material subsidiaries, including limitations on mergers and consolidations, acquisitions, indebtedness and guarantees, restrictions as to dispositions of stock and assets, restrictions on dividends and limitations on liens.

During the existence of any event of default (as specified in the Restated Credit Agreement), the agent may cancel the commitments of the lenders, declare all or a portion of outstanding amounts immediately due and payable, declare all or a portion of outstanding amounts payable upon demand or proceed against the security. During the existence of any payment default, the interest rate would be increased by 1.0%. The Credit Facility terminates and all amounts borrowed must be repaid on the fifth anniversary of the date of the Restated Credit Agreement.

12. LOANS PAYABLE — (cont'd)

SeaBright Surplus Notes

On May 26, 2004, SeaBright issued, in a private placement, $12.0 million in subordinated floating rate Surplus Notes due in 2034. The note holder is ICONS, Ltd., with Wilmington Trust Company acting as Trustee. Interest, paid quarterly in arrears, is calculated at the beginning of the interest payment period using the three-month LIBOR plus 400 basis points. The quarterly interest rate cannot exceed the initial interest rate by more than 10% per year, cannot exceed the corporate base (prime) rate by more than 2% and cannot exceed the highest rate permitted by New York law. The rate or amount of interest required to be paid in any quarter is also subject to limitations imposed by the Illinois Insurance Code. Interest amounts not paid as a result of these limitations become "Excess Interest," which SeaBright may be required to pay in the future, subject to the same limitations and all other provisions of the Surplus Notes Indenture. Excess Interest has not applied during the periods the notes have been outstanding. The interest rate in effect as at June 30, 2013 was 4.3%.

Interest and principal may be paid only upon the prior approval of the Illinois Department of Insurance. In the event of default, as defined, or failure to pay interest due to lack of Illinois Department of Insurance approval, SeaBright would be prohibited from paying dividends on its capital stock. If an event of default occurs and is continuing, the principal and accrued interest would become immediately due and payable.

The notes are redeemable prior to 2034 by SeaBright, in whole or in part, on any interest payment date. The Company has received approval from the Illinois Department of Insurance to redeem the notes in whole, and has notified both the trustee and note holder that the Company will redeem the notes on August 24, 2013, the next interest payment date.

Interest expense for the three months ended June 30, 2013 and the period from February 7, 2013 (the date of acquisition of SeaBright) to June 30, 2013 was $0.1 million and $0.2 million, respectively.

Clarendon Facility

On July 31, 2013, the Company repaid $27.5 million of the outstanding principal on its Clarendon Facility reducing the outstanding principal to $79.0 million.

13. EMPLOYEE BENEFITS

The Company's share-based compensation plans provide for the grant of various awards to its employees and to members of the Board of Directors. These are described in Note 11 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. The information below includes both the employee and director components of the Company's share-based compensation.

During the six months ended June 30, 2013 the Company completed the acquisitions of SeaBright and the Pavonia companies, which resulted in an increase in the number of employees from 383 at December 31, 2012 to 634 at June 30, 2013. The Company did not assume any significant post-retirement benefit obligations on completion of these acquisitions.

13. EMPLOYEE BENEFITS — (cont'd)

Employee share plans

Employee share awards for the six months ended June 30, 2013 and 2012 are summarized as follows:

	June 30, 2013		June 30, 2012	
	Number of Shares	Weighted Average Fair Value of the Award	Number of Shares	Weighted Average Fair Value of the Award
Nonvested — January 1	160,644	$ 17,989	203,930	$ 20,026
Granted	2,540	273	2,931	243
Vested	(48,025)	(5,571)	(46,217)	(4,508)
Nonvested — June 30	115,159	$ 15,314	160,644	$ 15,894

2011-2015 Annual Incentive Compensation Program

For the three and six months ended June 30, 2013 and 2012, nil and 191 shares, respectively, were awarded to directors, officers and employees under the 2006 Equity Incentive Plan (the "Equity Plan"). The total value of the award for the three and six months ended June 30, 2012 was $0.1 million and $0.2 million, respectively, and was charged against the Enstar Group Limited 2011-2015 Annual Incentive Compensation Program (the "Incentive Program") accrual established for the year ended December 31, 2011.

The accrued expense relating to the Incentive Program for the three and six months ended June 30, 2013 was $1.1 million and $3.3 million, respectively, as compared to $7.2 million and $8.9 million, respectively, for the three and six months ended June 30, 2012.

2006 Equity Incentive Plan

The total unrecognized compensation cost related to the Company's non-vested share awards under the Equity Plan as at June 30, 2013 and 2012 was $6.2 million and $9.7 million, respectively. This cost is expected to be recognized evenly over the next 2.3 years. Compensation costs of $0.7 million and $1.5 million relating to these share awards were recognized in the Company's statement of earnings for the three and six months ended June 30, 2013, respectively, as compared to $0.7 million and $1.4 million, respectively, for the three and six months ended June 30, 2012.

Enstar Group Limited Employee Share Purchase Plan

Compensation costs of less than $0.1 million and $0.2 million, respectively, relating to the shares issued under the Amended and Restated Enstar Group Limited Employee Share Purchase Plan were recognized in the Company's statement of earnings for each of the three and six month periods ended June 30, 2013 and 2012. For the six month periods ended June 30, 2013 and 2012, 2,540 and 2,740 shares, respectively, were issued to employees under such plan.

Deferred Compensation and Ordinary Share Plan for Non-Employee Directors

For the six months ended June 30, 2013 and 2012 , 1,826 and 1,540 restricted share units, respectively, were credited to the accounts of non-employee directors under the Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors. The Company recorded expenses related to the restricted share units for each of the three and six month periods ended June 30, 2013 and 2012 of $0.1 million and $0.2 million, respectively.

13. EMPLOYEE BENEFITS — (cont'd)

Pension Plan

The Company provides pension benefits to eligible employees through various plans sponsored by the Company. All pension plans, except for the noncontributory defined benefit pension plan acquired in the 2010 PW Acquisition Co. transaction (the "PWAC Plan"), are structured as defined contribution plans. Pension expense for the three and six months ended June 30, 2013 was $1.8 million and $3.1 million, respectively, as compared to $1.0 million and $2.9 million, respectively, for the three and six month periods ended June 30, 2012.

In addition, the Company recorded pension expense relating to the PWAC Plan of $0.2 million and $0.4 million for each of the three and six month periods ended June 30, 2013 and 2012. The PWAC Plan is described in Note 11 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

14. SHARE CAPITAL

As at June 30, 2013 and December 31, 2012, the authorized share capital was 111,000,000 ordinary shares and non-voting convertible ordinary shares, each par value $1.00 per share and 45,000,000 preference shares of par value $1.00 per share.

Series B Convertible Participating Non-Voting Perpetual Preferred Stock

In connection with the Torus acquisition, on July 8, 2013, the Company's Board of Director's created 4,000,000 shares of Series B Convertible Participating Non-Voting Perpetual Preferred Stock, par value $1.00 per share (the "Non-Voting Preferred Shares"), from the authorized and unissued preference shares. No Non-Voting Preferred Shares have been issued. The Company will issue a combination of approximately 1,901,000 Voting Ordinary Shares and approximately 711,000 Non-Voting Preferred Shares to certain shareholders of Torus at closing of the Amalgamation. Refer to Note 2 for more information regarding the Torus acquisition.

The Non-Voting Preferred Shares:

- rank on parity with the Voting Ordinary Shares and non-voting ordinary shares, but would rank senior to any other class or series of share capital of the Company, unless the terms of any such class or series shall provide otherwise;
- would receive dividends when, as and if, and in the same amounts (on an as-converted basis), dividends are declared on the Voting Ordinary Shares and/or non-voting ordinary shares;
- automatically convert on a one-to-one basis into: (i) Voting Ordinary Shares upon the transfer of such Non-Voting Preferred Shares to any person other than an affiliate of First Reserve if that transfer qualifies as a widely dispersed offering and (ii) a new series of non-voting ordinary shares of the Company upon the approval by the Company's shareholders of an amendment to the Company's bye-laws to authorize such series;
- have a liquidation preference of $0.001 per share, and thereafter are entitled to participate (on an as-converted basis) with the Voting Ordinary Shares and the non-voting ordinary shares in the distribution of remaining assets; and
- have no voting rights other than: (i) in the event of a proposed change to the Company's organizational documents that would significantly and adversely affect the rights of the Non-Voting Preferred Shares, (ii) certain share exchanges or reclassifications of the Non-Voting Preferred Shares, (iii) certain mergers or consolidations of the Company, or (iv) a voluntary liquidation or dissolution of the Company.

15. EARNINGS PER SHARE

The following table sets forth the comparison of basic and diluted earnings per ordinary share for the three and six month periods ended June 30, 2013 and 2012:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Basic earnings per ordinary share:				
Net earnings attributable to Enstar Group Limited	$ 19,197	$ 40,721	$ 31,156	$ 50,394
Weighted average ordinary shares outstanding — basic	16,525,026	16,436,401	16,519,640	16,432,001
Net earnings per ordinary share attributable to Enstar Group Limited — basic	$ 1.16	$ 2.48	$ 1.89	$ 3.07
Diluted earnings per ordinary share:				
Net earnings attributable to Enstar Group Limited	$ 19,197	$ 40,721	$ 31,156	$ 50,394
Weighted average ordinary shares outstanding — basic	16,525,026	16,436,401	16,519,640	16,432,001
Share equivalents:				
Unvested shares	115,159	160,644	119,900	164,284
Restricted share units	17,707	14,226	17,114	13,867
Warrants	36,051	—	28,790	—
Options	—	63,521	—	63,098
Weighted average ordinary shares outstanding — diluted	16,693,943	16,674,792	16,685,444	16,673,250
Net earnings per ordinary share attributable to Enstar Group Limited — diluted	$ 1.15	$ 2.44	$ 1.87	$ 3.02

16. RELATED PARTY TRANSACTIONS

Through several private transactions occurring from May 2012 to July 2012, Trident acquired approximately 9.7% of the Company's ordinary shares. The Company has investments in two funds (carried within other investments) affiliated with entities owned by Trident. As of June 30, 2013, the fair value of the investments in the two funds was $75.2 million.

On July 3, 2013 and July 8, 2013, the Company entered into certain agreements with Trident with respect to Trident's co-investments in the Atrium and Arden acquisitions and the Torus acquisition, respectively. Refer to Note 2 for a description of these co-investment transactions.

Affiliates of Goldman Sachs & Co. ("Goldman Sachs") own approximately 4.8% of the Company's voting ordinary shares and 100% of the Company's non-voting convertible ordinary shares. Sumit Rajpal, a managing director of Goldman Sachs, was appointed to the Board of Directors in connection with Goldman Sachs' investment in the Company. The Company has investments in one fund affiliated with entities owned by Goldman Sachs. As of June 30, 2013, the fair value of the investment in the fund, carried within other investments, was $0.8 million.

17. TAXATION

Earnings before income taxes include the following components:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Domestic (Bermuda)	$ 68,113	$ 35,515	$ 78,047	$ 17,780
Foreign	(38,373)	17,240	(27,478)	54,123
Total	$ 29,740	$ 52,755	$ 50,569	$ 71,903

Tax expense for income taxes is comprised of:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Current:				
Domestic (Bermuda)	$ —	$ —	$ —	$ —
Foreign	51	6,587	14,330	9,445
	51	6,587	14,330	9,445
Deferred:				
Domestic (Bermuda)	—	—	—	—
Foreign	4,491	5,318	(1,944)	6,202
	4,491	5,318	(1,944)	6,202
Total tax expense	$ 4,542	$ 11,905	$ 12,386	$ 15,647

Under current Bermuda law, the Company and its Bermuda subsidiaries are exempted from paying any taxes in Bermuda on their income or capital gains until March 2035.

The Company has operating subsidiaries and branch operations in the United Kingdom, Australia, the United States and Europe and is subject to federal, foreign, state and local taxes in those jurisdictions. In addition, certain distributions from some foreign sources may be subject to withholding taxes.

The expected income tax provision for the foreign operations computed on pre-tax income at the weighted average tax rate has been calculated as the sum of the pre-tax income in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate.

17. TAXATION — (cont'd)

The actual income tax rate differed from the amount computed by applying the effective rate of 0% under Bermuda law to earnings before income taxes as shown in the following reconciliation:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Earnings before income tax	$ 29,740	$ 52,755	$ 50,569	$ 71,903
Expected tax rate	— %	— %	— %	— %
Foreign taxes at local expected rates	(66.6) %	21.0 %	(24.5) %	22.7 %
Change in uncertain tax positions	(1.0) %	0.1 %	(5.3) %	0.1 %
Change in valuation allowance	84.2 %	1.4 %	54.8 %	(1.3)%
Other	(1.3) %	0.1 %	(0.5) %	0.3 %
Effective tax rate	15.3 %	22.6 %	24.5 %	21.8 %

The Company has estimated future taxable income of its foreign subsidiaries and has provided a valuation allowance in respect of those loss carryforwards where it does not expect to realize a benefit. The Company has considered all available evidence using a "more likely than not" standard in determining the amount of the valuation allowance.

The Company had unrecognized tax benefits of $2.2 million and $5.8 million relating to uncertain tax positions as of June 30, 2013 and December 31, 2012, respectively. During the six months ended June 30, 2013, there were reductions to unrecognized tax benefits of $3.6 million due to the expiration of statutes of limitation.

The Company's operating subsidiaries in specific countries may be subject to audit by various tax authorities and may have different statutes of limitations expiration dates. With limited exceptions, the Company's major subsidiaries that operate in the United States, United Kingdom and Australia are no longer subject to tax examinations for years before 2006, 2009 and 2006, respectively.

18. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases office space under operating leases expiring in various years through 2018. The leases are renewable at the option of the lessee under certain circumstances. The following is a schedule of future minimum rental payments for the next five years on non-cancellable leases as of June 30, 2013 inclusive of those related to the acquisitions of SeaBright and the Pavonia companies:

2013	$ 3,569
2014	6,625
2015	5,889
2016	3,446
2017	1,148
2018	474
	$21,151

18. COMMITMENTS AND CONTINGENCIES — (cont'd)

Guarantees

As at June 30, 2013 and December 31, 2012, the Company had, in total, parental guarantees supporting Fitzwilliam Insurance Limited's obligations in the amount of $219.6 million and $213.3 million, respectively.

Acquisitions

The Company has entered into definitive agreements with respect to: (i) the Reciprocal of America loss portfolio transfer, which is expected to close in the fourth quarter of 2013; (ii) the purchases of Atrium Underwriting Group Limited and Arden Reinsurance Company Limited, which are expected to close in the fourth quarter of 2013; and (iii) the Amalgamation of Veranda and Torus Insurance Holdings Limited, which is expected to close by the end of 2013. The Torus, Atrium and Arden acquisition agreements are described in Note 2 — "Acquisitions," and the Reciprocal of America agreement is described in Note 3 — "Significant New Business."

In connection with the acquisitions of Torus and Atrium and Arden, the Company has entered into two separate Investors Agreements with Trident, and will enter into two Shareholders' Agreements with Trident at the respective transaction closings. The Company's obligations and rights relating to the Investors and Shareholders' Agreements are described in Note 2 — "Acquisitions."

Pursuant to the Amalgamation Agreement to acquire Torus, the Company has agreed that at the closing of the Amalgamation, it will issue a combination of Voting Ordinary Shares and Non-Voting Preferred Shares having a value of approximately $346.0 million to partially fund the purchase price, as described in Note 2. At closing, the Company will also enter into the Shareholder Rights Agreement with First Reserve and the Registration Rights Agreement with First Reserve and Corsair; the obligations and rights under these agreements are also described in Note 2.

Legal Proceedings

In connection with the Company's acquisition of SeaBright, two purported class action lawsuits were filed against SeaBright Holdings, Inc. ("SeaBright"), the members of its board of directors, the Company's merger subsidiary (AML Acquisition, Corp.) and, in one of the cases, the Company. The first suit was filed September 13, 2012 in the Superior Court of the State of Washington and the second suit was filed September 20, 2012 in the Court of Chancery of the State of Delaware. The lawsuits alleged, among other things, that SeaBright's directors breached their fiduciary duties when negotiating, approving and seeking stockholder approval of the Merger, and that SeaBright and the Company or the Company's merger subsidiary aided and abetted the alleged breaches of fiduciary duties. The Company believed these suits were without merit; nevertheless, in order to avoid the potential cost and distraction of continued litigation and to eliminate any risk of delay to the closing of the Merger, the Company, SeaBright and the SeaBright director defendants agreed to settle the two lawsuits, without admitting any liability or wrongdoing. The settlement required SeaBright to make supplemental information available to its stockholders through a filing of a Current Report on Form 8-K with the U.S. Securities and Exchange Commission. The settlement did not change the amount of the merger consideration that we paid to SeaBright's stockholders in any way, nor did it alter any deal terms. On July 19, 2013, the Superior Court of the State of Washington entered an order approving the settlement. This order will become final and unappealable on August 19, 2013. Once the Washington order becomes final and unappealable, the parties will request that the Delaware action also be dismissed.

18. COMMITMENTS AND CONTINGENCIES — (cont'd)

The Company is, from time to time, involved in various legal proceedings in the ordinary course of business, including litigation regarding claims. The Company does not believe that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will have a material effect on its business, results of operations or financial condition. Nevertheless, there can be no assurance that such pending legal proceedings will not have a material effect on the Company's business, financial condition or results of operations. The Company anticipates that, similar to the rest of the insurance and reinsurance industry, it 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 claims. There can be no assurance that any such future litigation will not have a material effect on the Company's business, financial condition or results of operations.

19. SEGMENT REPORTING

Due to the Company's acquisition of the Pavonia companies on March 31, 2013, the Company has reevaluated its segment reporting and now measures the results of its operations in two segments: (i) non-life run-off and (ii) life and annuities.

The Company's non-life run-off segment comprises the operations and financial results of those subsidiaries running off their property and casualty business.

The Company's life and annuities segment comprises the operations and financial results of those subsidiaries, primarily the Pavonia companies, operating in the closed-block of life and annuity business. Certain new significant accounting policies applicable to the life and annuities segment are described in Note 1 — "Significant New Accounting Policies."

Invested assets are managed on a subsidiary by subsidiary basis, and investment income and realized and unrealized gains on investments are recognized in each segment as earned.

The Company's total assets by segment were:

	June 30, 2013	December 31, 2012
Total assets — non-life run-off	$6,465,511	$5,829,384
Total assets — life and annuities	1,409,237	52,859
Total assets	$7,874,748	$5,882,243

19. SEGMENT REPORTING — (cont'd)

A summary of operations by segment for the three and six months ended June 30, 2013 and 2012 are as follows:

	Three Months Ended June 30, 2013			Three Months Ended June 30, 2012		
	Non-Life Run-off	Life and Annuities	Consolidated	Non-Life Run-off	Life and Annuities	Consolidated
	(expressed in thousands of U.S. dollars)					
INCOME						
Net premiums earned	$ 41,216	$ 34,380	$ 75,596	$ —	$ 896	$ 896
Consulting fees	2,960	—	2,960	1,775	—	1,775
Net investment income	17,180	10,072	27,252	20,663	231	20,894
Net realized and unrealized (losses) gains	(17,238)	(10,681)	(27,919)	1,198	493	1,691
	44,118	33,771	77,889	23,636	1,620	25,256
EXPENSES						
Net reduction in ultimate loss and loss adjustment expense liabilities	(21,710)	—	(21,710)	(68,365)	—	(68,365)
Life and annuity policy benefits	—	29,482	29,482	—	896	896
Salaries and benefits	24,626	1,061	25,687	24,270	109	24,379
General and administrative expenses	15,470	4,532	20,002	13,256	900	14,156
Interest expense	2,631	460	3,091	2,062	—	2,062
Net foreign exchange (gains) losses	(8,450)	47	(8,403)	(567)	(60)	(627)
	12,567	35,582	48,149	(29,344)	1,845	(27,499)
EARNINGS (LOSS) BEFORE INCOME TAXES	31,551	(1,811)	29,740	52,980	(225)	52,755
INCOME TAXES	(4,534)	(8)	(4,542)	(11,905)	—	(11,905)
NET EARNINGS (LOSS)	27,017	(1,819)	25,198	41,075	(225)	40,850
Less: Net earnings attributable to noncontrolling interest	(6,001)	—	(6,001)	(129)	—	(129)
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED	$ 21,016	$ (1,819)	$ 19,197	$ 40,946	$ (225)	$ 40,721

19. SEGMENT REPORTING — (cont'd)

	Six Months Ended June 30, 2013			Six Months Ended June 30, 2012		
	Non-Life Run-off	Life and Annuities	Consolidated	Non-Life Run-off	Life and Annuities	Consolidated
	(expressed in thousands of U.S. dollars)					
INCOME						
Net premiums earned	$ 72,136	$ 35,121	$ 107,257	$ —	$ 1,870	$ 1,870
Consulting fees	5,407	—	5,407	3,969	—	3,969
Net investment income	34,871	10,344	45,215	40,928	409	41,337
Net realized and unrealized gains (losses)	13,040	(10,839)	2,201	26,189	884	27,073
	125,454	34,626	160,080	71,086	3,163	74,249
EXPENSES						
Net reduction in ultimate loss and loss adjustment expense liabilities	(10,162)	—	(10,162)	(79,183)	—	(79,183)
Life and annuity policy benefits	—	30,223	30,223	—	1,870	1,870
Salaries and benefits	48,090	1,207	49,297	44,610	220	44,830
General and administrative expenses	31,704	6,244	37,948	27,915	1,099	29,014
Interest expense	5,051	475	5,526	4,173	—	4,173
Net foreign exchange (gains) losses	(3,514)	193	(3,321)	1,705	(63)	1,642
	71,169	38,342	109,511	(780)	3,126	2,346
EARNINGS (LOSS) BEFORE INCOME TAXES	54,285	(3,716)	50,569	71,866	37	71,903
INCOME TAXES	(12,358)	(28)	(12,386)	(15,647)	—	(15,647)
NET EARNINGS (LOSS)	41,927	(3,744)	38,183	56,219	37	56,256
Less: Net earnings attributable to noncontrolling interest	(7,027)	—	(7,027)	(5,862)	—	(5,862)
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED	$ 34,900	$ (3,744)	$ 31,156	$ 50,357	$ 37	$ 50,394

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Enstar Group Limited:

We have reviewed the accompanying condensed consolidated balance sheet of Enstar Group Limited and subsidiaries as of June 30, 2013, and the related condensed consolidated statements of earnings and comprehensive income for the three-month and six-month periods ended June 30, 2013 and 2012 and the related condensed consolidated statements of changes in shareholders' equity and cash flows for the six-month periods ended June 30, 2013 and 2012. These condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Enstar Group Limited and subsidiaries as of December 31, 2012, and the related consolidated statements of earnings, comprehensive income, changes in shareholders' equity and cash flows for the year then ended; and in our report dated February 28, 2013, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2012, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG Audit Limited

Hamilton, Bermuda
August 9, 2013

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

The following discussion and analysis of our financial condition and results of operations for the three and six months ended June 30, 2013 and 2012 should be read in conjunction with the attached unaudited condensed consolidated financial statements and notes thereto and the audited consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Business Overview

Enstar Group Limited, or Enstar, was formed in August 2001 under the laws of Bermuda to acquire and manage insurance and reinsurance companies in run-off and portfolios of insurance and reinsurance business in run-off, and to provide management, consulting and other services to the insurance and reinsurance industry. Since our formation, we have completed the acquisition of over 60 insurance and reinsurance companies and portfolios of insurance and reinsurance business and are now administering those businesses in run-off, including 12 Reinsurance to Close, or "RITC" transactions, with Lloyd's of London insurance and reinsurance syndicates in run-off, whereby the portfolio of run-off liabilities is transferred from one Lloyd's syndicate to another. With the exception of our 2011 acquisition of a small life company, all of these acquisitions have been in the property and casualty, or "non-life run-off," insurance business, which continues to remain our primary focus.

Insurance and reinsurance companies and portfolios of insurance and reinsurance business we acquire that are in run-off no longer underwrite new policies. We derive our net earnings from the ownership and management of these acquired companies and portfolios of business primarily by settling insurance and reinsurance claims below the acquired value of loss reserves and from returns on the portfolio of investments retained to pay future claims. We also provide management and consultancy services, claims inspection services and reinsurance collection services to our affiliates and third-party clients for both fixed and success-based fees.

In March 2013, we acquired several life insurance and annuities companies from a subsidiary of HSBC Holdings plc, all of which are in run-off. We view the acquisition of these closed-life and annuities businesses as a natural extension of our run-off business and an enhancement to our global run-off strategy. Although our closed-life and annuities businesses are no longer writing new policies, the closed-life businesses continue to generate premiums with respect to their in-force policies. Our strategy in our life and annuities business differs from our non-life run-off business, in particular because we are unable to shorten the duration of the liabilities of these businesses through either commutations or policy buy-backs. Instead, we will hold the policies associated with the life and annuities business to their natural maturity, while efficiently managing our invested assets in those businesses to match the duration and cash flows of the liability profile. In addition to diversifying our loss reserve base, we believe our newly acquired closed-life business has the potential to provide us with a more regular earnings and cash flow stream, which may counter the volatility of our core non-life run-off business.

In June 2013, we continued the evolution of our business with our agreement to acquire Atrium Underwriting Group, the managing agent for the active underwriting business of a leading specialist underwriting syndicate at Lloyd's of London. In July 2013, we continued our expansion into active underwriting when we announced our agreement to acquire Torus Insurance Holdings Limited, a highly rated global specialty insurer. We expect these acquisitions to close by the end of 2013. Once these transactions are completed, the active underwriting businesses acquired will constitute a new operating segment for us. We will generate revenue from premiums on the new business written, and will have additional operating expenses, in part as a result of the approximately 750 new employees and a number of new offices that we expect to acquire. In addition, our total investments will significantly increase from the acquired investment portfolios. While our core focus remains on acquiring insurance and reinsurance companies that are in run-off, we believe these acquisitions will diversify Enstar into the active market and enhance the opportunities available to our core run-off business.

Our primary corporate objective is to grow our net book value per share. We believe growth in our net book value is driven primarily by growth in our net earnings, which is in turn driven in large part by successfully completing new acquisitions and effectively managing companies and portfolios of business that we previously acquired.

Acquisitions

Torus Insurance Holdings Limited

Amalgamation Agreement

On July 8, 2013, we, Veranda Holdings Ltd., or Veranda, an entity in which we own an indirect 60% interest through a 60% interest in Bayshore Holdings Limited, or Bayshore, Hudson Securityholders Representative LLC and Torus Insurance Holdings Limited, or Torus, entered into an Agreement and Plan of Amalgamation, or the Amalgamation Agreement. The Amalgamation Agreement provides for the amalgamation, or the Amalgamation, of Veranda and Torus (or the combined entity, the Amalgamated Company). Torus is a global specialty insurer and holding company of six wholly-owned insurance vehicles, including one Lloyd's syndicate.

The purchase price for the Amalgamation is $692.0 million. We and Kenmare Holdings Ltd. (our wholly-owned subsidiary), or Kenmare, will provide 60% of the purchase price and related expenses of the Amalgamation. Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P., or collectively, Trident, the owner of the remaining 40% interest in Bayshore, the parent company of Veranda, will provide 40% of the purchase price and related expenses associated with the Amalgamation. We will issue a combination of approximately 1,901,000 voting ordinary shares, par value $1.00 per share, or the Voting Ordinary Shares, and approximately 711,000 newly-created Series B convertible non-voting preference shares, par value $1.00 per share, or the Non-Voting Preferred Shares, having an aggregate value of approximately $346.0 million to partially fund the purchase price. Kenmare will contribute in cash approximately $69.2 million and Trident will contribute in cash the remaining approximately $276.8 million of the purchase price. Following the Amalgamation, we and Trident will continue to own, respectively, a 60% and 40% indirect interest in the Amalgamated Company through our ownership of Bayshore.

Completion of the Amalgamation is conditioned on, among other things, governmental and regulatory approvals and satisfaction of various customary closing conditions. The transaction is expected to close by the end of 2013. As a result of the Torus acquisition, we expect to add approximately 600 employees in a number of new offices in various countries.

Stock Issuance

FR XI Offshore AIV, L.P., First Reserve Fund XII, L.P., FR XII A Parallel Vehicle L.P. and FR Torus Co-Investment, L.P., or collectively, First Reserve, will receive Voting Ordinary Shares, Non-Voting Preferred Shares and cash consideration in the transaction. In the event that the number of Voting Ordinary Shares deliverable to First Reserve at the closing of the Amalgamation would cause First Reserve, as of immediately after such closing, to beneficially own Voting Ordinary Shares that constitute more than 9.5% of the voting power of all of our shares, then we will issue to First Reserve, at the closing, the total number of shares of Voting Ordinary Shares representing 9.5% of the voting power of all our shares as of immediately after the closing and Non-Voting Preferred Shares representing the remainder of the shares that First Reserve is entitled to under the Amalgamation Agreement. Corsair Specialty Investors, L.P., or Corsair, will receive both Voting Ordinary Shares and cash consideration in the transaction. The remaining Torus shareholders will receive all cash. Following the Amalgamation, First Reserve will own approximately 9.5% and 11.5%, respectively, of our Voting Ordinary Shares and outstanding share capital and Corsair will own approximately 2.5% and 2.1%, respectively, of our Voting Ordinary Shares and outstanding share capital.

We and First Reserve will enter into a Shareholder Rights Agreement at the closing of the Amalgamation, under which we have agreed that First Reserve will have the right to designate one representative to our Board of Directors. This designation right terminates if First Reserve ceases to beneficially own at least 75% of the total number of Voting Ordinary Shares and Non-Voting Preferred Shares acquired by it under the Amalgamation Agreement.

We will also enter into a Registration Rights Agreement with First Reserve and Corsair at the closing of the Amalgamation that provides First Reserve and Corsair with certain rights to cause us to register under the Securities Act of 1933, as amended, or the Act, the Voting Ordinary Shares (including the Voting Ordinary Shares into which the Non-Voting Preferred Shares may convert) issued pursuant to the Amalgamation and any

securities issued by us in connection with the foregoing by way of a share dividend or share split or in connection with any recapitalization, reclassification or similar reorganization, or the foregoing, collectively, Registrable Securities. Pursuant to the Registration Rights Agreement, we must file a resale shelf registration statement for the Registrable Securities within 20 business days after the closing of the Amalgamation. In addition, at any time following the six-month anniversary of the closing of the Amalgamation, First Reserve will be entitled to make three written requests for us to register all or any part of the Registrable Securities under the Act, subject to certain exceptions and conditions set forth in the Registration Rights Agreement. Corsair will have the right to make one such request. First Reserve and Corsair will also be granted "piggyback" registration rights with respect to our registration of Voting Ordinary Shares for our own account or for the account of one or more of our securityholders.

Trident Co-investment in Torus

In connection with the Amalgamation Agreement, we, Kenmare and Trident entered an Investors Agreement on July 8, 2013 governing each entity's investments in Bayshore, and Kenmare and Trident entered into individual equity commitment letters obligating each to fund its respective portion of the purchase price for the Amalgamation noted above. Completion of Kenmare's and Trident's funding obligations is conditioned on, among other things, the satisfaction of certain conditions tied directly to the satisfaction of the closing conditions under the Amalgamation Agreement.

Upon the funding of the equity commitments at the closing of the Amalgamation, Kenmare and Trident have agreed to enter into a Shareholders' Agreement, or the Bayshore Shareholders' Agreement. Among other things, the Bayshore Shareholders' Agreement will provide that Kenmare would appoint three members to the Bayshore board of directors and Trident would appoint two members. The Bayshore Shareholders' Agreement includes a five-year period during which neither party can transfer its ownership interest in Bayshore to a third party, or the Restricted Period. Following the Restricted Period: (i) each party must offer the other party the right to buy its shares before the shares are offered to a third party; (ii) Kenmare can require Trident to participate in a sale of Bayshore to a third party as long as Kenmare owns 55% of Bayshore; (iii) each party has the right to be included on a pro rata basis in any sales made by the other party; and (iv) each party has the right to buy its pro rata share of any new securities issued by Bayshore.

During the 90-day period following the fifth anniversary of the closing of the Amalgamation, and at any time following the seventh anniversary of such closing, Kenmare would have the right to redeem Trident's shares in Bayshore at their then fair market value, which would be payable in cash. Following the seventh anniversary of the closing, Trident would have the right to require Kenmare to purchase Trident's shares for their then current fair market value, which Kenmare would have the option to pay either in cash or by delivering our Voting Ordinary Shares.

Trident is a holder of approximately 9.7% of our Voting Ordinary Shares.

Atrium and Arden

On June 5, 2013, we entered into definitive agreements with Arden Holdings Limited under which we will acquire Atrium Underwriting Group Limited, or Atrium, and Arden Reinsurance Company Limited, or Arden. Atrium is an underwriting business at Lloyd's of London, which manages Syndicate 609 and provides approximately one quarter of the syndicate's capital. Atrium specializes in accident and health, aviation, marine property, non-marine property, professional liability, property and casualty binding authorities, reinsurance, upstream energy, war and terrorism insurance, cargo and fine art. Arden is a Bermuda-based reinsurance company that provides reinsurance to Atrium and is currently in the process of running off certain other discontinued businesses.

The purchase price for Atrium will be approximately $183.0 million and the purchase price for Arden will be approximately $79.6 million. Completion of each transaction is conditioned on, among other things, governmental and regulatory approvals and satisfaction of various customary closing conditions. The two transactions are governed by separate purchase agreements and the acquisition of each company is not conditioned on the acquisition of the other. Both transactions are expected to close by the end of 2013. As a result of the Atrium and Arden acquisitions, we expect to add approximately 150 employees.

Trident Co-investment in Atrium and Arden

On July 3, 2013, Kenmare entered into an Investors Agreement with Trident with respect to the acquisitions of Atrium and Arden, pursuant to which Trident acquired a 40% interest in Northshore Holdings Ltd., previously a wholly-owned subsidiary of Kenmare, or Northshore. In connection with the Investors Agreement, Kenmare and Trident provided individual equity commitment letters to Northshore pursuant to which Kenmare and Trident agreed to provide 60% and 40%, respectively, of the Atrium and Arden purchase prices and related expenses.

Completion of Kenmare's and Trident's funding obligations is conditioned on, among other things, the satisfaction of certain conditions tied directly to the satisfaction of the closing conditions under the Atrium and Arden purchase agreements. In the event that the Arden acquisition closes, but the Atrium acquisition does not close, Trident's obligations under its commitment letter would terminate as to both companies and Trident would return its 40% interest in Northshore to Kenmare.

Upon the funding of the equity commitments at the closing of the Atrium and Arden transactions, Kenmare and Trident have agreed to enter into a Shareholders' Agreement, or the Northshore Shareholders' Agreement. Among other things, the Northshore Shareholders' Agreement will provide that Kenmare would appoint three members to the Northshore board of directors and Trident would appoint two members. Trident would also have the right to designate one member of the Atrium board of directors.

The Northshore Shareholders' Agreement includes a five-year period during which neither party can transfer its ownership interest in Northshore to a third party, or the Restricted Period. Following the Restricted Period: (i) each party must offer the other party the right to buy its shares before the shares are offered to a third party; (ii) Kenmare can require Trident to participate in a sale of Northshore to a third party as long as Kenmare owns 55% of Northshore; (iii) each party has the right to be included on a pro rata basis in any sales made by the other party; and (iv) each party has the right to buy its pro rata share of any new securities issued by Northshore.

During the 90-day period following the fifth anniversary of the earlier of the closings of the Atrium and Arden transactions, and at any time following the seventh anniversary of the earlier of such closings, Kenmare would have the right to redeem Trident's shares in Northshore at their then fair market value, which would be payable in cash. Following the seventh anniversary of the earlier of the closings, Trident would have the right to require Kenmare to purchase Trident's shares for their then current fair market value, which Kenmare would have the option to pay either in cash or by delivering our Voting Ordinary Shares.

SeaBright

On February 7, 2013, we completed our acquisition of SeaBright Holdings, Inc., or SeaBright, through the merger of our indirect, wholly-owned subsidiary, AML Acquisition, Corp., with and into SeaBright, or the Merger, with SeaBright surviving the Merger as our indirect, wholly-owned subsidiary. SeaBright owns SeaBright Insurance Company, an Illinois-domiciled insurer that is commercially domiciled in California, which wrote workers' compensation business. The aggregate cash purchase price paid for all equity securities of SeaBright was approximately $252.1 million, which was funded in part with $111.0 million borrowed under a four-year term loan facility provided by National Australia Bank and Barclays Bank PLC.

Pavonia

On March 31, 2013, we and our wholly-owned subsidiary, Pavonia Holdings (US), Inc., or Pavonia, completed the acquisition of all of the shares of Household Life Insurance Company of Delaware, or HLIC DE, and HSBC Insurance Company of Delaware, or HSBC DE, from Household Insurance Group Holding Company, a subsidiary of HSBC Holdings plc. HLIC DE and HSBC DE are both Delaware-domiciled insurers in run-off. HLIC DE owns three other insurers domiciled in Michigan, New York, and Arizona, respectively, all of which are in run-off (collectively with HLIC DE and HSBC DE, the Pavonia companies). The aggregate cash purchase price was $155.6 million and was financed in part by a drawing of $55.7 million under our revolving credit facility. The Pavonia companies wrote various U.S. and Canadian life insurance, including credit life and disability insurance, term life insurance, assumed life reinsurance and annuities.

As of the date of acquisition of Pavonia, all of the companies were either in run-off or, immediately following the acquisition, were placed into run-off, and accordingly are no longer writing new policies. We will continue to collect premiums on business that remains in-force.

Significant New Business

Shelbourne

Effective January 1, 2013, Lloyd's Syndicate 2008, or Syndicate 2008, which is managed by our wholly-owned subsidiary and Lloyd's managing agent, Shelbourne Syndicate Services Limited, entered into an RITC contract of the 2009 underwriting year of account of another Lloyd's syndicate and a 100% quota share reinsurance agreement with a further Lloyd's syndicate in respect of its 2010 underwriting year of account, under which Syndicate 2008 assumed total gross insurance reserves of approximately £33.8 million (approximately $51.4 million) for consideration of an equal amount.

American Physicians

On April 26, 2013, we, through our wholly-owned subsidiary, Providence Washington Insurance Company, or PWIC, completed the assignment and assumption of a portfolio of workers' compensation business from American Physicians Assurance Corporation and APSpecialty Insurance Company. Total assets and liabilities assumed were approximately $35.3 million.

Reciprocal of America

On July 6, 2012, PWIC entered into a definitive loss portfolio transfer reinsurance agreement with Reciprocal of America (in Receivership) and its Deputy Receiver relating to a portfolio of workers' compensation business. The estimated total liabilities to be assumed are approximately $174.0 million, with an equivalent amount of assets to be received as consideration. Completion of the transaction is conditioned upon, among other things, regulatory approvals and satisfaction of customary closing conditions. The transaction is expected to close in the fourth quarter of 2013.

Segment Reporting

Due to our acquisition of the Pavonia companies, we have reevaluated our segment reporting. We now measure our results of operations in two segments: (i) non-life run-off and (ii) life and annuities.

Non-life Run-off Segment

Our non-life run-off segment comprises the operations and financial results of our subsidiaries that are running off their property and casualty business.

Life and Annuities Segment

Our life and annuities segment comprises the operations and financial results of our subsidiaries that are operating our closed-block of life and annuity business, which primarily consists of the companies we acquired in the Pavonia acquisition on March 31, 2013. This business is described in more detail below. Certain new critical accounting policies applicable to this segment are described in "Critical Accounting Policies."

Annuities

The current operations of Household Life Insurance Company of Arizona relate solely to the assumption of a closed block of structured settlement, lottery, and other immediate annuities (also known as the Periodic Payment Annuity, or PPA, business). The company no longer writes new business. Reserves relating to the PPA business constitute approximately 80% of the aggregate reserves acquired in the Pavonia acquisition. The contracts within the portfolio are largely structured settlements, although the portfolio also includes a smaller amount of lottery annuities and supplementary contracts.

The PPA business was issued from 1982 to 1995, although the majority of the reserves pertain to the period from 1985 to 1989. The contracts within the portfolio operate pursuant to a variety of different payment features, such as life contingency payments, certain payments (or a combination thereof), one-time lump payments, or payments patterns such as level, compound increase or fixed amount increase payments. Regardless of payment structure, however, the portfolio generally has known and predictable cash flows, which makes the asset-liability matching process and the mitigation of interest rate risk a vital component to our management of this portfolio. We have a long-duration held-to-maturity investment portfolio designed to manage the cash flow obligations of the PPA business.

Life Business

The operations of the acquired Pavonia companies other than Household Life Insurance Company of Arizona relate to non-annuity portfolios, which include credit life and disability insurance, term life, and corporate owned life insurance business. This business is significantly shorter in duration than that of the PPA business and, given the premium income associated with these portfolios, the reserves (based upon net present value of future cash flows) remain highly sensitive to lapse rates as well as mortality rates.

Results of Operations

The following table sets forth our selected consolidated statement of earnings data for each of the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(expressed in thousands of U.S. dollars)			
INCOME				
Net premiums earned — non-life run-off	$ 41,216	$ —	$ 72,136	$ —
Net premiums earned — life and annuities	34,380	896	35,121	1,870
Consulting fees	2,960	1,775	5,407	3,969
Net investment income	27,252	20,894	45,215	41,337
Net realized and unrealized (losses) gains	(27,919)	1,691	2,201	27,073
	77,889	25,256	160,080	74,249
EXPENSES				
Net reduction in ultimate loss and loss adjustment expense liabilities:				
Losses incurred on current period premiums earned	41,216	—	72,136	—
Reduction in estimates of net ultimate losses	(48,500)	(58,417)	(53,562)	(61,715)
Reduction in provisions for bad debt	—	(527)	—	(2,782)
Reduction in provisions for unallocated loss adjustment expense liabilities	(16,795)	(11,661)	(33,198)	(24,513)
Amortization of fair value adjustments	2,369	2,240	4,462	9,827
	(21,710)	(68,365)	(10,162)	(79,183)
Life and annuity policy benefits	29,482	896	30,223	1,870
Salaries and benefits	25,687	24,379	49,297	44,830
General and administrative expenses	20,002	14,156	37,948	29,014
Interest expense	3,091	2,062	5,526	4,173
Net foreign exchange (gains) losses	(8,403)	(627)	(3,321)	1,642
	48,149	(27,499)	109,511	2,346
EARNINGS BEFORE INCOME TAXES	29,740	52,755	50,569	71,903
INCOME TAXES	(4,542)	(11,905)	(12,386)	(15,647)
NET EARNINGS	25,198	40,850	38,183	56,256
Less: Net earnings attributable to noncontrolling interest	(6,001)	(129)	(7,027)	(5,862)
NET EARNINGS ATTRIBUTABLE TO ENSTAR GROUP LIMITED	$ 19,197	$ 40,721	$ 31,156	$ 50,394

We reported consolidated net earnings, before net earnings attributable to noncontrolling interest, of approximately $25.2 million and $38.2 million for the three and six months ended June 30, 2013, respectively, as compared to $40.9 million and $56.3 million for the same periods in 2012. The decrease in earnings for the periods was attributable primarily to the following:

Net premiums earned — Combined net premiums earned for both non-life run-off and life and annuities were $75.6 million and $107.3 million for the three and six months ended June 30, 2013, as compared to $0.9 million and $1.9 million for the same periods in 2012. The significant increase in 2013 was due to the acquisitions of SeaBright and the Pavonia companies in 2013.

Net investment income — Net investment income was $27.3 million and $45.2 million for the three and six months ended June 30, 2013, respectively, as compared to $20.9 million and $41.3 million for the same periods in 2012. The increase in each of the periods during 2013 was primarily attributable to the net investment income earned due to the cash and fixed maturity investments acquired in the SeaBright and Pavonia transactions, partially offset by lower reinvestment yields on reinvested proceeds of matured fixed maturity investments.

Net realized and unrealized (losses) gains on investments — Net realized and unrealized (losses) gains were $(27.9) million and $2.2 million for the three and six months ended June 30, 2013, respectively, as compared to $1.7 million and $27.1 million for the same periods in 2012. The decrease in net realized and unrealized gains between the 2013 and 2012 periods was primarily attributable to the combination of an increase in realized and unrealized losses on fixed income securities in both of our operating segments due primarily to increases in U.S. interest rates and the associated impact on our larger base of investments (following the acquisitions of SeaBright and the Pavonia companies which recorded combined unrealized losses of $22.5 million and $20.8 million for the three and six months ended June 30, 2013). These losses were partially offset by realized and unrealized gains on our equities and other investments.

Net reduction in ultimate loss and loss adjustment expense liabilities — Excluding losses incurred relating to premiums earned by SeaBright of $41.2 million for the three months ended June 30, 2013, net reduction in ultimate loss and loss adjustment expense liabilities were $62.9 million and $68.4 million for the three months ended June 30, 2013 and 2012, respectively. Excluding losses incurred relating to premiums earned by SeaBright of $72.1 million for the six months ended June 30, 2013, net reduction in ultimate loss and loss adjustment expense liabilities were $82.3 million and $79.2 million for the six months ended June 30, 2013 and 2012, respectively. The movements for both the three and six month periods ended June 30, 2013 relate entirely to our non-life run-off segment and are described in greater detail in the segment discussion below.

Life and annuity policy benefits — Life and annuity policy benefits were $29.5 million and $30.2 million for the three and six months ended June 30, 2013, as compared to $0.9 million and $1.9 million for the same periods in 2012. The significant increase in 2013 was due to primarily to the acquisition of the Pavonia companies, which we completed on March 31, 2013. The movements for both the three and six month periods ended June 30, 2013 relate entirely to our life and annuities segment and are described in greater detail in the segment discussion below.

Salaries and benefits — Salaries and benefits for the three and six months ended June 30, 2013 increased by $1.3 million and $4.5 million, respectively, as compared to the same periods in 2012. These increases were primarily due to the salaries and benefits costs associated with both the SeaBright and Pavonia acquisitions, partially offset by a reduction in our bonus accrual amount for 2013 due to lower net earnings.

General and administrative expenses — General and administrative expenses for the three and six months ended June 30, 2013 increased by $5.8 million and $8.9 million, respectively, as compared to the same periods in 2012. These increases were principally due to the general and administrative expenses incurred in 2013 associated with both the SeaBright and Pavonia acquisitions.

Income tax expense — Income tax expense for the three and six months ended June 30, 2013 decreased by $7.4 million and $3.2 million, respectively. Income tax expense is generated through our foreign operations outside of Bermuda, principally in the United States, U.K and Australia. Our income tax expense may fluctuate significantly from period to period depending on the geographic distribution of pre-tax earnings or loss in any given period between different jurisdictions with different tax rates.

Results by Segment for the Three Months Ended June 30, 2013 and 2012

We monitor the performance of our operations in two segments: (i) non-life run-off and (ii) life and annuities.

The following table sets forth our selected consolidated statement of earnings data by segment for the three month periods ended June 30, 2013 and 2012:

	Three Months Ended June 30,					
	Non-Life Run-off		Life and Annuities		Total	
	2013	2012	2013	2012	2013	2012
	(in thousands of U.S. dollars)					
INCOME						
Net premiums earned	$ 41,216	$ —	$ 34,380	$ 896	$ 75,596	$ 896
Consulting fees	2,960	1,775	—	—	2,960	1,775
Net investment income	17,180	20,663	10,072	231	27,252	20,894
Net realized and unrealized (losses) gains	(17,238)	1,198	(10,681)	493	(27,919)	1,691
	44,118	23,636	33,771	1,620	77,889	25,256
EXPENSES						
Net reduction in ultimate loss and loss adjustment expense liabilities:						
Losses incurred on current period premiums earned	41,216	—	—	—	41,216	—
Reduction in estimates of net ultimate losses	(48,500)	(58,417)	—	—	(48,500)	(58,417)
Reduction in provisions for bad debt	—	(527)	—	—	—	(527)
Reduction in provisions for unallocated loss adjustment expense liabilities	(16,795)	(11,661)	—	—	(16,795)	(11,661)
Amortization of fair value adjustments	2,369	2,240	—	—	2,369	2,240
	(21,710)	(68,365)	—	—	(21,710)	(68,365)
Life and annuity policy benefits	—	—	29,482	896	29,482	896
Salaries and benefits	24,626	24,270	1,061	109	25,687	24,379
General and administrative expenses	15,470	13,256	4,532	900	20,002	14,156
Interest expense	2,631	2,062	460	—	3,091	2,062
Net foreign exchange (gains) losses	(8,450)	(567)	47	(60)	(8,403)	(627)
	12,567	(29,344)	35,582	1,845	48,149	(27,499)
EARNINGS (LOSS) BEFORE INCOME TAXES	31,551	52,980	(1,811)	(225)	29,740	52,755
INCOME TAXES	(4,534)	(11,905)	(8)	—	(4,542)	(11,905)
NET EARNINGS (LOSS)	27,017	41,075	(1,819)	(225)	25,198	40,850
Less: Net earnings attributable to noncontrolling interest	(6,001)	(129)	—	—	(6,001)	(129)
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED	$ 21,016	$ 40,946	$ (1,819)	$ (225)	$ 19,197	$ 40,721

Comparison of the Three Months Ended June 30, 2013 and 2012

Non-life Run-off Segment

We reported consolidated net earnings, before net earnings attributable to noncontrolling interest, of approximately $27.0 million and $41.1 million for the three months ended June 30, 2013 and 2012, respectively. The decrease in earnings of approximately $14.1 million was attributable primarily to the following:

(i) a decrease in net reduction in ultimate loss and loss adjustment expense liabilities of $5.4 million (excluding losses incurred relating to premiums earned by SeaBright in the period of $41.2 million);

(ii) net realized and unrealized losses of $17.2 million for the three months ended June 30, 2013, compared to net realized and unrealized gains of $1.2 million for the same period in 2012;

(iii) an increase in general and administrative expenses of $2.2 million; and

(iv) a decrease in net investment income of $3.5 million; partially offset by

(v) an increase in net foreign exchange gains of $7.9 million; and

(vi) a decrease in income tax expense of $7.4 million.

Noncontrolling interest in earnings increased by $5.9 million to $6.0 million for the three months ended June 30, 2013 as a result of higher earnings in those companies in which there are noncontrolling interests. Net earnings attributable to Enstar Group Limited decreased by $19.9 million from $40.9 million for the three months ended June 30, 2012 to $21.0 million for the three months ended June 30, 2013.

Net Premiums Earned:

	Three Months Ended June 30,		
	2013	*Variance*	2012
	(in thousands of U.S. dollars)		
Gross premiums written	$ 4,444		$ —
Ceded reinsurance premiums written	(3,274)		—
Net premiums written	$ 1,170	*$ 1,170*	$ —
Gross premiums earned	$ 45,414		$ —
Ceded reinsurance premiums earned	(4,198)		—
Net premiums earned	$ 41,216	*$ 41,216*	$ —

Premiums Written

Gross premiums written consist of direct premiums written and premiums assumed by SeaBright from the National Council on Compensation Insurance (or NCCI) residual market pools. Upon acquisition, SeaBright was placed into run-off and, as a result, stopped writing new insurance policies. SeaBright was renewing expiring insurance policies when it was obligated to do so by regulators, but has now received approvals from all states relieving it of this obligation.

Gross and net premiums written by SeaBright for the three months ended June 30, 2013 totaled $4.4 million and $1.2 million, respectively. Now that SeaBright's exit from the mandatory renewal process, which occurred prior to June 30, 2013, has been approved, we expect that SeaBright will no longer generate premiums written.

Premiums Earned

Our gross premiums earned totaled $45.4 million for the three months ended June 30, 2013. Ceded premiums earned for the three months ended June 30, 2013 were $4.2 million. Accordingly, net premiums earned totaled $41.2 million for the three months ended June 30, 2013.

Net Investment Income and Net Realized and Unrealized (Losses) Gains:

	Three Months Ended June 30,					
	Net Investment Income			Net Realized and Unrealized (Losses) Gains		
	2013	*Variance*	2012	2013	*Variance*	2012
	(in thousands of U.S. dollars)					
Total	$17,180	*$(3,483)*	$20,663	$(17,238)	*$(18,436)*	$ 1,198

Net investment income for the three months ended June 30, 2013 decreased by $3.5 million to $17.2 million, as compared to $20.7 million for the three months ended June 30, 2012. The decrease was primarily a result of lower yields obtained on the cash and fixed income portfolios as securities with higher yields matured and were reinvested at lower yields during the three months ended June 30, 2013. The decrease was partially offset by higher cash and investment balances due to the SeaBright transaction, which closed on February 7, 2013. The average cash and investments balance was approximately 38% higher during the three months ended June 30, 2013 as compared to the same period in 2012.

Net realized and unrealized (losses) gains for the three months ended June 30, 2013 and 2012 were $(17.2) million and $1.2 million, respectively. The increase in net realized and unrealized losses of $18.4 million was primarily attributable to a combination of the following:

(i) an increase of $31.6 million in net unrealized and realized losses (including $11.9 million relating to SeaBright); on fixed income securities due primarily to increases in U.S. interest rates partially offset by

(ii) an increase of $6.2 million in net unrealized and realized gains due to greater amounts invested in, and improved performance of, our equity portfolios; and

(iii) an increase of $6.7 million in net unrealized and realized gains due to greater amounts invested in, and improved performance of, our private equity and other investment holdings.

The annualized investment return on cash and fixed maturities (inclusive of net realized and unrealized losses, but excluding net investment income and net realized and unrealized gains related to our other investments and equities) for the three months ended June 30, 2013 was (1.59)% as compared to the annualized investment return of 1.88% for the three months ended June 30, 2012. The annualized investment return on our other investments and equities (inclusive of net realized and unrealized (losses) gains) for the three months ended June 30, 2013 was 10.65% as compared to the annualized investment return of 1.74% for the three months ended June 30, 2012.

The average credit ratings of our fixed maturity investments for the three months ended June 30, 2013 and June 30, 2012 were A+ and AA-, respectively.

Net Reduction in Ultimate Loss and Loss Adjustment Expense Liabilities:

The following table shows the components of the movement in the net reduction in ultimate loss and loss adjustment expense liabilities for the three months ended June 30, 2013 and 2012:

	Three Months Ended June 30,					
	2013			2012		
	Prior Periods	Current Period	Total	Prior Periods	Current Period	Total
	(in thousands of U.S. dollars)					
Net losses paid	$ (40,884)	$ (8,496)	$(49,381)	$ (72,771)	$ —	$ (72,771)
Net change in case and LAE reserves	74,166	(10,133)	64,033	108,829	—	108,829
Net change in IBNR reserves	15,218	(22,587)	(7,368)	22,359	—	22,359
Reduction (increase) in estimates of net ultimate losses	48,500	(41,216)	7,284	58,417	—	58,417
Reduction in provisions for bad debt	—	—	—	527	—	527
Reduction in provisions for unallocated loss adjustment expense liabilities	16,795	—	16,795	11,661	—	11,661
Amortization of fair value adjustments	(2,369)	—	(2,369)	(2,240)	—	(2,240)
Net reduction (increase) in ultimate loss and loss adjustment expense liabilities	$ 62,926	$ (41,216)	$ 21,710	$ 68,365	$ —	$ 68,365

Net change in case and loss adjustment expense reserves, or LAE reserves, comprises the movement during the quarter 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. Net change in incurred but not reported reserves, or IBNR reserves, represents the change in our actuarial estimates of losses incurred but not reported, less amounts recoverable.

The net reduction in ultimate loss and loss adjustment expense liabilities for the three months ended June 30, 2013 of $21.7 million included losses incurred of $41.2 million related to premiums earned in the period by SeaBright. Excluding SeaBright's incurred losses of $41.2 million, ultimate loss and loss adjustment expenses relating to prior periods were reduced by $62.9 million. This decrease was attributable to a reduction in estimates of net ultimate losses of $48.5 million and a reduction in provisions for unallocated loss adjustment expense liabilities of $16.8 million, relating to 2013 run-off activity, partially offset by amortization of fair value adjustments over the estimated payout period relating to companies acquired amounting to $2.4 million.

Excluding the impact of losses incurred of $41.2 million relating to SeaBright, the reduction in estimates of net ultimate losses of $48.5 million was primarily due to:

(i) our review of historic case reserves for which no updated advices had been received for a number of years. This review identified the redundancy of a number of advised case reserves with an estimated aggregate value of approximately $8.3 million;

(ii) net favorable incurred loss development of $25.0 million (excluding the impact of redundant case reserves of $8.3 million) which included the settlement of net ceded case reserves of $26.2 million (excluding ceded IBNR recoverable) for net paid receipts of $74.3 million relating to the settlement of five commutations and policy buy-backs of assumed and ceded exposures including the commutation of one of our top ten ceded reinsurance balances recoverable; and

(iii) a reduction in IBNR reserves of $20.2 million as a result of the application, on a basis consistent with the assumptions applied in the prior period, of our actuarial methodologies to revised historical loss development data to estimate loss reserves required to cover liabilities for unpaid loss and loss adjustment expenses relating to non-commuted exposures in one of our Bermuda-based reinsurance subsidiaries. The prior period estimate of aggregate net IBNR liabilities for this subsidiary was reduced as a result of the favorable trend of loss development during 2013 compared to prior forecasts.

The net reduction in ultimate loss and loss adjustment expense liabilities for the three months ended June 30, 2012 of $68.4 million was attributable to a reduction in estimates of net ultimate losses of $58.4 million, a reduction in provisions for bad debt of $0.5 million and a reduction in provisions for unallocated loss adjustment expense liabilities of $11.7 million, relating to 2012 runoff activity, partially offset by the amortization of fair value adjustments over the estimated payout period relating to companies acquired amounting to $2.2 million.

The reduction in estimates of net ultimate losses of $58.4 million for the three months ended June 30, 2012, comprised of net favorable incurred loss development of $36.0 million and reductions in IBNR reserves of $22.4 million, primarily related to the completion of six commutations of assumed reinsurance liabilities, including one of our largest ten policyholder exposures as at January 1, 2012, and two commutations of ceded reinsurance recoverables, one of which was among our largest ten reinsurance balances recoverable as at January 1, 2012.

The reduction in provisions for bad debt of $0.5 million resulted from the collection of recoverables against which bad debt provisions had been provided for in earlier periods.

The table below provides a reconciliation of the beginning and ending reserves for losses and loss adjustment expenses for the three months ended June 30, 2013 and 2012. Losses incurred and paid are reflected net of reinsurance recoverables.

	Three Months Ended June 30,	
	2013	2012
	(in thousands of U.S. dollars)	
Balance as at April 1 (1)	$ 4,143,799	$ 4,126,536
Less: total reinsurance reserves recoverable	947,750	1,294,606
	3,196,049	2,831,930
Net reduction in ultimate losses and loss adjustment expense liabilities related to:		
Current period	41,216	—
Prior periods	(62,926)	(68,365)
Total net reduction in ultimate losses and loss adjustment expense liabilities	(21,710)	(68,365)
Net losses paid related to:		
Current period	(8,496)	—
Prior periods	(40,884)	(72,771)
Total net losses paid	(49,380)	(72,771)
Effect of exchange rate movement	(9,411)	(16,760)
Assumed business	36,718	58,721
Net balance as at June 30	3,152,266	2,732,755
Plus: total reinsurance reserves recoverable	888,970	1,064,854
Balance as at June 30	$ 4,041,236	$ 3,797,609

(1) We have reclassified outstanding loss and loss adjustment expenses of $11.1 million and $12.1 million to policy benefits for life and annuity contracts as at April 1, 2013 and 2012, respectively, to conform to the current period presentation. These amounts are associated with Laguna Life Limited, or Laguna, which now forms part of our life and annuities segment that was established following the acquisition of the Pavonia companies.

Salaries and Benefits:

	Three Months Ended June 30,		
	2013	*Variance*	2012
	(in thousands of U.S. dollars)		
Total	$24,626	*$ (356)*	$24,270

Salaries and benefits, which include expenses relating to our discretionary bonus and employee share plans, were $24.6 million and $24.3 million for the three months ended June 30, 2013 and 2012, respectively.

The principal changes in salaries and benefits were:

(i) a decrease in the bonus accrual of approximately $3.7 million for the three months ended June 30, 2013 as compared to 2012 (expenses relating to our bonus plan will be variable and are dependent on our overall profitability); offset by

(ii) increased staff costs primarily associated with our acquisition of SeaBright.

General and Administrative Expenses:

	Three Months Ended June 30,		
	2013	*Variance*	2012
	(in thousands of U.S. dollars)		
Total	$15,470	*$ (2,214)*	$13,256

General and administrative expenses increased by $2.2 million during the three months ended June 30, 2013, as compared to the three months ended June 30, 2012. The increase in expenses for 2013 related primarily to general and administrative expenses of $3.0 million incurred by SeaBright for the three months ended June 30, 2013, partially offset by a reduction in our legal fees of $0.8 million due primarily to decreased legal fees and settlement costs associated with due diligence projects. We expect general and administrative expenses to increase in 2013 over 2012 levels due primarily to the SeaBright acquisition.

Net Foreign Exchange Gains:

	Three Months Ended June 30,		
	2013	*Variance*	2012
	(in thousands of U.S. dollars)		
Total	$ 8,450	*$ 7,883*	$ 567

We recorded net foreign exchange gains of $8.5 million and $0.6 million for the three months ended June 30, 2013 and 2012, respectively. The net foreign exchange gains for the three months ended June 30, 2013 arose primarily as a result of us holding surplus U.S. dollar assets in one of our subsidiaries whose functional currency is Australian dollars at a time when the Australian dollar depreciated sharply against the U.S. dollar. The Australian dollar to U.S. dollar exchange rate decreased from AU$1 = $1.0425 at March 31, 2013 to AU$1 = $0.9154 at June 30, 2013, a decrease of 12.2% for the quarter.

In addition to the net foreign exchange gains recorded in our consolidated statement of earnings for the three months ended June 30, 2013, we recorded in our condensed consolidated statement of comprehensive income currency translation adjustment losses, net of noncontrolling interest, related to our non-life run-off segment of $12.5 million and $3.3 million for the three months ended June 30, 2013 and 2012, respectively. For the three months ended June 30, 2013 and 2012, the currency translation adjustments related primarily to our Australian-based subsidiaries. As the functional currency of these subsidiaries are Australian dollars, we record any U.S. dollar gains or losses on the translation of their net Australian dollar assets through accumulated other comprehensive income.

Income Tax Expense:

	Three Months Ended June 30,		
	2013	*Variance*	2012
	(in thousands of U.S. dollars)		
Total	$ 4,534	*$ 7,371*	$11,905

We recorded income tax expense of $4.5 million and $11.9 million for the three months ended June 30, 2013 and 2012, respectively. The decrease in taxes for the three months ended June 30, 2013 was due

predominantly to lower overall net earnings in our taxable subsidiaries as compared to those earned in the same period in 2012.

Noncontrolling Interest:

	Three Months Ended June 30,		
	2013	*Variance*	2012
	(in thousands of U.S. dollars)		
Total	$ 6,001	*$ (5,872)*	$ 129

We recorded a noncontrolling interest in earnings of $6.0 million and $0.1 million for the three months ended June 30, 2013 and 2012, respectively. The increase in noncontrolling interest for the three months ended June 30, 2013 was due primarily to an increase in earnings for those companies where there exists a noncontrolling interest.

Life and Annuities Segment

On March 31, 2013, we acquired the Pavonia companies and, as a result, reevaluated our segment reporting. As part of that reevaluation, we have included the results of Laguna within the life and annuities segment for both the three months ended June 30, 2013 and 2012.

Net Premiums Earned

	Three Months Ended June 30,	
	2013	2012
	(in thousands of U.S. dollars)	
Term life insurance	$ 9,044	$ 896
Assumed life reinsurance	6,678	—
Credit life and disability	17,521	—
Other products	1,137	—
	$ 34,380	$ 896

Net premiums earned were $34.4 million and $0.9 million for the three months ended June 30, 2013 and 2012, respectively. Term life premiums consist primarily of monthly premium collections coupled with annual premiums earned as collected. The term life business consists of 10, 15, 20 and 30 year direct term business with approximately 90% of premiums to be earned over the next 20 years. The assumed life reinsurance premiums will continue to be earned until the year 2052; however, approximately 70% are expected to be earned within the next ten years. Credit life and disability premiums are fixed monthly premiums received on credit products that mostly consist of sub-prime mortgages in the U.S. and Canada; approximately 90% of these premiums are expected to be earned before the year 2023. Other products in our Pavonia companies primarily consist of employment and property insurance related to sub-prime mortgages.

For our life and annuities business, our strategy differs from our non-life run-off business, in particular because we are unable to shorten the duration of the liabilities in these businesses through either commutations or policy buy-backs. Instead, we will hold the policies associated with the life and annuities business to their natural maturity.

Net premiums earned in 2012 relate to the Laguna term life business.

Net Investment Income and Net Realized and Unrealized (Losses) Gains:

	Three Months Ended June 30,					
	Net Investment Income			Net Realized and Unrealized (Losses) Gains		
	2013	*Variance*	2012	2013	*Variance*	2012
	(in thousands of U.S. dollars)					
Total	$ 10,072	*$ 9,841*	$ 231	$ (10,681)	*$ (11,174)*	$ 493

Net investment income for the three months ended June 30, 2013 and 2012 was $10.1 million and $0.2 million, respectively. The increase was primarily due to the inclusion of the cash and fixed income securities associated with the acquisition of the Pavonia companies on March 31, 2013.

Net realized and unrealized (losses) gains for the three months ended June 30, 2013 and 2012 were $(10.7) million and $0.5 million, respectively. The increase in net realized and unrealized losses of $11.2 million was due to the acquisition of the investments of the Pavonia companies and losses on those fixed income investments due primarily to increases in U.S. interest rates during the three month period ending June 30, 2013.

Our fixed maturity investments associated with our PPA business are primarily highly rated corporate bonds with which we attempt to match duration and cash flows to the liability profile for this business. As these fixed maturity investments are classified as held-to-maturity, we invest surplus cash flows from maturities into longer dated fixed maturities. As at June 30, 2013, the duration of our fixed maturity investment portfolio associated with our PPA business was shorter than the liabilities, as a significant amount of the liabilities extend beyond 30 years and it is difficult, due to limited investment options, to match duration and cash flows beyond that period.

Our fixed maturity investments associated with our non-PPA life business are primarily highly rated corporate bonds with which we attempt to match duration and cash flows to the liability profile for this business (the non-PPA business has a short duration liability profile). These fixed maturity investments are classified as trading, and therefore we may sell existing securities to buy higher yielding securities and funds in the future. As at June 30, 2013, the duration of our fixed maturity investment portfolio associated with our non-PPA life business was shorter than the liabilities, however, we have the discretion to change this in the future.

Life and Annuity Policy Benefits:

	Three Months Ended June 30,	
	2013	2012
	(in thousands of U.S. dollars)	
Periodic payment annuity benefits paid	$ 12,695	$ —
Reduction in periodic payment annuity benefit reserves	(6,406)	—
Net change in periodic payment annuity benefit reserves	6,289	—
Net life claims benefits paid	17,402	—
Net change in life claims benefit reserves	(631)	896
Commissions	3,920	—
Amortization of fair value adjustments	2,502	—
Net ultimate change in life benefit reserves	23,193	896
	$ 29,482	$ 896

Life and annuity policy benefits were $29.5 million and $0.9 million for the three months ended June 30, 2013 and 2012, respectively. PPA benefits paid were $12.7 million, which was an average of approximately $4.0 million per month, offset by a reduction in annuity benefit reserves of $6.4 million. Net ultimate change in life benefit reserves of $23.2 million was comprised of net life claims benefits paid and net change in life claims benefit reserves of $16.8 million, commissions of $3.9 million and amortization of fair value adjustments of $2.5 million.

Salaries and Benefits:

	Three Months Ended June 30,		
	2013	*Variance*	2012
	(in thousands of U.S. dollars)		
Total	$1,061	*(952)*	$ 109

Salaries and benefits, which include expenses relating to our discretionary bonus and employee share plans, were $1.1 million and $0.1 million for the three months ended June 30, 2013 and 2012, respectively. The increase in costs was attributable to the 47 person increase in headcount associated with the acquisition of the Pavonia companies. As at June 30, 2013, the life and annuities segment had 51 employees based in our offices in the U.S. and Ireland.

General and Administrative Expenses:

	Three Months Ended June 30,		
	2013	*Variance*	2012
	(in thousands of U.S. dollars)		
Total	$4,532	*(3,632)*	$ 900

General and administrative expenses were $4.5 million and $0.9 million for the three months ended June 30, 2013 and 2012, respectively. Included within general and administrative expenses for the three months ended June 30, 2013 were $1.5 million related to legal and professional fees. The remainder of $3.0 million included costs associated with information technology costs, rent, bank charges and other expenses, of which approximately $1.0 million related to non-recurring transition costs.

Results by Segment for the Six Months Ended June 30, 2013 and 2012

The following table sets forth our selected consolidated statement of earnings results by segment for the six month periods ended June 30, 2013 and 2012:

	Six Months Ended June 30,					
	Non-Life Run-off		Life and Annuities		Total	
	2013	2012	2013	2012	2013	2012
	(expressed in thousands of U.S. dollars)					
INCOME						
Net premiums earned	$ 72,136	$ —	$ 35,121	$ 1,870	$ 107,257	$ 1,870
Consulting fees	5,407	3,969	—	—	5,407	3,969
Net investment income	34,871	40,928	10,344	409	45,215	41,337
Net realized and unrealized gains (losses)	13,040	26,189	(10,839)	884	2,201	27,073
	125,454	71,086	34,626	3,163	160,080	74,249
EXPENSES						
Net reduction in ultimate loss and loss adjustment expense liabilities:						
Losses incurred on current period premiums earned	72,136	—	—	—	72,136	—
Reduction in estimates of net ultimate losses	(53,562)	(61,715)	—	—	(53,562)	(61,715)
Reduction in provisions for bad debt	—	(2,782)	—	—	—	(2,782)
Reduction in provisions for unallocated loss adjustment expense liabilities	(33,198)	(24,513)	—	—	(33,198)	(24,513)
Amortization of fair value adjustments	4,462	9,827	—	—	4,462	9,827
	(10,162)	(79,183)	—	—	(10,162)	(79,183)
Life and annuity policy benefits	—	—	30,223	1,870	30,223	1,870
Salaries and benefits	48,090	44,610	1,207	220	49,297	44,830
General and administrative expenses	31,704	27,915	6,244	1,099	37,948	29,014
Interest expense	5,051	4,173	475	—	5,526	4,173
Net foreign exchange (gains) losses	(3,514)	1,705	193	(63)	(3,321)	1,642
	71,169	(780)	38,342	3,126	109,511	2,346
EARNINGS (LOSS) BEFORE INCOME TAXES	54,285	71,866	(3,716)	37	50,569	71,903
INCOME TAXES	(12,358)	(15,647)	(28)	—	(12,386)	(15,647)
NET EARNINGS (LOSS)	41,927	56,219	(3,744)	37	38,183	56,256
Less: Net earnings attributable to noncontrolling interest	(7,027)	(5,862)	—	—	(7,027)	(5,862)
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED	$ 34,900	$ 50,357	$ (3,744)	$ 37	$ 31,156	$ 50,394

Comparison of the Six Months Ended June 30, 2013 and 2012

Non-Life Run-off Segment

We reported consolidated net earnings, before net earnings attributable to noncontrolling interest, of approximately $41.9 million and $56.2 million for the six months ended June 30, 2013 and 2012, respectively. The decrease in earnings of approximately $14.3 million was primarily attributable to the following:

(i) a decrease in net realized and unrealized gains of $13.1 million due to an increase in net realized and unrealized losses on our fixed maturity investments classified as trading;

(ii) a decrease in net investment income of $6.1 million; and

(iii) an increase in general and administrative expenses of $3.8 million; partially offset by

(iv) an increase in net reduction in ultimate loss and loss adjustment expense liabilities of $3.1 million (excluding losses incurred relating to premiums earned by SeaBright in the period of $72.1 million);

(v) a decrease in income tax expense of $3.3 million; and

(vi) a net foreign exchange gain of $3.5 million for the six months ended June 30, 2013, which was a $5.2 million increase from the net foreign exchange loss for the same period in 2012.

Noncontrolling interest in earnings increased by $1.2 million to $7.0 million for the six months ended June 30, 2013 as a result of higher earnings in those companies in which there are noncontrolling interests. Net earnings attributable to Enstar Group Limited decreased by $15.5 million from $50.4 million for the six months ended June 30, 2012 to $34.9 million for the six months ended June 30, 2013.

Net Premiums Earned:

	Six Months Ended June 30,		
	2013	*Variance*	2012
	(in thousands of U.S. dollars)		
Gross premiums written	$ 16,542		$ —
Ceded reinsurance premiums written	(5,664)		—
Net premiums written	$ 10,878	*$ 10,878*	$ —
Gross premiums earned	$ 79,549		$ —
Ceded reinsurance premiums earned	(7,413)		—
Net premiums earned	$ 72,136	*$ 72,136*	$ —

Premiums Written

Gross and net premiums written by SeaBright from the date of acquisition to June 30, 2013 totaled $16.5 million and $10.9 million, respectively. Now that SeaBright's exit from the mandatory renewal process has been approved, we expect that SeaBright will no longer generate premiums written.

Premiums Earned

Our gross premiums earned totaled $79.5 million for the period from the date of acquisition to June 30, 2013. Ceded reinsurance premiums earned for the period from the date of the SeaBright acquisition to June 30, 2013 totaled $7.4 million. Accordingly, net premiums earned totaled $72.1 million for the period from the date of acquisition to June 30, 2013.

Net Investment Income and Net Realized and Unrealized Gains:

	Six Months Ended June 30,					
	Net Investment Income			Net Realized and Unrealized Gains		
	2013	*Variance*	2012	2013	*Variance*	2012
	(in thousands of U.S. dollars)					
Total	$34,871	*$(6,057)*	$40,928	$13,040	*$(13,149)*	$26,189

Net investment income for the six months ended June 30, 2013 decreased by $6.0 million to $34.9 million, as compared to $40.9 million for the six months ended June 30, 2012. The decrease was primarily a result of lower yields obtained on the cash and fixed income portfolios as securities with higher yields matured and were reinvested at lower yields during the six months ended June 30, 2013. This decrease was partially offset by net investment income attributable to higher cash and investments balances due to the SeaBright transaction which closed on February 7, 2013. The average cash and investments balances were 14% higher during the first six months of 2013 as compared to the same period in 2012.

Net realized and unrealized gains for the six months ended June 30, 2013 decreased by $13.2 million to $13.0 million, as compared to $26.2 million for the six months ended June 30, 2012. The decrease was primarily attributable to a combination of the following:

(i) an increase of $43.5 million in net unrealized and realized losses (including $10.1 million related to SeaBright) on fixed income securities due primarily to increases in U.S. interest rates during the six months ended June 30, 2013; partially offset by

(ii) an increase of $23.3 million in net unrealized and realized gains due to greater amounts invested in, and improved performance of, our private equity and other investment holdings; and

(iii) an increase of $6.3 million in net unrealized and realized gains due to greater amounts invested in, and improved performance of, our equity portfolios.

The annualized investment return on cash and fixed maturities (inclusive of net realized and unrealized gains, but excluding net investment income and net realized and unrealized gains related to our other investments and equities) for the six months ended June 30, 2013 was (0.1)% as compared to the annualized investment return of 1.1% for the six months ended June 30, 2012. The annualized investment return on our other investments and equities (inclusive of net realized and unrealized gains) for the six months ended June 30, 2013 was 16.0% as compared to the annualized investment return of 4.4% for the six months ended June 30, 2012.

The average credit ratings of our fixed maturity investments for the six months ended June 30, 2013 and 2012 were A+ and AA-, respectively.

Net Reduction in Ultimate Loss and Loss Adjustment Expense Liabilities:

The following table shows the components of the movement in the net (increase) reduction in ultimate loss and loss adjustment expense liabilities for the six months ended June 30, 2013 and 2012:

	Six Months Ended June 30,					
	2013			2012		
	Prior Periods	Current Period	Total	Prior Periods	Current Period	Total
	(in thousands of U.S. dollars)					
Net losses paid	$(122,018)	$ (13,423)	$(135,441)	$(135,481)	$ —	$(135,481)
Net change in case and LAE reserves	137,612	(15,379)	122,233	169,944	—	169,944
Net change in IBNR reserves	37,968	(43,334)	(5,366)	27,252	—	27,252
Reduction (increase) in estimates of net ultimate losses	53,562	(72,136)	(18,574)	61,715	—	61,715
Reduction in provisions for bad debt	—	—	—	2,782	—	2,782
Reduction in provisions for unallocated loss adjustment expense liabilities	33,198	—	33,198	24,513	—	24,513
Amortization of fair value adjustments	(4,462)	—	(4,462)	(9,827)	—	(9,827)
Net reduction (increase) in ultimate loss and loss adjustment expense liabilities	$ 82,298	$ (72,136)	$ 10,162	$ 79,183	$ —	$ 79,183

The net reduction in ultimate loss and loss adjustment expense liabilities for the six months ended June 30, 2013 of $10.2 million included incurred losses of $72.1 million related to premiums earned in the period by SeaBright. Excluding SeaBright's incurred losses of $72.1 million, ultimate loss and loss adjustment expenses relating to prior periods were reduced by $82.3 million, which was attributable to a reduction in estimates of net ultimate losses of $53.6 million and a reduction in provisions for unallocated loss adjustment expense liabilities of $33.2 million, relating to 2013 run-off activity, partially offset by amortization of fair value adjustments over the estimated payout period relating to companies acquired amounting to $4.5 million.

Excluding the impact of losses incurred of $72.1 million relating to SeaBright, the reduction in estimates of net ultimate losses of $53.6 million was primarily related to:

(i) our quarterly review of historic case reserves for which no updated advices had been received for a number of years. This review identified the redundancy of a number of advised case reserves with an estimated aggregate value of approximately $16.6 million;

(ii) net adverse incurred loss development of $1.0 million (excluding the impact of redundant case reserves of $16.6 million) which included the settlement of net ceded case reserves of $26.2 million (excluding ceded IBNR recoverable) for net paid receipts of $74.3 million relating to the settlement of five commutations and policy buy-backs of assumed and ceded exposures including the commutation of one of our top ten ceded reinsurance balances recoverable; and

(iii) a reduction in IBNR reserves of $20.2 million as a result of the application, on a basis consistent with the assumptions applied in the prior period, of our actuarial methodologies to revised historical loss development data to estimate loss reserves required to cover liabilities for unpaid loss and loss adjustment expenses relating to non-commuted exposures in one of our Bermuda-based reinsurance subsidiaries. The prior period estimate of aggregate net IBNR liabilities for this subsidiary was reduced as a result of the favorable trend of loss development during 2013 compared to prior forecasts.

The net reduction in ultimate loss and loss adjustment expense liabilities for the six months ended June 30, 2012 of $79.2 million was attributable to a reduction in estimates of net ultimate losses of $61.7 million, a reduction in provisions for bad debt of $2.8 million and a reduction in provisions for unallocated loss adjustment expense liabilities of $24.5 million, relating to 2012 runoff activity, partially offset by the amortization of fair value adjustments over the estimated payout period relating to companies acquired amounting to $9.8 million.

The reduction in estimates of net ultimate losses of $61.7 million for the six months ended June 30, 2012, comprised of net favorable incurred loss development of $34.4 million and reductions in IBNR reserves of $27.3 million, primarily related to the completion of six commutations of assumed reinsurance liabilities, including one of our largest ten policyholder exposures as at January 1, 2012, and two commutations of ceded reinsurance recoverables, one of which was amongst our largest ten reinsurance balances recoverable as at January 1, 2012.

The reduction in provisions for bad debt of $2.8 million resulted from the collection of recoverables against which bad debt provisions had been provided for in earlier periods.

The table below provides a reconciliation of the beginning and ending reserves for loss and loss adjustment expenses for the six months ended June 30, 2013 and 2012. Losses incurred and paid are reflected net of reinsurance recoverables.

	Six Months Ended June 30,	
	2013	2012
	(in thousands of U.S. dollars)	
Balance as at January 1 (1)	$ 3,650,127	$ 4,272,081
Less: total reinsurance reserves recoverable	876,220	1,383,003
	2,773,907	2,889,078
Net reduction in ultimate losses and loss adjustment expense liabilities related to:		
Current period	72,136	—
Prior periods	(82,298)	(79,183)
Total net reduction in ultimate losses and loss adjustment expense liabilities	(10,162)	(79,183)
Net losses paid related to:		
Current period	(13,423)	—
Prior periods	(122,018)	(135,481)
Total net losses paid	(135,441)	(135,481)
Effect of exchange rate movement	(35,362)	(2,780)
Acquired on purchase of subsidiaries	479,982	—
Assumed business	79,342	61,121
Net balance as at June 30	3,152,266	2,732,755
Plus: total reinsurance reserves recoverable	888,970	1,064,854
Balance as at June 30	$ 4,041,236	$ 3,797,609

(1) We have reclassified outstanding losses and loss adjustment expenses of $11.0 million and $10.8 million to policy benefits for life and annuity contracts as at January 1, 2013 and 2012, respectively, to conform to the current period presentation. These amounts are associated with Laguna which now forms part of our life and annuities segment that was established following the acquisition of the Pavonia companies.

Salaries and Benefits:

	Six Months Ended June 30,		
	2013	*Variance*	2012
	(in thousands of U.S. dollars)		
Total	$48,090	*$ (3,480)*	$44,610

Salaries and benefits, which include expenses relating to our discretionary bonus and employee share plans, were $48.1 million and $44.6 million for the six months ended June 30, 2013 and 2012, respectively.

The principal changes in salaries and benefits were:

(i) increased staff costs primarily associated with our acquisition of SeaBright; partially offset by

(ii) a decrease in the bonus accrual of approximately $3.3 million for the six months ended June 30, 2013 as compared to 2012. Expenses relating to our bonus plan will be variable and are dependent on our overall profitability.

General and Administrative Expenses:

	Six Months Ended June 30,		
	2013	*Variance*	2012
	(in thousands of U.S. dollars)		
Total	$31,704	*$ (3,789)*	$27,915

General and administrative expenses increased by $3.8 million during the six months ended June 30, 2013, as compared to the six months ended June 30, 2012. The $3.8 million increase was due principally to:

(i) general and administrative expenses of $6.5 million incurred by SeaBright from the date of acquisition to June 30, 2013; and

(ii) an increase in computer and related expenses of approximately $2.2 million due primarily to ongoing technology infrastructure projects; partially offset by

(iii) a decrease in bank costs of $1.3 million primarily associated with the arrangement and agency fees paid in connection with establishing credit facilities in 2012; and

(iv) a decrease in professional fees of approximately $2.9 million due primarily to decreased legal fees and settlement costs associated with due diligence projects and decreased other professional and consulting fees.

Interest Expense:

	Six Months Ended June 30,		
	2013	*Variance*	2012
	(in thousands of U.S. dollars)		
Total	$ 5,051	*$ (878)*	$ 4,173

Interest expense of $5.1 million and $4.2 million was recorded for the six months ended June 30, 2013 and 2012, respectively. The increase in interest expense was primarily attributable to the increase in the amounts of loans outstanding during the six months ended June 30, 2013 as compared to the six months ended June 30, 2012.

Net Foreign Exchange Gains (Losses):

	Six Months Ended June 30,		
	2013	*Variance*	2012
	(in thousands of U.S. dollars)		
Total	$ 3,514	*$ 5,219*	$ (1,705)

We recorded net foreign exchange gains (losses) of $3.5 million and $(1.7) million for the six months ended June 30, 2013 and 2012, respectively. The net foreign exchange gains for the six months ended June 30, 2013 arose primarily as a result of us holding surplus U.S. dollar assets in one of our subsidiaries whose functional currency is Australian dollars at a time when the Australian dollar depreciated sharply against the U.S. dollar. The Australian dollar to U.S. dollar exchange rate decreased from AU$1 = $1.0382 at December 31, 2012 to AU$1 = $0.9154 at June 30, 2013, a decrease of 11.8% for the period. These gains were partially offset by net foreign exchange losses incurred during the six months ended June 30, 2013 arising as a result of holding surplus British pound and Euro assets at a time when the U.S. dollar was appreciating against these currencies.

In addition to the net foreign exchange gains recorded in our consolidated statement of earnings for the six months ended June 30, 2013, we recorded in our condensed consolidated statement of comprehensive income

currency translation adjustment losses, net of noncontrolling interest, related to our non-life run-off segment of $13.7 million and $1.5 million for the six months ended June 30, 2013 and 2012, respectively. For the six months ended June 30, 2013 and 2012, the currency translation adjustments related primarily to our Australian-based and Ireland-based subsidiaries. As the functional currency of these subsidiaries is Australian dollars and Euros, respectively, we record any U.S. dollar gains or losses on the translation of their net Australian dollar or Euro assets through accumulated other comprehensive income.

Income Tax Expense:

	Six Months Ended June 30,		
	2013	*Variance*	2012
	(in thousands of U.S. dollars)		
Total	$12,358	*$ 3,289*	$15,647

We recorded income tax expense of $12.4 million and $15.6 million for the six months ended June 30, 2013 and 2012, respectively. The decrease in taxes for the six months ended June 30, 2013 was due largely to lower overall net earnings in our taxable subsidiaries as compared to those earned in the same period in 2012 and from tax benefits arising on reductions in our uncertain tax positions.

Noncontrolling Interest:

	Six Months Ended June 30,		
	2013	*Variance*	2012
	(in thousands of U.S. dollars)		
Total	$ 7,027	*$ (1,165)*	$ 5,862

We recorded a noncontrolling interest in earnings of $7.0 million and $5.9 million for the six months ended June 30, 2013 and 2012, respectively. The increase in noncontrolling interest for the six months ended June 30, 2013 was due primarily to an increase in earnings for those companies where there exists a noncontrolling interest.

Life and Annuities Segment

Primarily because we acquired the Pavonia companies on March 31, 2013, results of operations for our life and annuities segment for the six month period ended June 30, 2013 were substantially the same as those for the three-month period ended June 30, 2013, which are described above.

Liquidity and Capital Resources

Our capital management strategy is to preserve sufficient capital to enable us to make future acquisitions while maintaining a conservative investment strategy. As we are a holding company and have no substantial operations of our own, our assets consist primarily of investments in subsidiaries. The potential sources of the cash flows to Enstar as a holding company consist of dividends, advances and loans from our subsidiary companies. Most of those subsidiaries are regulated entities, and restrictions on their ability to pay dividends and make other distributions may apply.

At June 30, 2013, we had total cash and cash equivalents, restricted cash and cash equivalents and investments of $6.23 billion, compared to $4.31 billion at December 31, 2012. The increase of $1.92 billion was primarily a result of the completion of the SeaBright and Pavonia acquisitions. Our cash and cash equivalents portfolio is comprised mainly of cash, high-grade fixed deposits, commercial paper with maturities of less than three months and money market funds. We expect our total cash and cash equivalents, restricted cash and cash equivalents and investments to increase once the acquisitions of Atrium, Arden and Torus are completed.

Reinsurance Recoverables — Non-life Run-off

As of June 30, 2013 and December 31, 2012, the Company had total non-life run-off reinsurance balances recoverable of $1.14 billion and $1.12 billion, respectively. The increase of $14.0 million in total non-life run-off

reinsurance balances recoverable was primarily a result of the completion of acquisitions in the period partially offset by commutations and cash collections made during the six months ended June 30, 2013. At June 30, 2013 and December 31, 2012, the provision for uncollectible reinsurance recoverable relating to total non-life run-off reinsurance balances recoverable was $338.3 million and $343.9 million, respectively. To estimate the provision for uncollectible reinsurance balances recoverable, the balances are first allocated to applicable reinsurers. This determination is based on a detailed process, although management judgment is involved. As part of this process, ceded incurred but not reported ("IBNR") reserves are allocated by reinsurer. The ratio of the provision for uncollectible reinsurance balances recoverable to total reinsurance balances recoverable (excluding provision for uncollectible reinsurance recoverable) as of June 30, 2013 decreased to 22.9% as compared to 23.4% as of December 31, 2012, primarily as a result of reinsurance balances recoverable of companies acquired during the period against which there were minimal provisions for uncollectible reinsurance balances recoverable.

Cash Flows

The following table summarizes our consolidated cash flows from operating, investing and financing activities for the six months ended June 30, 2013 and 2012:

	Six Months Ended June 30,	
Total cash (used in) provided by:	**2013**	**2012**
	(in thousands of U.S. dollars)	
Operating activities	$ (11,423)	$ (186,555)
Investing activities	(254,889)	146,903
Financing activities	225,260	(142,096)
Effect of exchange rate changes on cash	3,059	4,157
Decrease in cash and cash equivalents	$ (37,993)	$ (177,591)

See "Item 1. Financial Statements – Unaudited Condensed Consolidated Statements of Cash Flows for the Six Month Periods Ended June 30, 2013 and 2012" for further information.

Operating

Net cash used in our operating activities for the six month period ended June 30, 2013 was $11.4 million compared to $186.6 million for the six month period ended June 30, 2012. This $175.2 million decrease in cash used in our operating activities was due primarily to the following:

(i) an increase of $317.1 million in the sales and maturities of trading securities between 2013 and 2012; and

(ii) an increase in the net changes in assets and liabilities of $73.9 million between 2013 and 2012; partially offset by

(iii) an increase of $207.9 million in the purchases of trading securities between 2013 and 2012.

Investing

Investing cash flows consist primarily of cash acquired net of acquisitions along with net proceeds on the sale and maturities of available-for-sale securities and other investments. Net cash used in investing activities was $254.9 million for the six months ended June 30, 2013 compared to net cash provided by investing activities of $146.9 million for the six months ended June 30, 2012. This $401.8 million decrease in investing cash flows was due primarily to the following:

(i) the use of $284.0 million in net cash for the acquisitions of Pavonia and SeaBright during the six months ended June 30, 2013;

(ii) a decrease of $23.5 million in the sales and maturities of available-for-sale securities between 2013 and 2012; and

(iii) an increase of $196.9 million in restricted cash and cash equivalents between 2013 and 2012; partially offset by

(iv) a decrease of $101.7 million in the funding of other investments between 2013 and 2012.

Financing

Net cash provided by financing activities was $225.3 million during the six months ended June 30, 2013 compared to net cash used of $142.1 million during the six months ended June 30, 2012. This $367.4 million increase in cash provided by financing activities was primarily attributable to the following:

(i) an increase of $227.0 million in cash received attributable to bank loans during the six months ended June 30, 2013 primarily in connection with our acquisition funding requirements;

(ii) a decrease of $115.9 million in cash used to repay bank loans between 2013 and 2012; and

(iii) a decrease of $24.5 million in dividends and distributions of capital to noncontrolling interest between 2013 and 2012.

Investments

The table below shows the aggregate amounts of our investments carried at fair value as of June 30, 2013 and December 31, 2012:

	June 30, 2013		December 31, 2012	
	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value
	(in thousands of U.S. dollars)			
U.S. government and agency	$ 434,582	10.0%	$ 366,863	10.9%
Non-U.S. government	470,202	10.9%	389,578	11.6%
Corporate	2,232,089	51.6%	1,715,870	51.2%
Municipal	83,435	1.9%	20,446	0.6%
Residential mortgaged-backed	167,670	3.9%	120,092	3.6%
Commercial mortgage-backed	143,288	3.3%	131,329	3.9%
Asset-backed	180,667	4.2%	79,264	2.4%
Fixed maturities	3,711,933	85.8%	2,823,442	84.2%
Other investments	468,412	10.8%	414,845	12.4%
Equities-U.S.	110,212	2.6%	92,406	2.7%
Equities-International	36,015	0.8%	22,182	0.7%
Total investments	$ 4,326,572	100.0%	$ 3,352,875	100.0%

The table below shows the aggregate fair values of our investments classified as held-to-maturity as of June 30, 2013 and December 31, 2012:

	June 30, 2013		December 31, 2012	
	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value
	(in thousands of U.S. dollars)			
U.S. government and agency	$ 18,578	2.2%	$ —	— %
Non-U.S. government	20,882	2.5%	—	— %
Corporate	788,109	94.2%	—	— %
Residential mortgaged-backed	262	0.1%	—	— %
Asset-backed	8,234	1.0%	—	— %
Total investments	$ 836,065	100.0%	$ —	— %

As at June 30, 2013, we held investments on our balance sheet totaling $5.21 billion, compared to $3.35 billion at December 31, 2012, with net unrealized appreciation included in accumulated comprehensive income

of $4.1 million compared to $5.7 million at December 31, 2012. As at June 30, 2013, we had approximately $1.3 billion of restricted assets compared to approximately $1.0 billion at December 31, 2012.

We strive to structure our investments in a manner that recognizes our liquidity needs for future liabilities. In that regard, we attempt to correlate the maturity and duration of our investment portfolio to our general liability profile. If our liquidity needs or general liability profile unexpectedly change, we may adjust the structure of our investment portfolio to meet new business needs.

For our non-life run-off segment, our strategy of commuting our liabilities has the potential to accelerate the natural payout of losses. Therefore, we maintain a relatively short-duration investment portfolio in order to provide liquidity for commutation opportunities and avoid having to liquidate longer dated investments. Accordingly, the majority of our investment portfolio consists of highly rated fixed maturities, including U.S. government and agency investments, highly rated sovereign and supranational investments, high-grade corporate investments, and mortgage-backed and asset-backed investments. We allocate a portion of our investment portfolio to other investments, including private equity funds, fixed income funds, fixed income hedge funds, an equity fund and a real estate debt fund. At June 30, 2013, these other investments totaled $468.4 million, or 9.0%, of our total balance sheet investments (December 31, 2012: $414.8 million or 12.4%). The trend of increased allocation in absolute terms to our other investments is likely to continue in the future based on continued funding of our existing outstanding investment commitments along with future acquisitions.

For our life and annuities segment, we do not commute our policy benefits for life and annuity contracts liabilities and, as a result, we maintain a longer duration investment portfolio that attempts to match the cash flows and duration of our liability profile. Accordingly, the majority of this portfolio consists of highly rated fixed maturity investments, primarily corporate bonds.

Our fixed maturity investments associated with our PPA business are primarily highly rated corporate bonds with which we attempt to match duration and cash flows to the liability profile for this business. As these fixed maturity investments are classified as held-to-maturity, we invest surplus cash flows from maturities into longer dated fixed maturities. As at June 30, 2013, the duration of our fixed maturity investment portfolio associated with our PPA business was shorter than the liabilities, as a significant amount of the liabilities extend beyond 30 years and it is difficult, due to limited investment options, to match duration and cash flows beyond that period.

Our fixed maturity investments associated with our non-PPA life business are primarily highly rated corporate bonds with which we attempt to match duration and cash flows to the liability profile for this business (the non-PPA life business has a short-duration liability profile). These fixed maturity investments are classified as trading, and therefore we may sell existing securities to buy higher yielding securities and funds in the future. As at June 30, 2013, the duration of our fixed maturity investment portfolio associated with our non-PPA life business was shorter than the liabilities, however, we have the discretion to change this in the future.

Fixed Maturity Investments

Our investment guidelines govern the types of investments we make, including with respect to credit quality ratings.

The maturity distribution for our fixed maturity investments held as of June 30, 2013 and December 31, 2012 was as follows:

	June 30, 2013		December 31, 2012	
	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value
	(in thousands of U.S. dollars)			
Due in one year or less	$ 865,613	19.0%	$ 1,032,614	36.6%
Due after one year through five years	1,875,980	41.3%	1,342,257	47.5%
Due after five years through ten years	296,204	6.5%	99,957	3.5%
Due after ten years	1,010,080	22.2%	17,929	0.6%
Fixed maturities	4,047,877	89.0%	2,492,757	88.2%
Residential mortgage-backed	167,932	3.7%	120,092	4.3%
Commercial mortgage-backed	143,288	3.3%	131,329	4.7%
Asset-backed	188,901	4.0%	79,264	2.8%
Total	$ 4,547,998	100.0%	$ 2,823,442	100.0%

As at June 30, 2013 and December 31, 2012, our fixed maturity investments and short-term investment portfolio had an average credit quality rating of A+ and AA-, respectively. At June 30, 2013 and December 31, 2012, our fixed maturity investments rated BBB or lower comprised 10.9% and 11.3% of our total investment portfolio, respectively.

At June 30, 2013, we had $411.8 million of short-term investments (December 31, 2012: $319.1 million). Short-term investments are managed as part of our investment portfolio and have a maturity of one year or less when purchased. Short-term investments are carried at fair value.

The following tables summarize the composition of the amortized cost and fair value of our fixed maturity investments, short-term investments and other investments carried at fair value at the date indicated by ratings as assigned by major rating agencies.

At June 30, 2013	Amortized Cost	Fair Value	% of Total Investments	AAA Rated	AA Rated	A Rated	BBB Rated	Non-Investment Grade	Not Rated
				(in thousands of U.S. dollars)					
Fixed maturity and short-term investments									
U.S. government & agency	$ 435,006	$ 434,582	10.0%	$ —	$ 417,587	$ 16,995	$ —	$ —	$ —
Non-U.S. government	470,219	470,202	10.9%	223,771	161,860	83,890	681	—	—
Corporate	2,248,353	2,232,089	51.6%	113,024	528,082	1,110,536	435,032	27,116	18,309
Municipal	83,528	83,435	1.9%	12,204	57,659	13,572	—	—	—
Residential mortgage-backed	170,090	167,670	3.9%	5,704	147,204	5,849	7,417	1,496	—
Commercial mortgage-backed	143,804	143,288	3.3%	44,259	35,261	29,117	27,874	6,777	—
Asset-backed	181,376	180,667	4.2%	132,428	35,971	11,289	979	—	—
Total fixed maturity and short-term investments	$3,732,376	3,711,933	85.8%	531,390	1,383,624	1,271,238	471,983	35,389	18,309
				14.3%	37.3%	34.2%	12.7%	1.0%	0.5%
Equities									
U.S.		110,212	2.5%	—	—	—	—	—	110,212
International		36,015	0.9%	—	—	—	—	—	36,015
Total equities		146,227	3.4%	—	—	—	—	—	146,227
				0%	0%	0%	0%	0%	100.0%
Other investments									
Private equity funds		150,932	3.5%	—	—	—	—	—	150,932
Fixed income funds		156,625	3.6%	—	—	—	—	—	156,625
Fixed income hedge funds		62,039	1.4%	—	—	—	—	—	62,039
Equity fund		62,473	1.5%	—	—	—	—	—	62,473
Real estate debt fund		31,928	0.7%	—	—	—	—	—	31,928
Other		4,415	0.1%	—	—	—	—	—	4,415
Total other investments		468,412	10.8%	—	—	—	—	—	468,412
				0%	0%	0%	0%	0%	100.0%
Total investments		$4,326,572	100.0%	$531,390	$1,383,624	$1,271,238	$471,983	$ 35,389	$632,948
				12.3%	32.0%	29.4%	10.9%	0.8%	14.6%

At December 31, 2012	Amortized Cost	Fair Value	% of Total Investments	AAA Rated	AA Rated	A Rated	BBB Rated	Non-Investment Grade	Not Rated
				(in thousands of U.S. dollars)					
Fixed maturity and short-term investments									
U.S. government & agency	$ 362,288	$ 366,863	10.9%	$ —	$ 366,863	$ —	$ —	$ —	$ —
Non-U.S. government	380,401	389,578	11.6%	244,366	103,515	39,051	2,646	—	—
Corporate	1,694,652	1,715,870	51.2%	140,708	434,903	803,663	301,787	27,409	7,400
Municipal	19,743	20,446	0.6%	—	14,470	5,837	139	—	—
Residential mortgage-backed	119,538	120,092	3.6%	17,218	81,253	2,858	16,940	1,823	—
Commercial mortgage-backed	130,841	131,329	3.9%	62,597	9,828	29,884	21,406	7,614	—
Asset-backed	78,644	79,264	2.4%	64,237	8,177	5,070	174	1,606	—
Total fixed maturity and short-term investments	$2,786,107	2,823,442	84.2%	529,126	1,019,009	886,363	343,092	38,452	7,400
				18.7%	36.1%	31.4%	12.2%	1.4%	0.2%
Equities									
U.S.		92,406	2.8%	—	—	—	—	—	92,406
International		22,182	0.6%	—	—	—	—	—	22,182
Total equities		114,588	3.4%	—	—	—	—	—	114,588
				0%	0%	0%	0%	0%	100.0%
Other investments									
Private equity funds		127,696	3.8%	—	—	—	—	—	127,696
Fixed income funds		156,235	4.7%	—	—	—	—	—	156,235
Fixed income hedge funds		53,933	1.6%	—	—	—	—	—	53,933
Equity fund		55,881	1.7%	—	—	—	—	—	55,881
Real estate debt fund		16,179	0.5%	—	—	—	—	—	16,179
Other		4,921	0.1%	—	—	—	—	—	4,921
Total other investments		414,845	12.4%	—	—	—	—	—	414,845
				0%	0%	0%	0%	0%	100.0%
Total investments		$3,352,875	100.0%	$529,126	$1,019,009	$ 886,363	$343,092	$ 38,452	$536,833
				15.8%	30.4%	26.5%	10.2%	1.1%	16.0%

The following table summarizes the composition of the amortized cost and fair value of our held-to-maturity fixed maturity and short-term investments as at June 30, 2013 by ratings as assigned by major rating agencies (as at December 31, 2012, we had no investments classified as held-to-maturity).

At June 30, 2013	Amortized Cost	Fair Value	% of Total Investments	AAA Rated	AA Rated	A Rated	BBB Rated	Non-Investment Grade	Not Rated
				(in thousands of U.S. dollars)					
Fixed maturity and short-term investments									
U.S. government & agency	$ 19,835	$ 18,578	2.2%	$ —	$ 18,578	$ —	$ —	$ —	$ —
Non-U.S. government	21,854	20,882	2.5%	—	20,882	—	—		
Corporate	833,376	788,109	94.2%	46,011	206,806	471,057	58,430	530	5,275
Residental mortgage-backed	261	262	0.1%	—	262	—	—	—	—
Asset-backed	8,234	8,234	1.0%	8,234	—	—	—	—	—
Total fixed maturity and short-term investments	$ 883,560	$ 836,065	100.0%	$54,245	$ 246,528	$471,057	$58,430	$ 530	$5,275
				6.5%	29.5%	56.3%	7.0%	0.1%	0.6%

Eurozone Exposure

At June 30, 2013, we did not own any investments in fixed maturity securities (which includes bonds that are classified as cash and cash equivalents) or fixed income funds issued by the sovereign governments of Portugal, Italy, Ireland, Greece or Spain. Our fixed maturity investments and fixed income funds exposures to Eurozone Governments (which includes regional and municipal governments including guaranteed agencies) by rating are highlighted in the following table:

	Rating				
	AAA	AA	A	Not rated	Total
	(in thousands of U.S. dollars)				
Germany	$36,966	$13,525	$ —	$ —	$ 50,491
Supranationals	12,726	861	—	—	13,587
Netherlands	22,329	7,366	771	—	30,466
France	—	29,981	—	—	29,981
Belgium	—	2,797	—	—	2,797
Finland	460	—	—	—	460
Austria	—	904	—	—	904
	72,481	55,434	771	—	128,686
Euro Region Government Bond Funds	—	—	—	12,170	12,170
	$72,481	$55,434	$771	$12,170	$140,856

Our fixed maturity investments exposure to Eurozone Governments (which includes regional and municipal governments including guaranteed agencies) by maturity date are highlighted in the following table. Our fixed income fund holdings have daily liquidity and are not included in the maturity table below.

	Maturity Date					
	3 months or less	3 to 6 months	6 months to 1 year	1 to 2 years	more than 2 years	Total
	(in thousands of U.S. dollars)					
Germany	$ 749	$ 611	$ 7,646	$ 5,866	$ 35,619	$ 50,491
Supranationals	7,206	763	—	2,689	2,929	13,587
Netherlands	772	7,096	2,014	10,987	9,597	30,466
France	3,005	7,606	6,593	7,489	5,288	29,981
Belgium	—	—	—	—	2,797	2,797
Finland	—	—	—	460	—	460
Austria	—	—	—	—	904	904
	$ 11,732	$ 16,076	$ 16,253	$ 27,491	$ 57,134	$ 128,686

At June 30, 2013, we owned investments in corporate securities (which includes bonds that are classified as cash and cash equivalents) where the ultimate parent company of the issuer was located within the Eurozone. This includes investments that were issued by subsidiaries whose location was outside of the Eurozone. Our exposures by country and listed by rating, sector and maturity date are highlighted in the following tables:

	Rating					
	AAA	AA	A	BBB	BB and below	Total
	(in thousands of U.S. dollars)					
Germany	$ 303	$ 1,410	$ 41,132	$ —	$ —	$ 42,845
Belgium	—	—	33,663	—	—	33,663
Netherlands	3,360	40,247	39,165	33,740	—	116,512
France	20,269	8,762	31,111	3,043	10,408	73,593
Spain	—	—	—	14,958	—	14,958
Italy	—	—	7,610	28,785	—	36,395
Austria	398	—	—	—	—	398
Finland	—	—	2,000	—	—	2,000
	$ 24,330	$ 50,419	$ 154,681	$ 80,526	$ 10,408	$ 320,364

	Sector						
	Financial	Industrial	Utility	Energy	Telecom	Other	Total
	(in thousands of U.S. dollars)						
Germany	$ 3,797	$ 29,570	$ —	$ —	$ —	$ 9,478	$ 42,845
Belgium	—	—	—	—	—	33,663	33,663
Netherlands	73,600	9,790	2,048	18,955	6,030	6,089	116,512
France	46,727	7,765	8,980	—	7,003	3,118	73,593
Spain	—	—	9,761	—	5,197	—	14,958
Italy	503	—	2,497	7,610	25,785	—	36,395
Austria	398	—	—	—	—	—	398
Finland	2,000	—	—	—	—	—	2,000
	$ 127,025	$ 47,125	$ 23,286	$ 26,565	$ 41,015	$ 52,348	$ 320,364

	Maturity Date					
	3 months or less	3 to 6 months	6 months to 1 year	1 to 2 years	more than 2 years	Total
	(in thousands of U.S. dollars)					
Germany	$ 2,500	$ 5,482	$ 1,683	$ 6,265	$ 26,915	$ 42,845
Belgium	—	—	406	1,592	31,665	33,663
Netherlands	15,582	10,144	8,026	31,520	51,240	116,512
France	6,844	—	19,088	13,008	34,653	73,593
Spain	—	—	7,864	1,744	5,350	14,958
Italy	—	13,365	12,420	—	10,610	36,395
Austria	—	—	398	—	—	398
Finland	2,000	—	—	—	—	2,000
	$ 26,926	$ 28,991	$ 49,885	$ 54,129	$ 160,433	$ 320,364

Fixed maturity investments issued by companies in the United Kingdom and Switzerland are not included in the tables above. None of the fixed maturity investments we owned at June 30, 2013 were considered impaired and we do not expect to incur any significant losses on those investments.

Long-Term Debt

Our long-term debt at June 30, 2013 consisted of loan facilities used to partially finance certain of our acquisitions and significant new business transactions, our revolving credit facility, or the EGL Revolving Credit Facility, which can be used for permitted acquisitions and for general corporate purposes, and surplus notes acquired in connection with the SeaBright acquisition. We draw down on the loan facilities at the time of an acquisition or significant new business transaction, although in some circumstances we have made additional draw-downs to refinance existing debt of the acquired company.

On February 5, 2013, we fully drew down the $111.0 million available under a four-year term loan facility provided by National Australia Bank and Barclays Bank PLC, or the SeaBright Facility, in connection with the acquisition of SeaBright. In addition, on February 5, 2013 and March 26, 2013, we borrowed $56.0 million and $60.0 million, respectively, under the EGL Revolving Credit Facility.

Total amounts of loans payable outstanding, including accrued interest, as of June 30, 2013 and December 31, 2012, totaled $347.9 million and $107.4 million, respectively.

As of June 30, 2013, all of the covenants relating to our three outstanding credit facilities (the SeaBright Facility, the term facility related to our 2011 acquisition of Clarendon National Insurance Company, or the Clarendon Facility, and the EGL Revolving Credit Facility) were met.

Refer to Item 7 included in our Annual Report on Form 10-K for the year ended December 31, 2012 for a description of these credit facilities.

Amendment and Restatement of EGL Revolving Credit Facility

On July 8, 2013, we, and certain of our subsidiaries, as borrowers, as well as certain of our subsidiaries, as guarantors, entered into an amendment and restatement of our existing Revolving Credit Facility Agreement with National Australia Bank Limited, or NAB, and Barclays Bank PLC, or Barclays, as mandated lead arrangers, NAB, Barclays and Royal Bank of Canada, as original lenders, and NAB as agent, or the Restated Credit Agreement. The Restated Credit Agreement provides for a five-year revolving credit facility (expiring in July 2018) pursuant to which we are permitted to borrow up to an aggregate of $375.0 million, or the Amended EGL Revolving Credit Facility, which is available to fund permitted acquisitions and for general corporate purposes. The existing Revolving Credit Facility Agreement had provided for a three-year $250.0 million facility that was set to terminate in June 2014. Our ability to draw on the Credit Facility is subject to customary conditions.

The Amended EGL Revolving Credit Facility is secured by a first priority lien on the stock of certain of our subsidiaries and certain bank accounts held with Barclays in our name and into which amounts received in respect of any capital release from certain of our subsidiaries are required to be paid. Interest is payable at the end of each interest period chosen by us or, at the latest, each six months. The interest rate is LIBOR plus 2.75%, plus an incremental amount tied to certain regulatory costs, if any, that may be incurred by the lenders. Any unused portion of the Amended EGL Revolving Credit Facility will be subject to a commitment fee of 1.10%. The Amended EGL Revolving Credit Facility imposes various financial and business covenants on us, the guarantors and certain other material subsidiaries, including limitations on mergers and consolidations, acquisitions, indebtedness and guarantees, restrictions as to dispositions of stock and assets, restrictions on dividends and limitations on liens.

During the existence of any event of default (as specified in the Restated Credit Agreement), the agent may cancel the commitments of the lenders, declare all or a portion of outstanding amounts immediately due and payable, declare all or a portion of outstanding amounts payable upon demand or proceed against the security. During the existence of any payment default, the interest rate would be increased by 1.0%. The Amended EGL Revolving Credit Facility terminates and all amounts borrowed must be repaid on the fifth anniversary of the date of the Restated Credit Agreement.

SeaBright Surplus Notes

On May 26, 2004, SeaBright issued, in a private placement, $12.0 million in subordinated floating rate Surplus Notes due in 2034. The note holder is ICONS, Ltd., with Wilmington Trust Company acting as Trustee.

Interest, paid quarterly in arrears, is calculated at the beginning of the interest payment period using the three-month LIBOR plus 400 basis points. The quarterly interest rate cannot exceed the initial interest rate by more than 10% per year, cannot exceed the corporate base (prime) rate by more than 2% and cannot exceed the highest rate permitted by New York law. The rate or amount of interest required to be paid in any quarter is also subject to limitations imposed by the Illinois Insurance Code. Interest amounts not paid as a result of these limitations become "Excess Interest," which SeaBright may be required to pay in the future, subject to the same limitations and all other provisions of the Surplus Notes Indenture. Excess Interest has not applied during the periods the notes have been outstanding. The interest rate in effect as at June 30, 2013 was 4.3%.

Interest and principal may be paid only upon the prior approval of the Illinois Department of Insurance. In the event of default, as defined, or failure to pay interest due to lack of Illinois Department of Insurance approval, SeaBright would be prohibited from paying dividends on its capital stock. If an event of default occurs and is continuing, the principal and accrued interest would become immediately due and payable.

The notes are redeemable prior to 2034 by SeaBright, in whole or in part, on any interest payment date. We have received approval from the Illinois Department of Insurance to redeem the notes in whole, and have notified both the trustee and note holder that we will redeem the note on August 24, 2013, the next interest payment date.

Interest expense for the three months ended June 30, 2013 and the period from February 7, 2013 (the date of acquisition of SeaBright) to June 30, 2013 was $0.1 million and $0.2 million, respectively.

Clarendon Facility

On July 31, 2013, we repaid $27.5 million of the outstanding principal on our Clarendon Facility reducing the outstanding principal to $79.0 million.

Aggregate Contractual Obligations

We have updated the amounts and categories of our contractual obligations previously provided on page 98 of our Annual Report on Form 10-K for the year ended December 31, 2012 to reflect changes in gross reserves, operating lease obligations, investment commitments and loan repayments during the six months ended June 30, 2013, as well as the assumption of policy benefits for life and annuity contracts as a result of the acquisition of the Pavonia companies.

	Payments Due by Period				
	Total	Less than 1 year	1 -3 years	3 - 5 years	More than 5 years
	(in millions of U.S. dollars)				
Operating Activities					
Estimated gross reserves for loss and loss adjustment expenses (1)	$4,298.6	$ 804.0	$1,414.3	$ 748.0	$1,332.3
Policy benefits for life and annuity contracts (2)	2,622.9	86.5	156.2	141.6	2,238.6
Operating lease obligations	21.2	3.6	16.0	1.6	—
Investing Activities					
Investment commitments	103.8	47.1	56.6	0.1	—
Financing Activities					
Loan repayments (including interest payments)	347.9	148.9	199.0	—	—
Acquisition funding (3)	226.8	226.8	—	—	—
Total	$7,621.2	$1,316.9	$1,842.1	$ 891.3	$3,570.9

(1) The reserves for loss and loss adjustment expenses 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 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 June 30, 2013 and do not take into account corresponding reinsurance recoverable amounts that would be due to us. Furthermore, reserves for loss and loss adjustment expenses recorded in the unaudited condensed consolidated financial statements as of June 30, 2013 are computed on a fair value basis, 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) Policy benefits for life and annuity contracts recorded in our unaudited condensed consolidated balance sheet as at June 30, 2013 of $1,293.3 million 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) The acquisition funding does not include the amount associated with the expected future issuance by us of approximately 1,901,000 voting ordinary shares and 711,000 Series B convertible non-voting preference shares in relation to the acquisition of Torus.

Commitments and Contingencies

We have entered into definitive agreements with respect to: (i) the Torus amalgamation, which is expected to close by the end of 2013; (ii) the acquisitions of Atrium and Arden, which are expected to close in the fourth quarter of 2013; (iii) the Investors Agreements of Bayshore and Northshore and the corresponding equity commitment letters of Trident in respect of the Torus amalgamation and acquisitions of Atrium and Arden; and (iv) the Reciprocal of America loss portfolio transfer, which is expected to close in the fourth quarter of 2013. The Torus amalgamation, Trident and Atrium and Arden agreements are described above in "—Acquisitions", the Reciprocal of America agreement is described above in "—Significant New Business", and the Revolving Credit Facility is described above in "—Long-term Debt".

Refer also to Item 1, "Legal Proceedings" in Part II of this Quarterly Report on Form 10-Q for information regarding our litigation matters.

There have been no other material changes in our commitments or contingencies since December 31, 2012. Refer to Item 7 included in our Annual Report on Form 10-K for the year ended December 31, 2012 for more information.

Critical Accounting Policies

Our critical accounting policies 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, 2012. As a result of the SeaBright and Pavonia acquisitions, we have adopted certain new critical accounting policies during the six months ended June 30, 2013, which are described below.

Premium Revenue Recognition

Non-life Run-off

Our non-life run-off premiums written are earned on a pro-rata basis over the coverage period. Our reinsurance premiums are recorded at the inception of the policy, unless policy language stipulates otherwise, and are estimated based upon information in underlying contracts and information provided by clients and/or brokers. A change in reinsurance premium estimates is made when additional information regarding changes in underlying exposures is obtained. Such changes in estimates are expected and may result in significant adjustments in future periods. We record any adjustments as premiums written in the period they are determined.

With respect to retrospectively rated contracts (where additional premium would be due should losses exceed pre-determined, contractual thresholds), any additional premiums are based upon contractual terms and management judgment is involved in estimating the amount of losses that we expect to be ceded. Additional premiums would be recognized at the time loss thresholds specified in the contract are exceeded and are earned

over the coverage period, or are earned immediately if the period of risk coverage has passed. Changes in estimates of losses recorded on contracts with additional premium features would result in changes in additional premiums recognized.

Life and Annuities

We generally recognize premiums from term life insurance, credit life and disability insurance and assumed life reinsurance as revenue when due from policyholders. Term life insurance, assumed life reinsurance and credit life and disability insurance policies include those contracts with fixed and guaranteed premiums and benefits. We match benefits and expenses with revenue to result in the recognition of profit over the life of the contracts.

Life and Annuity Benefits

We estimate our life and annuity benefit and claim reserves on a present value basis using standard actuarial techniques and cash flow models. We establish and maintain our life and annuity reserves at a level that we estimate will, when taken together with future premium payments and investment income expected to be earned on associated premiums, be sufficient to support all future cash flow benefit obligations and third party servicing obligations as they become payable.

Since the development of the life and annuity reserves is based upon cash flow projection models, we must make estimates and assumptions based on experience and industry mortality tables, longevity and morbidity rates, lapse rates, expenses and investment experience, including a provision for adverse deviation. The assumptions used to determine policy benefit reserves were adjusted at the time we acquired the Pavonia companies. These assumptions are locked-in throughout the life of the contract unless there is material adverse change.

We review these assumptions no less than annually. The review process involves analyzing assumptions and determining whether actual and anticipated experience indicates that existing policy reserves, together with the present value of future gross premiums, are sufficient to cover the present value of future benefits, settlement and maintenance costs and to recover unamortized acquisition costs. If management's review indicates that reserves should be greater than those currently held, then the locked-in assumptions would be revised and a charge for life and annuity benefits would be recognized at that time.

Because of the many assumptions and estimates used in establishing reserves and the long-term nature of the contracts, the reserving process, while based on actuarial techniques, is inherently uncertain.

Investments

Short-term Investments and Fixed Maturity Investments

Short-term investments comprise investments with a maturity greater than three months but less than one year from the date of purchase. Fixed maturity investments comprise investments with a maturity of one year and greater from the date of purchase. We classify our short-term investments and fixed maturity investments as trading, held-to-maturity, or available-for-sale depending on the nature of the investments and our intent and abilities with respect thereto.

Short-term investments and fixed maturities classified as trading are carried at fair value, with realized and unrealized holding gains and losses included in net earnings and reported as net realized and unrealized gains and losses. Investment purchases and sales are recorded on a trade-date basis, and realized gains and losses on the sale of investments are based upon specific identification of the cost of investments.

Short-term investments and fixed maturity investments classified as held-to-maturity securities, which are securities that we have the positive intent and ability to hold to maturity, are carried at amortized cost. We adjust the cost of short-term investments and fixed maturities for amortization of premiums and accretion of discounts.

Fixed maturity investments classified as available-for-sale and held-to-maturity are carried at fair value, with unrealized gains and losses excluded from net earnings and reported as a separate component of accumulated other comprehensive income. Realized gains and losses on sales of investments classified as

available-for-sale are recognized in the consolidated statements of earnings. Amortization of premium or accretion of discount is recognized using the effective yield method and included in net investment income. For mortgage-backed and asset-backed investments, and any other holdings for which there is a prepayment risk, we evaluate and revise prepayment assumptions retrospectively on a regular basis, which is a process that involves significant management judgment.

Fixed maturity investments are subject to fluctuations in fair value due to changes in interest rates, changes in issuer-specific circumstances such as credit rating and changes in industry-specific circumstances such as movements in credit spreads based on the market's perception of industry risks. As a result of these potential fluctuations, it is possible to have significant unrealized gains or losses on a security. At maturity, absent any credit loss, fixed maturity investments' amortized costs will equal their fair values and no realized gain or loss will be recognized in income. If, due to an unforeseen change in loss payment patterns, we need to sell any available-for-sale or trading investments before maturity, we could realize significant gains or losses in any period, which could result in a meaningful effect on reported net earnings for such period.

We perform regular reviews of our available-for-sale and held-to-maturity fixed maturities portfolios and utilize a process that considers numerous indicators in order to identify investments that are showing signs of potential other-than-temporary impairment losses. These indicators include the length of time and extent of the unrealized loss, any specific adverse conditions, historic and implied volatility of the security, failure of the issuer of the security to make scheduled interest payments, significant rating changes and recoveries or additional declines in fair value subsequent to the balance sheet date. The consideration of these indicators and the estimation of credit losses involve significant management judgment.

Any other-than-temporary impairment loss, or OTTI, related to a credit loss would be recognized in earnings, and the amount of the OTTI related to other factors (e.g. interest rates, market conditions, etc.) is recorded as a component of other comprehensive income. If no credit loss exists but either we have the intent to sell the fixed maturity investment or it is more likely than not that we will be required to sell the fixed maturity investment before its anticipated recovery, then the entire unrealized loss is recognized in earnings.

Off-Balance Sheet and Special Purpose Entity Arrangements

At June 30, 2013, we did not have any off-balance sheet arrangements, as defined by Item 303(a)(4) of Regulation S-K.

Cautionary Statement Regarding Forward-Looking Statements

This quarterly report contains 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 ordinary shares 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 quarterly report.

Factors that could cause actual results to differ materially from those suggested by the forward looking statements include:

- risks associated with implementing our business strategies and initiatives;
- risks that we may require additional capital in the future, which may not be available or may be available only on unfavorable terms;
- the adequacy of our loss reserves and the need to adjust such reserves as claims develop over time;

- risks relating to the availability and collectability of our reinsurance;
- 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;
- losses due to foreign currency exchange rate fluctuations;
- increased competitive pressures, including the consolidation and increased globalization of reinsurance providers;
- emerging claim and coverage issues;
- lengthy and unpredictable litigation affecting assessment of losses and/or coverage issues;
- continued availability of exit and finality opportunities provided by solvent schemes of arrangement;
- loss of key personnel;
- the ability of our subsidiaries to distribute funds to us;
- changes in our plans, strategies, objectives, expectations or intentions, which may happen at any time at management's discretion;
- operational risks, including system or human failures and external hazards;
- the risk that ongoing or future industry regulatory developments will disrupt our business, 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 acquisitions, including our ability to successfully price acquisitions, evaluate opportunities, address operational challenges and support our planned growth;
- 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 life and annuities business, including mortality and morbidity rates, lapse rates, the performance of assets to support the insured liabilities, and the risk of catastrophic events;
- risks relating to the active, or "live," underwriting businesses we have agreed to acquire, including unpredictability and severity of catastrophic events, failure of risk management and loss limitation methods, the risk of a ratings downgrade, cyclicality of demand and pricing in the insurance and reinsurance markets;
- our ability to implement our strategies relating to the active underwriting market;
- risks relating to our ability to structure our investments in a manner that recognizes our liquidity needs;
- tax, regulatory or legal restrictions or limitations applicable to us or the insurance and reinsurance 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;
- changes in Bermuda law or regulation or the political stability of Bermuda; and
- changes in accounting policies or practices.

The factors listed above should be not construed as exhaustive and should be read in conjunction with the other cautionary statements and Risk Factors that are included in our Annual Report on Form 10-K for the year ended December 31, 2012, and Part II — Item 1A of this Quarterly Report on Form 10-Q, as well as in the other materials filed and to be filed with the U.S. Securities and Exchange Commission. 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 DISCLOSURE ABOUT MARKET RISK***

Our balance sheets include a substantial amount of assets and, to a lesser extent, liabilities, whose fair values are subject to market risks, which represent the potential for an economic loss due to adverse changes in the fair value of a financial instrument. Our primary market risks are interest rate risk, credit risk, equity price risk, and foreign currency exchange rate risk. The following provides an analysis of the potential effects that these market risk exposures (other than foreign currency exchange rate risk, which is discussed in our Annual Report on Form 10-K for the year ended December 31, 2012) could have on our future earnings. This analysis is based on estimated changes. Actual results could differ significantly from amounts stated below, and our analysis should not be construed as our prediction for future market events.

Interest Rate Risk

We have updated the amounts of our interest rate movement analysis previously provided on page 100 of our Annual Report on Form 10-K for the year ended December 31, 2012 to reflect the changes in the amount of short-term and fixed maturity investments we hold as at June 30, 2013. Our short-term and fixed maturity investments classified as trading and available-for-sale are exposed to interest rate risk, as any changes in interest rates have a direct effect on the market values of these investments. As interest rates rise, the market values fall, and the converse is also true.

Our fixed maturity and short-term investments supporting our PPA business have been classified as held-to-maturity and, as a result, are not exposed to interest rate risk. However, they are exposed to credit risk as a result of investment rating downgrades or issuer defaults.

We have estimated the effect that an immediate parallel shift in the U.S. interest rate yield curve would have on our short-term and fixed maturity investments classified as trading and available-for-sale at June 30, 2013 and December 31, 2012. The results of this analysis are summarized in the table below.

Interest Rate Movement Analysis on Market Value
of Fixed Maturity and Short-term Investments Classified as Trading and Available-for-Sale

	Interest Rate Shift in Basis Points				
At June 30, 2013	**-100**	**-50**	**0**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value	$4,796	$4,771	$4,736	$4,697	$4,659
Market Value Change from Base	1.26%	0.73%	0%	(0.82)%	(1.63)%
Change in Unrealized Value	$ 60	$ 35	$ 0	$ (39)	$ (77)

At December 31, 2012	**-100**	**-50**	**0**	**+50**	**+100**
Total Market Value	$3,794	$3,791	$3,778	$3,760	$3,741
Market Value Change from Base	0.4%	0.3%	0%	(0.4)%	(0.9)%
Change in Unrealized Value	$ 16	$ 13	$ 0	$ (18)	$ (37)

Credit Risk

As a holder of fixed maturity investments and mutual funds, 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 investments of short-to-medium duration and mutual funds. At June 30, 2013, approximately 48.7% of our fixed maturity investments and short-term investment portfolio was rated AA or higher by a major rating agency (December 31, 2012: 46.2%) with 13.0% (December 31, 2012: 11.4%) rated BBB or lower. The portfolio as a whole had an average credit quality rating of A+ (December 31, 2012: AA-). 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 do not believe we have significant concentrations of credit risk.

We also have exposure to credit risk as it relates to our reinsurance balances recoverable. Our acquired reinsurance subsidiaries, prior to acquisition, used retrocessional agreements to reduce their exposure to the risk of insurance and reinsurance assumed. Our reinsurance subsidiaries 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.

As at June 30, 2013 and December 31, 2012, reinsurance balances recoverable with a carrying value of $252.4 million and $144.1 million, respectively, were associated with two and one reinsurers, respectively, which represented 10% or more of total reinsurance balances recoverable. Of the $252.4 million and $144.1 million recoverable from reinsurers as at June 30, 2013 and December 31, 2012, $93.0 million and $121.6 million, respectively, is secured by a trust fund held for the benefit of our insurance and reinsurance subsidiaries. As at June 30, 2013 and December 31, 2012, the two and one reinsurers, respectively, had a minimum credit rating of A+, as provided by a major rating agency.

Equity Price Risk

Our portfolio of equity investments, including the equity fund included in other investments (collectively, "equities at risk"), has exposure to equity price risk, which is the risk of potential loss in fair value resulting from adverse changes in stock prices. Our global equity portfolio is correlated with a blend of the S&P 500 and MSCI World indices and changes in this blend of indices would approximate the impact on our portfolio. The fair value of our equities at risk at June 30, 2013 was $208.7 million (December 31 2012: $170.5 million). At June 30, 2013 the impact of a 10% decline in the overall market prices of our equities at risk would be $20.9 million (December 31, 2012: $17.0 million), on a pre-tax basis.

There have been no other material changes in our market risk exposures since December 31, 2012. For more information refer to "Quantitative and Qualitative Disclosures about Market Risk" included in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2012.

Item 4. ***CONTROLS AND PROCEDURES***

Evaluation of Disclosure Controls and Procedures

Our management performed an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of 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 June 30, 2013. In designing and evaluating our disclosure controls and procedures, we and our management recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. During the three months ended June 30, 2013, we became aware of a material weakness in our internal control over financial reporting; namely, that we did not maintain effective controls over the identification of securities to be classified as either available-for-sale, held-to-maturity or trading at the date of a business combination involving a life insurance business. This material weakness resulted in amending and restating our unaudited consolidated balance sheet and related financial information as of March 31, 2013 and the filing of an Amended Report on Form 10-Q/A for the first quarter.

Our management, with the oversight of our audit committee, has designed and implemented enhanced controls relating to evaluation and classification of securities acquired in a business combination. Specifically, we now require the classification of investment portfolios acquired to be included in the purchase accounting documentation that is reviewed by our Chief Financial Officer, which management believes has addressed the material weakness. However, solely because these enhanced controls have not yet been tested, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has concluded that our disclosure controls and procedures were not effective as of June 30, 2013. Notwithstanding the identified material weakness, management believes the financial statements included in this Quarterly Report fairly present in all material respects our financial condition, results of operations and cash flows at and for the period presented in accordance with U.S. GAAP.

Changes in Internal Controls

Our management has performed an evaluation, with the participation of our Chief Executive Officer and our Chief Financial Officer, of changes in our internal control over financial reporting that occurred during the three months ended June 30, 2013. Based on that evaluation, management noted that: (i) enhanced controls had been implemented relating to the evaluation and classification of securities acquired in a business combination (as described above) and (ii) new controls had been adopted related to the operation of our new life insurance business, following our March 31, 2013 acquisition of the Pavonia companies. There were no other changes made in our internal control over financial reporting that occurred during the three months ended June 30, 2013 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***

In connection with our acquisition of SeaBright, two purported class action lawsuits were filed against SeaBright Holdings, Inc. ("SeaBright"), the members of its board of directors, our merger subsidiary (AML Acquisition, Corp.) and, in one of the cases, us. The first suit was filed September 13, 2012 in the Superior Court of the State of Washington and the second suit was filed September 20, 2012 in the Court of Chancery of the State of Delaware. The lawsuits alleged, among other things, that SeaBright's directors breached their fiduciary duties when negotiating, approving and seeking stockholder approval of the Merger, and that SeaBright and we or our merger subsidiary aided and abetted the alleged breaches of fiduciary duties. We believed these suits were without merit; nevertheless, in order to avoid the potential cost and distraction of continued litigation and to eliminate any risk of delay to the closing of the Merger, we, SeaBright and the SeaBright director defendants agreed to settle the two lawsuits, without admitting any liability or wrongdoing. The settlement required SeaBright to make supplemental information available to its stockholders through a filing of a Current Report on Form 8-K with the U.S. Securities and Exchange Commission. The settlement did not change the amount of the merger consideration that we paid to SeaBright's stockholders in any way, nor did it alter any deal terms. On July 19, 2013, the Superior Court of the State of Washington entered an order approving the settlement. This order will become final and unappealable on August 19, 2013. Once the Washington order becomes final and unappealable, the parties will request that the Delaware action also be dismissed.

We are, from time to time, involved in various legal proceedings in the ordinary course of business, including litigation regarding claims. We do not believe that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will have a material adverse effect on our business, results of operations or financial condition. Nevertheless, we cannot assure you that lawsuits, arbitrations or other litigation will not have a material adverse effect on our business, financial condition or results of operations. We anticipate that, similar to the rest of the insurance and reinsurance 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 claims. There can be no assurance that any such future litigation will not have a material adverse effect on our business, financial condition or results of operations.

Item 1A. ***RISK FACTORS***

We believe that the risk factors identified in our Annual Report on Form 10-K have not materially changed, except as set forth below.

Our pending acquisitions of Atrium/Arden and Torus will represent our strategic expansion into the "live" underwriting business, which will be a new line of business for us and which will present certain different risks and uncertainties than those of our existing run-off businesses. The new risks and uncertainties described below, as well as others we may encounter, could cause a material adverse effect on our business, financial condition and results of operations.

On June 5, 2013, we entered into definitive agreements with Arden Holdings Limited under which we will acquire Atrium and Arden. Atrium is an underwriting business at Lloyd's of London, which manages Syndicate 609 and provides approximately one quarter of the syndicate's capital. On July 8, 2013, we entered into the Amalgamation Agreement to acquire Torus, a global specialty insurer and holding company of six wholly-owned insurance vehicles, including one Lloyd's syndicate.

These acquisitions represent a further evolution of our business, which to date has been limited to the acquisition and management of insurance and reinsurance and portfolios of business in run-off and providing management, consultancy and other services to the insurance and reinsurance industry. Underwriting is inherently a matter of judgment, involving important assumptions about matters that are unpredictable and beyond our control, and for which historical experience and probability analysis may not provide sufficient guidance.

Once we acquire Atrium, Arden, and Torus, we will face risks and uncertainties in addition to those inherent in our core run-off business, including, but not limited to, the following:

- Exposure to claims arising out of unpredictable natural and man-made catastrophic events (including hurricanes, windstorms, tsunamis, severe weather, earthquakes, floods, fires, explosions, acts of terrorism, war or political unrest) and changing climate conditions, which could adversely affect our earnings and financial condition and cause substantial volatility in our results of operations for any fiscal quarter or year;
- Failure of our risk management and loss limitation methods to adequately manage our exposure to losses;
- The risk of financial strength ratings downgrades at Torus, which would likely negatively impact our competitive position in the industry, severely limit or prevent us from writing new insurance and reinsurance contracts, permit certain ceding companies to cancel reinsurance contracts we have issued, and inhibit our ability to implement our business strategies successfully;
- The intense competition for business in this industry, including from major global insurance and reinsurance companies and underwriting syndicates with greater experience and resources than us, or as a result of industry consolidation;
- Dependence on a limited number of brokers, managing general agents and other third parties to support our business, both in terms of the volume of business we will rely on them to place and the credit risk we will assume from them;
- The cyclical nature of the insurance and reinsurance business, which could negatively impact premium rates and policy terms and could cause our results of operations to fluctuate significantly from period to period;
- Increased regulation that we will be subject to as a result of the active underwriting part of our business, as well as our presence in a number of new jurisdictions; and
- Our ability to integrate these new businesses and support the resulting significant growth of our Company (which will add approximately 750 new employees and a number of new offices worldwide), including by maintaining operating procedures and internal controls to effectively manage the businesses and meet our regulatory and reporting requirements.

Any of these risks, and other risks and uncertainties that we may not now be aware of but may nonetheless encounter, could result in underperformance of the acquired businesses compared to our expectations, and could also have a material adverse effect on our business, financial condition and results of operations.

A few significant shareholders may influence or control the direction of our business. If the ownership of our ordinary shares continues to be highly concentrated, it may limit your ability and the ability of other shareholders to influence significant corporate decisions.

The interests of Messrs. Silvester, O'Shea and Packer, Trident V, L.P. and its affiliates, or Trident, Beck Mack & Oliver LLC, or Beck Mack, and Goldman, Sachs & Co. and its affiliates, or Goldman Sachs, may not be fully aligned with your interests, and this may lead to a strategy that is not in your best interest. As of June 30, 2013, Messrs. Silvester, O'Shea and Packer, Trident, Beck Mack and Goldman Sachs beneficially owned approximately 11.2%, 2.6%, 2.4%, 9.7%, 8.5% and 4.8%, respectively, of our outstanding Voting Ordinary Shares. In connection with the Amalgamation Agreement to acquire Torus, we will issue Voting Ordinary Shares to First Reserve and Corsair at the closing of the Amalgamation constituting 9.5% and 2.5%, respectively, of our outstanding Voting Ordinary Shares. First Reserve will also receive Non-Voting Preferred Shares and the right to designate one representative to our Board of Directors.

Although they do not act as a group, Trident, First Reserve, Beck Mack, Goldman Sachs, Corsair and each of Messrs. Silvester, O'Shea and Packer may exercise significant influence over matters requiring shareholder approval, and their concentrated holdings may delay or deter possible changes in control of Enstar, which may reduce the market price of our ordinary shares.

The market value of our Voting Ordinary Shares may decline if large numbers of shares are sold, including pursuant to existing registration rights.

We have a registration rights agreement with Mr. Silvester, Trident and certain other of our shareholders. This agreement provides that Mr. Silvester and Trident may request that we effect a registration under the Securities Act of 1933, as amended (or the Securities Act) of certain of their Voting Ordinary Shares. We have also entered into a registration rights agreement with affiliates of Goldman, Sachs & Co. in connection with our private placement in 2011, which provides that these investors may make two requests that we effect a registration under the Securities Act of the Voting Ordinary Shares and non-voting ordinary shares issued to them in the private placement. In connection with the Amalgamation Agreement to acquire Torus, we will enter into a registration rights agreement with First Reserve and Corsair at the closing of the Amalgamation. The agreement will require us to file a resale shelf registration statement for their Registrable Securities within 20 business days after the closing, and will provide that, at any time after the six month anniversary of the closing, First Reserve may make three requests that we effect a registration under the Securities Act of the Voting Ordinary Shares (including any Voting Ordinary Shares into which First Reserve's Non-Voting Preferred Shares may convert) and that Corsair may make one such request.

All of these investors also have (or, in the case of First Reserve and Corsair, will have) "piggyback" registration rights with respect to our registration of Voting Ordinary Shares for our own account or for the account of one or more of our shareholders. As of June 30, 2013, an aggregate of approximately 2.6 million Voting Ordinary Shares held by Mr. Silvester and Trident and 665,529 Voting Ordinary Shares and 2,725,637 non-voting ordinary shares held by affiliates of Goldman, Sachs & Co. are subject to these agreements. Following the closing of the Amalgamation, an aggregate of approximately 1,901,000 Voting Ordinary Shares held by First Reserve and Corsair and approximately 711,000 Non-Voting Preferred Shares held by First Reserve will be subject to their registration rights agreement.

By exercising their registration rights, these holders could cause a large number of ordinary shares to be registered and generally become freely tradable without restrictions under the Securities Act immediately upon the effectiveness of the registration. Our ordinary shares have in the past been, and may from time to time continue to be, thinly traded, and significant sales, pursuant to the existing registration rights or otherwise, could adversely affect the market price for our ordinary shares and impair our ability to raise capital through offerings of our equity securities.

Item 6. ***EXHIBITS***

The information required by this item is set forth on the exhibit index that follows the signature page of this report.

SIGNATURE

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 August 9, 2013.

ENSTAR GROUP LIMITED

By: /s/ Richard J. Harris
Richard J. Harris
Chief Financial Officer, Authorized Signatory and Principal Accounting and Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
2.1*¿	Share Purchase Agreement dated June 5, 2013 by and among Arden Holdings Limited, Alopuc Limited and Kenmare Holdings Ltd. for the sale and purchase of the entire issued share capital of Atrium Underwriting Group Limited.
2.2*¿	Share Purchase Agreement dated June 5, 2013 by and among Arden Holdings Limited, Northshore Holdings Limited and Kenmare Holdings Ltd. for the sale and purchase of the entire issued share capital of Arden Reinsurance Company Limited.
2.3*¿	Agreement and Plan of Amalgamation, dated July 8, 2013, by and among Enstar Group Limited, Veranda Holdings Ltd., Hudson Securityholders Representative LLC, and Torus Insurance Holdings Limited.
3.1	Memorandum of Association of Enstar Group Limited (incorporated by reference to Exhibit 3.1 to the Company's Form 10-K/A filed on May 5, 2011).
3.2	Third Amended and Restated Bye-Laws of Enstar Group Limited (incorporated by reference to Exhibit 3.1(b) of the Company's Form 10-Q filed on August 5, 2011).
3.3	Certificate of Designations for the Series A Convertible Participating Non-Voting Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed on April 21, 2011).
3.4	Certificate of Designations for the Series B Convertible Participating Non-Voting Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed on July 9, 2013).
10.1*	Restatement Agreement for Revolving Credit Facility Agreement, dated July 8, 2013, among Enstar Group Limited and certain of its Subsidiaries, National Australia Bank Limited and Barclays Corporate as Mandated Lead Arrangers, and National Australia Bank Limited as Agent and Security Agent.
10.2*	Northshore Investors Agreement, dated July 3, 2013, by and among Kenmare Holdings Ltd. and Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P.
10.3*	Subscription Letter Agreement, dated July 3, 2013, from Kenmare Holdings Ltd. to Northshore Holdings Limited.
10.4*	Subscription Letter Agreement, dated July 3, 2013, from Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P. to Northshore Holdings Limited.
10.5*	Bayshore Investors Agreement, dated July 8, 2013, by and among Enstar Group Limited, Kenmare Holdings Ltd., and Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P.
10.6*	Subscription Letter Agreement, dated July 8, 2013, from Kenmare Holdings Ltd. to Bayshore Holdings Limited.
10.7*	Subscription Letter Agreement, dated July 8, 2013, from Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P. to Bayshore Holdings Limited.
15.1*	KPMG Audit Limited Letter Regarding Unaudited Interim Financial Information.
31.1*	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101**	Interactive Data Files.

* Filed herewith

** Furnished herewith

¿ certain of the schedules and similar attachments are not filed but Enstar Group Limited undertakes to furnish a copy of the schedules or similar attachments to the SEC upon request

Exhibit 2.1

EXECUTION VERSION

Dated 5 June 2013

ARDEN HOLDINGS LIMITED

and

ALOPUC LIMITED

and

KENMARE HOLDINGS LTD

AGREEMENT
for the sale and purchase of the entire issued share capital of Atrium Underwriting Group Limited

NORTON ROSE

Contents

THIS AGREEMENT is dated 5 June 2013 and is made **BETWEEN**:

(1) **ARDEN HOLDINGS LIMITED** (company registration number 37470) whose registered office is at Clarendon House, 2 Church Street, Hamilton, Bermuda (the **Seller**);

(2) **ALOPUC LIMITED** (company registration number 8538477) whose registered office is at Avaya House, 2 Cathedral Hill, Guildford, Surrey, GU2 7YL, UK (the **Buyer**); and

(3) **KENMARE HOLDINGS LTD** (company registration number 30917) whose registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda (the **Guarantor**).

NOW IT IS HEREBY AGREED as follows:

1 Definitions and interpretation

In addition to terms defined elsewhere in this Agreement, the definitions and other provisions in Schedule 6 apply, unless the context requires otherwise.

2 Conditions

2.1 The sale and purchase of the Sale Shares is conditional on the satisfaction of all of the following conditions:

(a) the PRA (in respect of the Managing Agent) and the FCA (in respect of Atrium Insurance Agency Limited) having given notice (whether or not subject to any conditions) in writing in accordance with section 189(4) or 189(7) of FSMA that they approve or have no objection to the Buyer and any other person who would by virtue of the acquisition of the Sale Shares on Completion become a controller of the Authorised Companies (in each case an **Additional Notice Giver**) acquiring control (within the meaning of section 181 of FSMA) of the Authorised Companies pursuant to this Agreement, or, in the absence of such notice, the PRA and/or the FCA (as the case may be) being treated in accordance with section 189(6) of FSMA as having approved the Buyer and each Additional Notice Giver acquiring control;

(b) the Franchise Board having given notice (whether or not subject to any conditions) in writing in accordance with paragraph 43 of the Underwriting Byelaw (No. 2 of 2003) that it approves and has no objection to the Buyer and any other person who would by virtue of the acquisition of the Sale Shares on Completion become a controller of the Managing Agent (in each case a **Lloyd's Controller**) acquiring control of the Managing Agent and **control** and **controller** shall have the meanings given to those expressions in of the Definitions Byelaw (No. 7 of 2005);

(c) the Council having given notice (whether or not subject to any conditions) in writing in accordance with paragraph 12 of the Membership Byelaw (No.5 of 2005) that it approves or has no objection to the Buyer and each Lloyd's Controller acquiring control of the Corporate Members; and

(d) Lloyd's of London (Asia) Pte. Ltd. (**Lloyd's Asia**) giving written notification at least 14 days prior to Completion to the Monetary Authority of Singapore under Regulation 18(4) of the Insurance (Lloyd's Asia Scheme) Regulations in respect of the change in beneficial ownership of Atrium Insurance Agency (Asia) Pte. Ltd, a service company registered with Lloyd's Asia under Regulation 6 of the Insurance (Lloyd's Asia Scheme) Regulations, that will occur with effect from Completion.

The conditions listed in clause 2.1 are referred to as the **Conditions**.

2.2 The Buyer undertakes to use its reasonable endeavours to ensure that the Conditions are satisfied as soon as possible after the date of this Agreement and in any event by no later than 5:00pm on 4 October 2013 (the **Long Stop Date**).

2.3 Where the satisfaction of any Condition is subject to the satisfaction of any condition or conditions imposed by a Relevant Authority on the Buyer or the Group, the Buyer shall, and if such conditions are imposed on the Group, shall procure so far as it is able following Completion that the Group shall, comply with any such condition or conditions.

2.4 The Seller and the Buyer shall each promptly disclose to the other:

(a) any matter (of which it is or becomes actually aware) which will or is reasonably likely to prevent any Condition set out in clause 2.1 from being fulfilled on or before the Long Stop Date;

(b) any indication (of which it is or becomes actually aware) that any Relevant Authority may intend to withhold its approval of, or raise an objection to, or impose any condition on the acquisition of control by the Buyer and each Additional Notice Giver and/or Lloyd's Controller;

(c) any indication that the PRA or the FCA (as the case may be) is considering issuing a warning notice under section 189(4)(b) of FSMA or that any other Relevant Authority is considering taking any action or steps which would have a similar effect; or

(d) any other material development regarding the fulfilment of the Conditions set out in clause 2.1 of which it becomes actually aware.

2.5 The Buyer shall (to the extent not undertaken at the date hereof) make all appropriate submissions, notifications and other filings in connection with, or required to satisfy, the Conditions (the **Required Submissions**) as soon as reasonably practicable and in any event shall submit drafts of the required submissions no later than 15 Business Days after the date of this Agreement. The Buyer shall, and shall procure that any Related Undertaking that is an Additional Notice Giver and/or Lloyd's Controller shall, and shall use all its commercially reasonable endeavours to procure that any other Additional Notice Giver or Lloyd's Controller shall, respond expeditiously to any request from Relevant Authorities for further information in connection with such Required Submissions.

2.6 The Buyer shall at the same time provide the Seller with copies of the Required Submissions that are made by it or on its behalf pursuant to clause 2.5.

2.7 The Buyer undertakes to keep the Seller fully informed as to progress towards satisfaction of the Conditions and undertakes to:

(a) to the extent reasonably practicable, provide the Seller (or advisers nominated by the Seller) with draft copies of all material submissions and communications to the Relevant Authorities in relation to satisfying the Conditions at such time as will allow the Seller a reasonable opportunity to provide comments on such submissions and communications before they are submitted or sent (and, in completing such submissions or communications, the Buyer agrees to have due regard to any reasonable comments made by the Seller);

(b) save as otherwise directed by a Relevant Authority, allow persons nominated by the Seller to attend all meetings with the Relevant Authority, and, where appropriate, to make oral submissions at such meetings; and

(c) provide the Seller as soon as reasonably practicable with copies of any material written communication, and updates (written or oral) of the substance of any material oral communications with any Relevant Authority in relation to obtaining any consent, approval or action where such communications have not been independently or simultaneously supplied to the Seller, and, where practicable, to consult with the Seller before initiating any material new communication with a Relevant Authority,

provided that nothing in this clause 2.7 shall oblige the Buyer to disclose to the Seller any commercially sensitive information.

2.8 The Seller shall, and shall procure that each Group Company shall, provide on reasonable notice such assistance and information about the Group and the business of the Group as may reasonably be required by the Buyer to enable it, any Additional Notice Giver and any Lloyd's Controller to provide appropriate and complete submissions and responses to the Relevant Authorities in connection with the Required Submissions and the Seller shall, and shall procure that each Group Company shall, co-operate with the Buyer and the Relevant Authorities (as the case may be) to enable the Buyer to make the Required Submissions.

2.9 If either party becomes aware of the satisfaction of any Condition that party shall:

(a) within two Business Days of becoming actually aware of that fact, give notice to the other party that the Condition has been satisfied; and

(b) within two Business Days of becoming actually aware of that fact, provide the other party with copies of any written communication received from the Relevant Authority in relation to the satisfaction of the Condition where such communications have not been independently or simultaneously supplied to the other party.

2.10 If the Conditions are not fulfilled on or before the Long Stop Date, then without prejudice to any rights which either party may have against the other party pursuant to the Share Purchase Documents, this Agreement shall automatically terminate.

3 Agreement to sell the Sale Shares

3.1 The Seller shall sell to the Buyer and the Buyer shall buy from the Seller the Sale Shares with full title guarantee and free from all Encumbrances.

3.2 Title to, beneficial ownership of, and any risk attaching to, the Sale Shares shall pass on Completion together with all associated rights and benefits attaching or accruing to them on or after Completion.

3.3 The Seller irrevocably waives any rights of pre-emption conferred on it by the articles of association of the Company or otherwise over any of the Sale Shares.

3.4 The Buyer shall not be obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously.

4 Consideration

4.1 The consideration for the sale of the Sale Shares shall be the payment by the Buyer to the Seller of the Purchase Price in cash.

4.2 The Seller covenants and undertakes to the Buyer that:

(a) during the period from (and including) the Accounts Date to (and including) the date of this Agreement, there has been no Leakage other than Permitted Leakage and nor has there been created an entitlement to Leakage other than Permitted Leakage; and

(b) during the period from (and including) the date of this Agreement until Completion, there will be no Leakage other than any Permitted Leakage and nor will there be created any entitlement to Leakage other than Permitted Leakage.

4.3 The Seller agrees to reimburse and indemnify the Buyer or such other Group Company as the Buyer will nominate, forthwith on receipt of written notice from the Buyer, for any Leakage in breach of the covenant and undertaking in clause 4.2.

4.4 The Buyer's only remedy in relation to Leakage is that contained in clause 4.3.

5 Pre-Completion

5.1 The provisions of Schedule 5 shall apply.

5.2 Nothing in this clause 5 or Schedule 5 shall operate so as to restrict or prevent the following (of which the Buyer will be notified as soon as reasonably practicable so far as it is lawful for the Seller to do so and would not cause any Group Company to breach any contract, law or regulation):

(a) any matter reasonably undertaken in an emergency or disaster situation, with the intention of minimising any adverse effect thereof;

(b) the completion or performance of any obligations undertaken pursuant to any contract or arrangement entered into prior to the date of this Agreement (including the Reinsurance Contracts), provided that any such contract or arrangement has been disclosed to the Buyer prior to the date of this Agreement;

(c) the carrying out of any act or the undertaking of any matter necessary (in the reasonable belief of the Seller or the relevant Group Company) in order to ensure continued compliance with Applicable Laws (including any Applicable Laws relating to prudential matters);

(d) committing to any Regulatory Authority to carry out any act or undertake any matter requested or required by it and the carrying out of any act resulting from such commitment, provided that before any such commitment or undertaking is given, the Buyer is notified of the matter and if reasonably practicable afforded an opportunity to participate in relevant communications with the Regulatory Authority (unless the Regulatory Authority does not permit such notification or participation);

(e) the performance of any obligation under any Share Purchase Documents;

(f) any matter undertaken at the written request of the Buyer; or

(g) the making by a Group Company of any payment of Taxation to a Tax Authority.

5.3 Without prejudice to the generality of this clause 5, prior to Completion the Seller shall, and shall use all its commercially reasonable endeavours to procure that the Group Companies shall, subject to Applicable Laws and any obligations they may have under existing agreements with third parties, allow the Buyer and its agents, upon reasonable notice, reasonable access to, and to take copies of, the books, records, and documents and reasonable access to individuals of or relating in whole or in part to the Group, provided that the obligations of the Seller under this clause shall not extend to allowing access to information which is:

(a) reasonably regarded by the Seller as confidential to the activities of the Seller's Group; or

(b) commercially sensitive information of the Group Companies if such information cannot be shared with the Buyer prior to Completion in compliance with Applicable Laws.

6 Completion

6.1 Completion shall take place in escrow on the Completion Date at the offices of Norton Rose LLP at 3 More London Riverside, London, SE1 2AQ or at such other place as the parties may agree on or prior to the Completion Date.

6.2 The sole condition of escrow (the **Escrow Condition**) shall be the release from the applicable trusts by Lloyd's of the ING Letter of Credit and/or (if applicable) any other cash, assets, guarantees, letters of credit or other instruments which comprise the funds at Lloyd's of Atrium 5 Limited immediately prior to Completion and which have either replaced (in whole or in part) the ING Letter of Credit or have been added as additional funds at Lloyd's after the date of this Agreement, in each case as notified to the Buyer.

6.3 Pending satisfaction of the Escrow Condition any documents delivered by or on behalf of the Seller or the Buyer pursuant to this clause 6 shall not come into effect or be treated as having been delivered and any document which is expressed to be a deed shall not be treated as having been delivered and all such documents shall be held by the Buyer's Solicitors or the Sellers' Solicitors, as the case may be, subject to the terms of this Agreement.

6.4 Upon satisfaction of the Escrow Condition, all documents delivered by the Buyer or the Seller pursuant to this clause 6 and/or Schedule 3 shall be released from escrow and such documents shall be dated, and in the case of (i) documents to be delivered by the Seller, delivered to the Buyer's Solicitors by the Seller's Solicitors and (ii) documents to be delivered by the Buyer, delivered to the Seller's Solicitors by the Buyer's Solicitors.

6.5 If the Escrow Condition is not satisfied on or before 6pm on the tenth Business Day after the Completion Date (or such later date the parties may agree in writing) (the **Escrow Failure Date**) all of the documents and certificates which are the subject of the escrow shall have no force or effect and the documents and certificates delivered by the Seller shall be returned promptly to the Seller and the documents and certificates delivered by the Buyer and the amount paid by the Buyer pursuant to Schedule 3 shall be returned promptly to the Buyer, together with the interest that has accrued on the Purchase Price from the Completion Date to the date of return (at the overnight interest rate applicable to the client account of the Seller's Solicitors), and the Seller shall procure that any Buyer FAL provided by the Buyer under clause 7(c) will be returned to or to the order of the Buyer, and this Agreement shall, subject to clause 6.9, thereafter cease to have any further effect.

6.6 At Completion:

(a) the Seller shall do those things listed in Part A of Schedule 3; and

(b) the Buyer shall do those things listed in Part B of Schedule 3.

6.7 If the Seller or the Buyer (the **Affected Party**) fails or is unable to comply with any of its obligations under clause 6.6 or Schedule 3 on the Completion Date then the other (the **Unaffected Party**) may:

(a) defer Completion (by notice to the Affected Party) to a date (being a Business Day) not more than 20 Business Days after that date (in which case the provisions of this clause 6.7 and clauses 6.6 and 6.8 shall apply to Completion as so deferred); or

(b) proceed to Completion so far as practicable but without prejudice to the Unaffected Party's rights where the Affected Party has not complied with its obligations under this Agreement.

6.8 If the Affected Party fails or is unable to comply with its obligations under paragraphs 1(a), 1(d) or 1(e) of Part A of Schedule 3 (where the Affected Party is the Seller) or paragraph 1(a)(i) or 1(b) of Part B of Schedule 3 (where the Affected Party is the Buyer) on any date to which Completion is deferred in accordance with clause 6.7(a), the Unaffected Party shall have the right, in addition to its rights in clauses 6.7(a) and 6.7(b), to terminate this Agreement on such date by notice to the Affected Party.

6.9 If this Agreement is terminated in accordance with clause 6.8 or ceases to have effect in accordance with clause 6.5, all rights and obligations of the Seller and the Buyer under this Agreement shall end (except for rights and obligations under the Surviving Provisions which shall remain in full force and effect), provided that nothing in this clause 6.9 shall limit any rights or obligations of either party under this Agreement which have accrued before termination.

6.10 On and after Completion the Seller shall do those things listed in Part C of Schedule 3.

6.11 If this Agreement is terminated in accordance with clause 2.10 or clause 6.8 or ceases to have effect in accordance with clause 6.5 and at such time Arden Reinsurance Company Ltd. (a company registered in Bermuda under number 37526) (Arden Re) is a direct or indirect subsidiary of Enstar Group Limited, the Buyer and the Guarantor shall procure that Arden Re shall if requested by the Seller within five Business Days of such termination or cessation, execute and deliver to the Seller originals of the Commutation Agreements duly executed by Arden Re within five Business Days of such request.

6.12 If:

(a) the Agreement is terminated or otherwise ceases to have effect (other than as a result of the Buyer buying the Sale Shares on or before the Long Stop Date); and

(b) the Commutation Agreements are executed on or before the fifth Business Day following the date on which the Agreement is terminated or otherwise ceases to have effect,

then the Buyer shall, upon demand by the Seller, indemnify (on an after-tax basis) each Group Company which is a party to any such Commutation Agreements for any Taxation which such Group Company is liable (or would, but for the fact that it has mitigated any such Taxation by using a Relief which would otherwise be available to it to mitigate any other Taxation) to pay as a result of the entry into, the terms of, or the performance of any of the Commutation Agreements to the extent that such Taxation arises as a result of the commutation of the reinsurance in respect of the 2013 financial year.

7 Replacement of FAL

In the period from the date of this Agreement to the earlier of (i) the date on which the Escrow Condition is satisfied and (ii) the Escrow Failure Date:

(a) the Seller shall take reasonable steps to inform Lloyd's reasonably in advance of the proposed substitution of the Group FAL by the Buyer FAL (as defined in clause 7(d));

(b) the Buyer and the Seller shall co-operate with each other and with Lloyd's in respect of such substitution and take reasonable steps to arrange the execution of all necessary documents and/or procure that the relevant member(s) of their respective groups shall execute such necessary documents, including (as may be required) a deed of total release, determination and substitution in respect of the Group FAL and such trust deeds in each case in the form required by the Council pursuant to which Lloyd's will hold the Buyer FAL;

(c) (without prejudice to limb (d) of the definition of Permitted Leakage), the Seller shall procure the payment by the relevant Group Company of all fees and other amounts that are or will become due to ING in respect of the ING Facility Documents up to the date at which the ING Letter of Credit will be released;

(d) following receipt of confirmation of the payment of the fees and other amounts referred to in clause 7(c), the Buyer shall deliver to Lloyd's cash, assets, letters of credit and/or guarantees in each case acceptable to the Council as funds at Lloyd's (the **Buyer FAL**) in such amount as is required by Lloyd's to be provided in respect of the Corporate Members in order to allow the release of the ING Letter of Credit, provided that (without prejudice to clauses 2.2 and 2.3 of this Agreement) the Buyer shall not be obliged to provide Buyer FAL in an amount exceeding the Group FAL; and

(e) the Seller shall request ING to issue each notice required to be issued by ING pursuant to the ING Deed of Release or the ING Lien Termination Letter.

8 The Warranties

8.1 The Seller warrants to the Buyer that each of the Seller's Warranties is true and accurate as at the date of this Agreement.

8.2 The Buyer warrants to the Seller that each of the Buyer's Warranties is true and accurate as at the date of this Agreement.

8.3 The Guarantor warrants to the Seller that each of the Guarantor's Warranties is true and accurate as at the date of this Agreement.

8.4 The Seller's Warranties (other than the Title and Capacity Warranties) are qualified by those matters fairly disclosed in this Agreement and in the Disclosure Letter and for this purpose **fairly disclosed** means disclosed in such manner and in such detail as to enable a reasonable buyer, having received the assistance, information and advice received by the Buyer in relation to the Group Companies, to make an informed and accurate assessment of the matter concerned. No warranty or representation is given as to the accuracy or completeness of any statements (including any statements of opinion) contained in the Disclosure Letter.

8.5 The Seller's Warranties other than the Title and Capacity Warranties are further qualified by and the Buyer is deemed to have knowledge of the documents and information contained in the Data Room details of which are set out in the Data Room Index.

8.6 In each Seller's Warranty, where any statement is qualified as being made "so far as the Seller is aware" or any similar expression, such statement shall be deemed to refer to the actual knowledge or awareness of Steve Cook, Kirsty Steward, Richard Harries and James Lee.

8.7 Each of the paragraphs in Part A of Schedule 2 shall be construed as a separate and independent Warranty and the Buyer or the Seller (as the case may be) shall have a separate claim and right of action in respect of each breach of a Warranty.

8.8 The only Seller's Warranties given:

(a) in respect of Intellectual Property Rights and data protection are those contained in paragraph 16 of Part A of Schedule 2 and each of the other Seller's Warranties shall be deemed not to be given in respect of Intellectual Property Rights;

(b) in respect of employment or pension matters are those contained in paragraphs 12 and 13 of Part A of Schedule 2 and each of the other Seller's Warranties shall be deemed not to be given in respect of such matters;

(c) in respect of Taxation are those contained in paragraph 19 of Part A of Schedule 2 and each of the other Seller's Warranties shall be deemed not to be given in respect of Taxation; and

(d) in respect of regulatory compliance are those contained in paragraph 8 of Part A of Schedule 2 and each of the other Seller's Warranties shall be deemed not to be given in respect of regulatory compliance.

8.9 The Buyer acknowledges that the Seller's Warranties, and the warranties given by clause 3.1 are the only warranties, representations or other assurances of any kind given by or on behalf of the Seller.

8.10 Notwithstanding anything to the contrary set out in this Agreement but without prejudice to clause 8.9, no other statement, promise or forecast made by or on behalf of the Seller may form the basis of, or be pleaded in connection with, any claim against the Seller and, without prejudice to the provisions of clause 14 (Entire Agreement), the Buyer acknowledges and agrees, that the Seller makes no representation or warranty as to:

(a) any projections, estimates, budgets, statements of intent or statements of opinion delivered to or made available to the Buyer or any of its directors, officers, employees, agents or advisers of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of the Group Companies; or

(b) any other information or documents made available to the Buyer or any of its directors, officers, employees, agents or advisers with respect to the Seller or the Group Companies or any of their businesses, assets, liabilities or operations,

on or prior to the date of this Agreement, including in the documents provided in the Data Room.

8.11 None of the Seller's Warranties nor any other provision of the Share Purchase Documents shall be construed as a representation or warranty as to any judgement based on actuarial principles, practices or analyses by whomsoever made or as to the future fulfilment of any assumption. In particular, and without prejudice to the generality of the foregoing:

(a) the Buyer acknowledges and agrees with the Seller that the Buyer is responsible for assessing the adequacy of the liabilities, provisions for claims (whether in respect of reported claims or in respect of liabilities or claims which have been incurred but not reported), premiums, policy benefits, expenses and any other reserves of the Group Companies, as far as applicable, in respect of the insurance business of the Group (the **Reserves**);

(b) no representation or warranty is made by or on behalf of the Seller or any member of the Seller's Group as to the adequacy of the amount of the Reserves or as to the value in force of any of the policies comprised within the insurance business of the Group (whether as represented in the Accounts or otherwise); and

(c) notwithstanding anything otherwise contained in the Share Purchase Documents, no provision of any such document shall be construed as constituting, directly or indirectly, such a representation or warranty and none of the Seller or any member of the Seller's Group nor any of its or their officers, employees or advisers shall be under any liability to any member of the Buyer's Group or any other person to the extent that (for whatever reason) that member of the Buyer's Group or other person suffers any loss or liability as a consequence of its, or its advisers', assessment of the adequacy of the amount of the Reserves being in any way inaccurate.

8.12 The Buyer acknowledges and agrees that:

(a) it is an informed and sophisticated person, and it or one of its Related Undertakings on its behalf has engaged expert advisors experienced in the evaluation and acquisition of companies such as the transaction as contemplated hereby;

(b) it or one of its Related Undertakings on its behalf has conducted due diligence on the Group Companies and has been provided with, and has evaluated, such documents and information in the Data Room as it has deemed necessary to enable it to make an informed and rational decision with respect to the execution, delivery and performance of this Agreement and the consummation of the transaction contemplated hereby;

(c) it or one of its Related Undertakings on its behalf has received all materials relating to the business of the Group Companies available in the Data Room and has been afforded the opportunity to obtain any additional information necessary to verify the accuracy of any such information or of any representation or warranty given by the Seller hereunder or to otherwise evaluate the merits of the transaction contemplated hereby; and

(d) in making the decision to consummate the transaction contemplated hereby, the Buyer has relied upon its or one of its Related Undertaking's advisors, including but not limited to, its or their professional, legal, financial, tax and other advisors.

8.13 The Seller's Warranties (other than the Title and Capacity Warranties) are subject to the following matters:

(a) any matter which is fairly disclosed (as defined in clause 8.4) in this Agreement, in the Disclosure Letter or in the documents provided in the Data Room;

(b) all matters which would be revealed by making a search in respect of the Group Companies on the date two Business Days before the date of this Agreement on the public file at:

(i) Companies House in the UK;

(ii) the Companies Court in the UK; and

(iii) the Financial Services Register and the websites of the FCA and the PRA;

and in the case of Group Companies incorporated in jurisdictions other than England and Wales, the equivalent registers and websites for that applicable jurisdiction;

(c) all matters provided for or noted (to the extent of such provision or note) in the Accounts; and

(d) all matters fairly disclosed (as defined in clause 8.4) in the Information Memorandum for the purpose of the proposed acquisition of the Sale Shares by the Buyer.

8.14 References in the Disclosure Letter to paragraph numbers shall be to the paragraphs in Part A of Schedule 2 to which the disclosure is most likely to relate. Such references are given for convenience only and shall not limit the effect of any of the disclosures, all of which are made against the Seller's Warranties (other than the Title and Capacity Warranties) as a whole.

8.15 The Warranties shall not in any respect be extinguished or affected by Completion.

8.16 The Buyer shall not be entitled to make a claim in respect of the Seller's Warranties (other than a claim in respect of the Title and Capacity Warranties) after Completion where the matter giving rise to such claim was known or ought reasonably to have been known to the Buyer and/or any of its advisers (being those advisers which have been engaged specifically in connection with the subject matter of this Agreement) before the date of this Agreement.

8.17 The Title and Capacity Warranties and those Seller's Warranties set out in paragraph 18 (Insolvency) of Part A of Schedule 2 shall be deemed to be repeated immediately before Completion, with reference to those facts and circumstances then prevailing and for this purpose a reference in any of those Warranties to the date of this Agreement shall be construed as a reference to the Completion Date.

9 Claims against the Seller

In the absence of fraud or dishonesty by or on behalf of the Seller, the provisions of Schedule 4 shall apply in relation to the liability of the Seller in respect of any Relevant Claim and (to the extent set out in Schedule 4) in relation to the liability of the Seller under the Taxation Deed.

10 Guarantee by the Buyer's Guarantor

10.1 In consideration of the Seller entering into this Agreement, the Buyer's Guarantor unconditionally and irrevocably guarantees to the Seller the due and punctual performance of all the obligations and liabilities of the Buyer to make payment under or otherwise arising out of or in connection with this Agreement and the Taxation Deed (as any of such obligations and liabilities may from time to time be varied, extended, increased or replaced) and undertakes to keep the Seller fully indemnified against all liabilities, losses, proceedings, claims, damages, costs and expenses of whatever nature which any of them may suffer or incur directly as result of any failure or delay by the Buyer in the performance of any such obligations and liabilities.

10.2 If any outstanding obligation or liability of the Buyer expressed to be the subject of the guarantee contained in this clause 10 (the **Buyer's Guarantee**) is not or ceases to be valid or enforceable against the Buyer (in whole or in part) on any ground whatsoever (including, but not limited to, any defect in or want of powers of the Buyer or irregular exercise of such powers, or any lack of authority on the part of any person purporting to act on behalf of the Buyer, or any legal or other limitation, disability or incapacity, or any change in the constitution of, or any amalgamation or reconstruction of the Buyer, or the Buyer taking steps to enter into or entering into bankruptcy, liquidation, administration or insolvency, or any other step being taken by any person with a view to any of those things), the Buyer's Guarantor shall nevertheless be liable to the Seller in respect of that purported obligation or liability as if the same were fully valid and enforceable and the Buyer's Guarantor were the principal debtor in respect thereof.

10.3 The liability of the Buyer's Guarantor under the Buyer's Guarantee shall not be discharged or affected in any way by:

(a) the Seller compounding or entering into any compromise, settlement or arrangement with the Buyer, any co-guarantor or any other person; or

(b) any variation, extension, increase, renewal, determination, release or replacement of any of the Share Purchase Documents, whether or not made with the consent or knowledge of the Buyer's Guarantor; or

(c) the Seller granting any time, indulgence, concession, relief, discharge or release to the Buyer, any co-guarantor or any other person or realising, giving up, agreeing to any variation, renewal or replacement of, releasing, abstaining from or delaying in taking advantage of or otherwise dealing with any securities from or other rights or remedies which it may have against the Buyer, any co-guarantor or any other person; or

(d) any other matter or thing which, but for this provision, might exonerate or affect the liability of the Buyer's Guarantor.

10.4 The Seller shall not be obliged to take any steps to enforce any rights or remedy against the Buyer or any other person before enforcing the Buyer's Guarantee.

10.5 The Buyer's Guarantee is in addition to any other security or right now or hereafter available to the Seller and is a continuing security notwithstanding any entering into liquidation, administration or insolvency by the Buyer or steps being taken by any person with a view to any of those things or other incapacity of the Buyer or the Buyer's Guarantor or any change in the ownership of either of them.

10.6 Until the full and final discharge of all obligations and liabilities (both actual and contingent) which are the subject of the Buyer's Guarantee, the Buyer's Guarantor:

(a) waives all of its rights of subrogation, reimbursement and indemnity against the Buyer and all rights of contribution against any co-guarantor and agrees not to demand or accept any security from the Buyer or any co-guarantor in respect of any such rights and not to prove in competition with the Seller in the bankruptcy, liquidation or insolvency of the Buyer or any such co-guarantor; and

(b) agrees that it will not claim or enforce payment (whether directly or by set-off, counterclaim or otherwise) of any amount which may be or has become due to the Buyer's Guarantor by the Buyer, any co-guarantor or any other person liable to any of the Seller in respect of the obligations hereby guaranteed if and so long as the Buyer is in default under this Agreement.

10.7 Any moneys received by the Seller under the Buyer's Guarantee may be placed to the credit of a suspense account with a view to preserving the rights of the Seller to prove for the whole of its claims against the Buyer or any other person.

10.8 If the Buyer's Guarantee is discharged or released in consequence of any performance by the Buyer of the guaranteed obligations which is set aside for any reason, the Buyer's Guarantee shall be automatically reinstated in respect of the relevant obligations.

11 Non-solicitation and non-compete provisions

11.1 Subject to clause 11.2, the Seller undertakes with the Buyer (for itself and as trustee for each member of the Buyer Group and their respective directors, officers and employees) that it shall not, and shall procure that no subsidiary of the Seller (for so long as each such subsidiary remains a subsidiary of the Seller) shall, without the prior written consent of the Buyer, whether by itself, through its employees or agents or third parties, whether directly or indirectly:

(a) for a period of two years from Completion establish, carry on or be interested in or in any way assist any business which is a Lloyd's managing agent whose syndicates underwrite insurance and reinsurance policies of the classes underwritten at the date of this Agreement, by, and in competition with, Syndicate 570 or Syndicate 609, save that nothing in this clause 11.1(a) shall operate to prohibit the Seller or any member of the Seller's Group (alone or with any associated person) from: (i) holding up to 5 per cent of the shares of any company or group, the shares of which are listed or dealt in on a recognised stock exchange; or (ii) taking any action for the sole purpose of the run-off of its insurance and/or reinsurance business; or

(b) for a period of two years from Completion solicit or entice away or endeavour to solicit or entice away from any Group Company or offer employment to any Senior Employee and whether or not that person would commit any breach of their contract of employment by reason of leaving the service of that Group Company; or

(c) for a period of two years from Completion solicit or entice away or endeavour to solicit or entice away from any Group Company any parties for whom such Group Company has underwritten insurance or reinsurance risks in the two years up to and including the date of this Agreement.

11.2 The Seller agrees with the Company and the Buyer (for itself and as trustee for each member of the Buyer Group and their respective directors, officers and employees) that the restrictive covenants in clause 11.1 are reasonable and necessary for the protection of the value of the Sale Shares and the Group and that having regard to that fact those covenants do not work harshly on it. While those restrictions are considered by the parties to be reasonable in all the circumstances, it is agreed that if any of those restrictions, by themselves or taken together, are adjudged to go beyond what is reasonable in all the circumstances for the protection of the legitimate interests of the Buyer but would be adjudged reasonable if part or parts of their wording were deleted or amended or qualified, or if the periods referred to were reduced or the range of services or area dealt with were reduced in scope, then the relevant restriction or restrictions shall apply with such modification or modifications as may be necessary to make it or them valid and effective.

11.3 The Seller undertakes with the Company and the Buyer that it shall not, and shall procure that no subsidiary of the Seller (for so long as each such subsidiary remains a subsidiary of the Seller) shall at any time after Completion use or interfere with the use by the Buyer or the Company of the name "Atrium" or any other name which in the Buyer's reasonable opinion is capable of confusion with that name.

12 Dealing with and voting on the Sale Shares

12.1 The Seller hereby declares that for so long as it remains the registered holder of any of the Sale Shares after Completion it shall:

(a) hold the Sale Shares and the dividends and other distributions of profits or surplus or other assets declared, paid or made in respect of them after Completion and all rights arising out of or in connection with them on trust for the Buyer and its successors in title; and

(b) deal with and dispose of the Sale Shares and all such dividends, distributions and rights as the Buyer or any such successor may direct.

12.2 The Seller hereby appoints the Buyer as its lawful attorney for the purpose of doing any act or thing which the Seller could, as a member of the Company, do (including receiving notices of and attending and voting at all meetings of the Company) from Completion to the day on which the Buyer or its nominee is entered in the register of members of the Company as the holder of the Sale Shares. For such purpose, the Seller authorises:

(a) the Company to send any notices in respect of the Sale Shares to the Buyer; and

(b) the Buyer to complete in such manner as it thinks fit consents to short notice and any other document required to be signed by the Seller in its capacity as a member.

13 Release and indemnity for outstanding Guarantees

13.1 The Seller shall:

(a) use all its commercially reasonable endeavours to secure with effect from Completion the release of the Group Companies, without cost to any Group Company, from any Guarantees, other contingent liabilities and charges binding on any Group Company in respect of any liabilities of the Seller or any member of the Seller's Group (including, if required, offering its own Guarantee or liability on the same terms as and in substitution for the existing Guarantee or other liability of each Group Company); and

(b) pay to the Buyer (for itself and as trustee for each Group Company) an amount equal to all Losses which it or any Group Company may suffer or incur in respect of any claim, made under or in respect of any such Guarantees or other contingent liabilities and charges after Completion.

13.2 The Buyer shall:

(a) use all its commercially reasonable endeavours to secure with effect from Completion the release of the Seller, without cost to the Seller, from any Guarantees and other contingent liabilities binding on the Seller or any member of the Seller's Group in respect of any liabilities of the Group Companies (including, if required, offering its own Guarantee or liability on the same terms as and in substitution for the existing Guarantee or other liability of the Seller) in each case which have been disclosed to the Buyer prior to the date of this Agreement; and

(b) pay to the Seller (for itself and as trustee for each member of the Seller's Group) an amount equal to all Losses which it or any member of the Seller's Group may suffer or incur in respect of any claim, made under or in respect of any such Guarantees or other contingent liabilities after Completion.

14 Entire agreement

14.1 Each party acknowledges and agrees for itself (and as agent for each of its respective Related Undertakings) that:

(a) the Share Purchase Documents constitute the entire agreement between the parties and supersede any prior agreement, understanding, undertaking or arrangement between the parties relating to the subject matter of the Share Purchase Documents;

(b) by entering into the Share Purchase Documents, they do not rely on any statement, representation, assurance or warranty of any person (whether a party to the Share Purchase Documents or not and whether made in writing or not) other than as expressly set out in the Share Purchase Documents;

(c) the only rights or remedies available to any party in connection with the Share Purchase Documents shall be solely for breach of contract except as otherwise expressly provided for in this Agreement; and

(d) nothing in this clause, and no other limitation in this Agreement, shall exclude or limit any liability for fraud.

15 Effect of Completion

All provisions of this Agreement shall so far as they are capable of being performed or observed continue in full force and effect notwithstanding Completion except in respect of those matters then already performed and Completion shall not constitute a waiver of any of the Buyer's rights in relation to this Agreement or the Taxation Deed.

16 No right of termination

Save in respect of a breach of clauses 11 and 18 of this Agreement in respect of which the Buyer shall be entitled to the remedy of injunctive relief and/or specific performance or in relation to clause 4.3 of this Agreement in respect of which the Buyer shall be entitled to indemnification and reimbursement, the sole remedy of the Buyer against the Seller under this Agreement shall be an action in damages and the sole remedy of the Buyer against the Seller under the Taxation Deed shall be a claim in accordance with the terms of the Taxation Deed. Save as provided in clause 2, clause 6.5 or clause 6.8, the Buyer shall not be entitled to terminate or rescind this Agreement or the Taxation Deed by reason of any Relevant Claim, claim under the Taxation Deed or for any other reason.

17 Further assurances

The Seller shall execute or, so far as it is able, procure that any necessary third party shall execute all such documents and/or do or, so far as each is able, procure the doing of such acts and things as the Buyer shall after Completion reasonably require to give effect to this Agreement and any documents entered into pursuant to it and to give to the Buyer the full benefit of all the provisions of this Agreement.

18 Announcements and confidentiality

18.1 Subject to clause 18.2, no announcement, circular or communication (each an **Announcement**) concerning the existence or content of this Agreement shall be made by either party (or any of its respective Related Undertakings) without the prior written approval of the other party (such approval not to be unreasonably withheld or delayed).

18.2 Clause 18.1 does not apply to any Announcement if, and to the extent that, it is required to be made by the rules of any stock exchange or any governmental, regulatory or supervisory body (including any Taxation Authority and any Regulatory Authority) or court of competent jurisdiction (**Relevant Body**) to which the party making the Announcement is subject, whether or not any of the same has the force of law, provided that any Announcement shall, so far as is practicable, be made after consultation with the other party and after taking into account its reasonable requirements regarding the content, timing and manner of despatch of the Announcement in question.

18.3 Subject to clause 18.5, each party shall treat as strictly confidential all information received or obtained as a result of entering into or performing its obligations under the Share Purchase Documents which relates to:

(a) the subject matter and provisions of the Share Purchase Documents;

(b) the negotiations relating to the Share Purchase Documents; or

(c) the other party.

18.4 Subject to clause 18.5, after Completion the Seller shall

(a) not disclose or use the Confidential Information unless it has first obtained the Buyer's permission; and

(b) ensure that no member of the Seller's Group discloses or uses the Confidential Information unless it has first obtained the Buyer's permission.

18.5 A party may disclose information which would otherwise be confidential and the Seller may disclose Confidential Information if and to the extent:

(a) required by the law of any relevant jurisdiction;

(b) required by any Relevant Body to which the party making the disclosure is subject, whether or not such requirement has the force of law;

(c) required to vest the full benefit of this Agreement in either party;

(d) disclosure is made to its Related Undertakings and/or its Representatives, provided that any such Related Undertaking or Representative is first informed of the confidential nature of the information and such Related Undertaking or Representative acts in accordance with the provisions of clause 18.3 as if it were a party hereto;

(e) the information has come into the public domain through no fault of that party; or

(f) the other party has given prior written approval to the disclosure,

provided that any disclosure shall, so far as it practicable, be made only after consultation with the other party and taking into account its reasonable requirements regarding the timing and manner of disclosure.

19 Severance

Each provision of this Agreement is severable and distinct from the others and, if any provision is, or at any time becomes, to any extent or in any circumstances invalid, illegal or unenforceable for any reason, that provision shall to that extent be deemed not to form part of this Agreement but the validity, legality and enforceability of the remaining parts of this Agreement shall not be affected or impaired, it being the parties' intention that every provision of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

20 Set off

The Buyer shall not be entitled to set off any sum due by it to the Seller against any sum due by the Seller to the Buyer under or in relation to this Agreement or the Taxation Deed and all such sums shall be paid free and clear of all deductions and withholdings save for any which may be required by law.

21 Alterations

No purported alteration of this Agreement shall be effective unless it is in writing, refers to this Agreement and is duly executed by each party to this Agreement.

22 Counterparts

This Agreement may be entered into in any number of counterparts and by the parties to it on separate counterparts, and each of the executed counterparts, when duly exchanged or delivered, shall be deemed to be an original, but taken together, they shall constitute one and the same instrument.

23 Costs

Each of the parties shall be responsible for its respective legal and other costs incurred in relation to the negotiation, preparation and completion of this Agreement, the Taxation Deed and all ancillary documents.

24 Agreement binding

This Agreement shall be binding on and shall enure for the benefit of the successors in title of each party.

25 Rights of third parties

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

26 Remedies and waivers

The rights and remedies of each party to this Agreement are, except where expressly stated to the contrary, without prejudice to any other rights and remedies available to it. No neglect, delay or indulgence by either party in enforcing any provision of this Agreement shall be construed as a waiver and no single or partial exercise of any rights or remedy of either party under this Agreement will affect or restrict the further exercise or enforcement of any such right or remedy.

27 Notices

27.1 A notice or other communication given under or in connection with this Agreement must be:

(a) in writing;

(b) in the English language; and

(c) sent by the Permitted Method to the Notified Address.

27.2 The **Permitted Method** means any of the methods set out in column (1) below. A notice given by the Permitted Method will be deemed to be given and received on the date set out in column (2) below:

(1) Permitted Method	(2) Date on which Notice deemed given
Personal delivery	When left at the Notified Address
First class pre-paid post	Two Business Days after posting
Prepaid air-mail	Six Business Days after posting
Fax transmission	On confirmed completion of transmission

27.3 The **Notified Addresses** of each of the parties is as set out below:

Name of party	Address	Fax number	Marked for the attention of:
Arden Holdings Limited	Purvis House – 2nd floor 29 Victoria Street Hamilton HM 10 Bermuda	441-292-2702	Richard Lutenski
Alopuc Limited	Avaya House, 2 Cathedral Hill, Guildford, Surrey, GU2 7YL, UK	+11 44 1483 452 644	Alan Turner
Kenmare Holdings Ltd	Windsor Place, 3rd Floor, 22 Queen Street, Hamilton HM11, Bermuda	441-296-0895	Richard Harris

or such other Notified Address as either of the parties may, by notice to the other, substitute for their Notified Address set out above.

28 Agent for service

28.1 The Guarantor irrevocably appoints Enstar (EU) Limited (company registration number 3168082) whose registered office is at Avaya House, 2 Cathedral Hill, Guildford, Surrey, GU2 7YL, UK as its agent to receive service on its behalf in England and agrees that:

(a) service shall be deemed completed on delivery to Enstar (EU) Limited's registered office whether or not the relevant proceedings are received by Enstar (EU) Limited and clause 27.2 shall apply to determine the deemed time of service as if references in that clause to the giving of a notice were to the service of any proceedings arising out of or in connection with this Agreement;

(b) if for any reason Enstar (EU) Limited ceases to act as the Guarantor's agent or no longer has an address in England, the Guarantor shall within 20 Business Days appoint a substitute agent (the identity of whom shall have been agreed in advance with the Seller) with an address in England and shall give notice to the Seller of the substitute agent's name, address, together with a copy of the substitute agent's acceptance of the appointment; and

(c) service on Enstar (EU) Limited shall constitute effective service on the Guarantor unless and until the Seller receives notice in accordance with clause 28.1(b) from the Guarantor of the appointment of any substitute agent and with effect from the Seller's receipt of such notice the substitute agent shall be deemed to be the Guarantor's agent for the purposes of this clause 28.

28.2 The Seller irrevocably appoints Norose Notices Limited as its agent to receive service on its behalf in England and agrees that:

(a) service shall be deemed completed on delivery to Norose Notices Limited's registered office whether or not the relevant proceedings are received by Norose Notices Limited and clause 27.2 shall apply to determine the deemed time of service as if references in that clause to the giving of a notice were to the service of any proceedings arising out of or in connection with this Agreement;

(b) if for any reason Norose Notices Limited ceases to act as the Seller's agent or no longer has an address in England, the Seller shall within 20 Business Days appoint a substitute agent (the identity of whom shall have been agreed in advance with the Seller) with an address in England and shall give notice to the Buyer of the substitute agent's name, address, together with a copy of the substitute agent's acceptance of the appointment; and

(c) service on Norose Notices Limited shall constitute effective service on the Seller unless and until the Buyer receives notice in accordance with clause 28.2(b) from the Seller of the appointment of any substitute agent and with effect from the Buyer's receipt of such notice the substitute agent shall be deemed to be the Seller's agent for the purposes of this clause 28.

28.3 Nothing contained in this Agreement shall affect the right to serve process in any other manner permitted by law.

29 Assignment

29.1 Neither the Seller nor the Buyer shall, and neither shall the Seller nor the Buyer purport to, assign, transfer, charge or otherwise deal with all or any of its rights or obligations under this Agreement or the Taxation Deed nor grant, declare, create or dispose of any right or interest in this Agreement or the Taxation Deed without the prior written consent of the other.

29.2 The benefit of rights under this Agreement (including the Warranties) and the Taxation Deed shall be freely assignable by the Seller to another member of the Seller's Group (the **Seller's Assignee**), provided that, if the Seller's Assignee ceases to be a member of the Seller's Group, the Seller shall procure that the Seller's Assignee shall assign its rights to a member of the Seller's Group and, until such assignment becomes effective, such rights shall cease to be enforceable.

29.3 Any purported assignment in contravention of this clause 29 shall be void.

30 Governing law

30.1 This Agreement and any non-contractual obligations connected with it shall be governed by English law.

30.2 The parties irrevocably agree that all disputes arising under or in connection with this Agreement, or in connection with the negotiation, existence, legal validity, enforceability or termination of this Agreement, regardless of whether the same shall be regarded as contractual claims or not, shall be exclusively governed by and determined only in accordance with English law.

31 Jurisdiction

31.1 The parties irrevocably agree that the courts of England and Wales are to have exclusive jurisdiction, and that no other court is to have jurisdiction to:

(a) determine any claim, dispute or difference arising under or in connection with this Agreement, any non-contractual obligations connected with it, or in connection with the negotiation, existence, legal validity, enforceability or termination of this Agreement, whether the alleged liability shall arise under the law of England or under the law of some other country and regardless of whether a particular cause of action may successfully be brought in the English courts (**Proceedings**);

(b) grant interim remedies, or other provisional or protective relief.

31.2 The parties submit to the exclusive jurisdiction of the courts of England and Wales and accordingly any Proceedings may be brought against the parties or any of their respective assets in such courts.

31.3 Nothing contained in this clause shall limit the right of any party to commence any proceedings, suit or action seeking the enforcement of any judgment obtained in the courts of England and Wales ("**Enforcement Proceedings**") against any other party in any other court of competent jurisdiction nor shall taking of Enforcement Proceedings in one or more jurisdictions preclude the taking of Enforcement Proceedings in any other jurisdiction, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

31.4 Each party irrevocably waives (and irrevocably agrees not to raise) any objection which it may have now or after Completion to the venue of any Enforcement Proceedings in any such court as is referred to in clause 31.3 and any claim that any such Enforcement Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Enforcement Proceedings brought in any such court shall be conclusive and binding upon such party and may be enforced in the courts of any other jurisdiction.

IN WITNESS whereof, this Agreement has been executed and delivered as a Deed the day and year first above written.

Schedule 1

Information about the Group

Part A—The Company

Name of Company	Atrium Underwriting Group Limited
Date and place of incorporation	England and Wales, 04/10/1993
Registered number	2860390
Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ
Issued share capital	£17,060,405 composed of 17,060,405 ordinary shares of £1 each
Directors	Mr James Robert Francis Lee Mr Charles Albert Brizius Mr Steven James Cook Ms Ann Francis Godbehere Mr Steven Bennett Gruber Mr Richard de Winton Wilkin Harries Mr Malte Johannes Janzarik Mr Richard Paul Lutenski Mr Nicholas Carl Marsh Mr Scott Peter Moser
Secretary	Miss Marla Balicao
Auditors	Ernst & Young LLP
Accounting reference date	31 December

Part B—The Subsidiaries

Name of Company	**Atrium Underwriting Holdings Limited**	
Date and place of incorporation	England and Wales, 11/10/1993	
Registered number	2861307	
Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ	
Issued share capital	£22,500,000 composed of 2,250,000 ordinary shares of £10 each	
Shareholder(s)	**No. and class of shares** 2,250,000 ordinary shares	**Registered holder** Atrium Underwriting Group Limited
Directors	Mr James Robert Francis Lee Mr Steven James Cook Mr Nicholas Carl Marsh	
Secretary	Miss Marla Balicao	
Auditors	Ernst & Young LLP	
Accounting reference date	31 December	

Name of Company	**Atrium Insurance Agency Limited**	
Date and place of incorporation	England and Wales, 09/11/2006	
Registered number	5993519	
Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ	
Issued share capital	£500,000 composed of 500,000 ordinary shares of £1 each	
Shareholder(s)	**No. and class of shares** 500,000 ordinary shares	**Registered holder** Atrium Underwriting Group Limited

Directors	Mr James Robert Francis Lee Mr Steven James Cook Mr Peter John Hargrave Mr Richard de Winton Wilkin Harries Mr David Wade
Secretary	Miss Marla Balicao
Auditors	Ernst & Young LLP
Accounting reference date	31 December

Name of Company	**Atrium Insurance Agency (Asia) Pte. Ltd.**
Date and place of incorporation	Singapore, 12/11/2008
Registered number	200821514H
Registered office	8, Marina View, #15-01 Asia Square Tower 1, Singapore (018960)
Issued share capital	SGD50,000 composed of 50,000 ordinary shares of SGD1 each
Shareholder(s)	**No. and class of shares** — **Registered holder** 50,000 Ordinary — Atrium Underwriting Group Limited
Directors	Mr Steven James Cook Mr Peter John Hargrave Mr Richard de Winton Wilkin Harries Mr Mark Williams Hollingworth Mr James Robert Francis Lee
Secretary	Ms Lee Lih Feng
Auditors	Ernst & Young LLP
Accounting reference date	31 December

Name of Company	**Atrium 5 Limited**
Date and place of incorporation	England and Wales, 11/10/1993
Registered number	2861145

Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ	
Issued share capital	£1 composed of 1 ordinary share of £1 each	
Shareholder(s)	**No. and class of shares** 1 ordinary share	**Registered holder** Atrium Underwriting Group Limited
Directors	Mr James Robert Francis Lee Mr Steven James Cook Mr Nicholas Carl Marsh	
Secretary	Miss Marla Balicao	
Auditors	Ernst & Young LLP	
Accounting reference date	31 December	

Name of Company	**Atrium Risk Management Services (British Columbia) Limited**
Date and place of incorporation	Canada, 30/10/2009
Registered number	BC0865168
Registered office	Fasken Martineau DuMoulin LLP, 2900-500 Burrard Street, Vancouver, British Columbia, V6C 0A3
Issued share capital	CAD50,000 composed of 50,000 Common Shares of CAD1 each

Shareholder(s)	**No. and class of shares** 50,000 Common	**Registered holder** Atrium Underwriting Group Limited
Directors	Mr Lee James Greenway Mr James Robert Francis Lee Mr Peter John Hargrave Mr Richard de Winton Wilkin Harries	
Secretary	James Robert Francis Lee	
Auditors	None	
Accounting reference date	31 December	

Name of Company	Atrium Underwriters Limited	
Date and place of incorporation	England and Wales, 14/11/1985	
Registered number	1958863	
Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ	
Issued share capital	£400,000 composed of 100 "A" Ordinary Shares and 399,900 "B" Ordinary Shares of £1 each	
Shareholder(s)	**No. and class of shares**	**Registered holder**
	100 "A" Ordinary Shares	Atrium Underwriting Group Limited
	399,900 "B" Ordinary Shares	Atrium Underwriting Group Limited
Directors	Mr James Robert Francis Lee Ms Kirsty Helen Steward Mr James Malcom Cox Mr Steven James Cook Mr Toby Douglas Drysdale Ms Ann Frances Godbehere Mr Richard de Winton Wilkin Harries Mr Richard Paul Lutenski Mr Nicholas Carl Marsh Mr Scott Peter Moser Mr Samit Shah Mr Andrew Dennis Winyard	
Secretary	Miss Marla Balicao	
Auditors	Ernst & Young LLP	
Accounting reference date	31 December	

Name of Company	Atrium Risk Management Services (Washington) Limited	
Date and place of incorporation	Washington, U.S.A., 01/04/2009	
Registered number	602-912-499	
Registered office	Corporation Service Company, 300 Deschutes Way SW, Suite 304, Tumwater, Washington, 98501	
Issued share capital	USD25,000 composed of 2,500 Common shares of USD10 each	
Shareholder(s)	**No. and class of shares** 2,500 Common Shares	**Registered holder** Atrium Underwriting Group Limited
Directors	Mr Richard de Winton Wilkin Harries Mr Lee James Greenway Mr James Robert Francis Lee Mr Peter John Hargrave	
Secretary	Mr R. Dean Conlin	
Auditors	None	
Accounting reference date	31 December	

Name of Company	Atrium Group Services Limited	
Date and place of incorporation	England and Wales, 07/12/2006	
Registered number	6022662	
Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ	
Issued share capital	£1 composed of 1 ordinary share of £1 each	
Shareholder(s)	**No. and class of shares** 1 ordinary share	**Registered holder** Atrium Underwriting Group Limited
Directors	Mr James Robert Francis Lee Mr Steven James Cook Mr Nicholas Carl Marsh	
Secretary	Miss Marla Balicao	
Auditors	Ernst & Young LLP	
Accounting reference date	31 December	

Name of Company	Atrium 1 Limited	
Date and place of incorporation	England and Wales, 11/10/1993	
Registered number	2861129	
Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ	
Issued share capital	£1 composed of 1 ordinary share of £1 each	
Shareholder(s)	**No. and class of shares** 1 ordinary share	**Registered holder** Atrium Underwriting Holdings Limited
Directors	Mr James Robert Francis Lee Mr Steven James Cook Mr Nicholas Carl Marsh	
Secretary	Miss Marla Balicao	
Auditors	Ernst & Young LLP	
Accounting reference date	31 December	

Name of Company	Atrium 2 Limited	
Date and place of incorporation	England and Wales, 11/10/1993	
Registered number	2861131	
Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ	
Issued share capital	£1 composed of 1 ordinary share of £1 each	
Shareholder(s)	**No. and class of shares** 1 ordinary share	**Registered holder** Atrium Underwriting Holdings Limited

Directors	Mr James Robert Francis Lee Mr Steven James Cook Mr Nicholas Carl Marsh
Secretary	Miss Marla Balicao
Auditors	Ernst & Young LLP
Accounting reference date	31 December

Name of Company	**Atrium 3 Limited**
Date and place of incorporation	England and Wales, 11/10/1993
Registered number	2861134
Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ
Issued share capital	£1 composed of 1 ordinary share of £1 each
Shareholder(s)	**No. and class of shares** — **Registered holder** 1 ordinary share — Atrium Underwriting Holdings Limited
Directors	Mr James Robert Francis Lee Mr Steven James Cook Mr Nicholas Carl Marsh
Secretary	Miss Marla Balicao
Auditors	Ernst & Young LLP
Accounting reference date	31 December

Name of Company	**Atrium 4 Limited**
Date and place of incorporation	England and Wales, 11/10/1993
Registered number	2861143
Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ
Issued share capital	£1 composed of 1 ordinary share of £1 each

Shareholder(s)	**No. and class of shares** 1 ordinary share	**Registered holder** Atrium Underwriting Holdings Limited
Directors	Mr James Robert Francis Lee Mr Steven James Cook Mr Nicholas Carl Marsh	
Secretary	Miss Marla Balicao	
Auditors	Ernst & Young LLP	
Accounting reference date	31 December	

Name of Company	**Atrium 6 Limited**
Date and place of incorporation	England and Wales, 30/07/1997
Registered number	3411497
Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ
Issued share capital	£1 composed of 1 ordinary share of £1 each

Shareholder(s)	**No. and class of shares** 1 ordinary share	**Registered holder** Atrium Underwriting Holdings Limited
Directors	Mr James Robert Francis Lee Mr Steven James Cook Mr Nicholas Carl Marsh	
Secretary	Miss Marla Balicao	
Auditors	Ernst & Young LLP	
Accounting reference date	31 December	

Name of Company	Atrium 7 Limited	
Date and place of incorporation	England and Wales, 30/07/1997	
Registered number	3411536	
Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ	
Issued share capital	£1 composed of 1 ordinary share of £1 each	
Shareholder(s)	**No. and class of shares** 1 ordinary share	**Registered holder** Atrium Underwriting Holdings Limited
Directors	Mr James Robert Francis Lee Mr Steven James Cook Mr Nicholas Carl Marsh	
Secretary	Miss Marla Balicao	
Auditors	Ernst & Young LLP	
Accounting reference date	31 December	

Name of Company	Atrium 8 Limited	
Date and place of incorporation	England and Wales, 30/07/1997	
Registered number	3411529	
Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ	
Issued share capital	£1 composed of 1 ordinary share of £1 each	
Shareholder(s)	**No. and class of shares** 1 ordinary share	**Registered holder** Atrium Underwriting Holdings Limited
Directors	Mr James Robert Francis Lee Mr Steven James Cook Mr Nicholas Carl Marsh	
Secretary	Miss Marla Balicao	
Auditors	Ernst & Young LLP	
Accounting reference date	31 December	

Name of Company	Atrium 9 Limited	
Date and place of incorporation	England and Wales, 30/07/1997	
Registered number	3411534	
Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ	
Issued share capital	£1 composed of 1 ordinary share of £1	
Shareholder(s)	**No. and class of shares** 1 ordinary share	**Registered holder** Atrium Underwriting Holdings Limited
Directors	Mr James Robert Francis Lee Mr Steven James Cook Mr Nicholas Carl Marsh	
Secretary	Miss Marla Balicao	
Auditors	Ernst & Young LLP	
Accounting reference date	31 December	

Name of Company	Atrium 10 Limited
Date and place of incorporation	England and Wales, 30/07/1997
Registered number	3411528
Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ
Issued share capital	£1 composed of 1 ordinary share of £1

Shareholder(s)	**No. and class of shares** 1 ordinary share	**Registered holder** Atrium Underwriting Holdings Limited
Directors	Mr James Robert Francis Lee Mr Steven James Cook Mr Nicholas Carl Marsh	
Secretary	Miss Marla Balicao	
Auditors	Ernst & Young LLP	
Accounting reference date	31 December	

Name of Company	**609 Capital Limited**
Date and place of incorporation	England and Wales, 09/09/1994
Registered number	2966649
Registered office	Room 790 Lloyds, 1 Lime Street, London, EC3M 7DQ
Issued share capital	£25,000 composed of 25,000 ordinary shares of £1 each

Shareholder(s)	**No. and class of shares** 25,000 ordinary shares	**Registered holder** Atrium Underwriting Holdings Limited
Directors	Mr James Robert Francis Lee Mr Steven James Cook Mr Nicholas Carl Marsh	
Secretary	Miss Marla Balicao	
Auditors	Ernst & Young LLP	
Accounting reference date	31 December	

Schedule 2

The Warranties

Part A—The Seller's Warranties

1 The Sale Shares

1.1 The shares, details of which are set out opposite "Issued share capital" in Part A of Schedule 1 being the shares to be sold and bought pursuant to clause 3.1 of this Agreement, constitute the entire issued and allotted share capital of the Company and are fully paid up.

1.2 There is no Encumbrance on, over or affecting the Sale Shares and there is no agreement or commitment to give or create any Encumbrance on or over the Sale Shares and no person has made any claim to be entitled to any right over or affecting the Sale Shares.

1.3 The Seller is the legal and beneficial owner and is the registered holder of the Sale Shares and is entitled to sell and transfer the full legal and beneficial ownership in the Sale Shares to the Buyer on the terms of this Agreement.

2 Powers and obligations of the Seller

2.1 The Seller is a company duly incorporated and validly existing under the laws of Bermuda.

2.2 The Seller has the right, power and authority to execute and deliver, and to exercise its rights and perform its obligations under, this Agreement.

2.3 This Agreement constitutes, and the Taxation Deed and the other documents to be executed by the Seller which are to be delivered at Completion in accordance with paragraph 1 of Part A of Schedule 3 will, when executed, constitute legal, valid and binding obligations of the Seller enforceable in accordance with their respective terms.

2.4 The execution and delivery of, and the performance of obligations under and compliance with the provisions of, this Agreement and the Taxation Deed by the Seller will not result in:

(a) a violation of any provision of the bye-laws of the Seller;

(b) a breach of or a default under any instrument to which the Seller is a party;

(c) a violation or breach of any applicable laws or regulations or of any order, decree or judgment of any court, governmental agency or Regulatory Authority applicable to the Seller or any of its assets; or

(d) a requirement for the Seller to obtain any consent or approval of, or give any notice to or make any registration with, any governmental, regulatory or other authority which has not been applied for, obtained or made at Completion or which is envisaged in clause 2.

2.5 Subject to the satisfaction of the Conditions, no consent, authorisation, licence or approval of or notice to the Seller's shareholders or any governmental, administrative, judicial or regulatory body, authority or organisation is required to authorise the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement or the Taxation Deed or the performance by the Seller of its obligations under this Agreement or the Taxation Deed.

2.6 The Seller is not insolvent nor subject to any insolvency procedure in Bermuda or elsewhere.

3 Constitution and structure of the Company

3.1 The information set out in Schedule 1 is complete and accurate.

3.2 Each Group Company is a private company limited by shares which is validly existing under the laws of the jurisdiction of its incorporation with full power and authority to conduct its business as presently conducted.

3.3 The Subsidiaries are the only subsidiaries of the Company (or another Group Company) and are all wholly owned by the Company (or another Group Company) free from any Encumbrances.

3.4 No person has the right (whether exercisable now or in the future and whether contingent or not) to call for the issue or transfer of any share or loan capital of any Group Company under any option or other agreement or otherwise howsoever.

3.5 No Group Company has or has agreed to acquire an interest in any body corporate, partnership, joint venture or unincorporated association or agreement for sharing profit (except in respect of the Syndicate), other than the interest held by the Company in the Subsidiaries.

3.6 No Group Company has or has agreed to establish any branch or place of business outside the United Kingdom, Washington, British Columbia or Singapore.

3.7 Copies of the articles of association of each Group Company (including, for any company incorporated before 1 October 2009, any provisions of its old-style memorandum of association which, by virtue of section 28 CA 2006, are treated as provisions of that company's articles of association) and copies of all resolutions required by law to be attached to them have been made available to the Buyer and are up to date, true and complete.

4 Compliance with legal requirements

4.1 So far as the Seller is aware, each Group Company is conducting and has in the three years prior to the date of this Agreement conducted its business in all Material respects in accordance with all applicable laws and legally binding regulations of the United Kingdom or its country of incorporation (as the case may be).

4.2 All registers and minute books required by law to be kept by each Group Company have been properly written up and contain a record of the matters which should, by law, be recorded in them, and no Group Company has received any application or request for rectification of its statutory registers or any other notice or allegation that any of them is incorrect.

4.3 So far as the Seller is aware, no Group Company and none of their respective directors or officers have engaged in any activity, practice or conduct which would constitute an offence under the Anti-Bribery Laws.

5 Accounts

5.1 The Accounts:

(a) have been properly prepared in accordance with CA 2006 and all Accounting Standards in force as at the Accounts Date as applicable to a company incorporated in the United Kingdom; and

(b) give a true and fair view of the state of affairs of the Group as at the Accounts Date and its profit or loss for the financial year ended on that date.

5.2 The accounting records of each Group Company are in its possession and are in all Material respects up-to-date and have in all Material respects been properly written up on a consistent basis and contain the information required by CA 2006 to be entered in them.

6 Events since the Accounts Date

6.1 Since the Accounts Date, each Group Company has conducted its business in the ordinary course and in all material respects in a manner consistent with how it has conducted business in the 12 months prior to the Accounts Date and no Group Company has:

(a) resolved to change its name or to alter its articles of association;

(b) allotted or issued or agreed to allot or issue any shares or any securities or granted or agreed to grant any right which confers on the holder any right to acquire any shares or other securities;

(c) declared, paid or made any dividend, other distribution or management charge to a member of the Seller's Group (or any of their respective shareholders) or made any other payment having equivalent effect;

(d) created, repaid, redenominated, redeemed or purchased any of its share capital or loan capital or agreed to do so;

(e) reduced its share capital;

(f) resolved to be voluntarily wound up;

(g) passed any resolution or obtained any consent from any of its members;

(h) otherwise than in the ordinary course of business made, or agreed to make, any Material change (including any change by the incorporation, acquisition or disposal of a subsidiary or a business or Material assets in any case for a consideration representing open market value) in the nature or extent of its business;

(i) created, or agreed to create, any Encumbrance over its business, undertaking or over any of its Material assets;

(j) created any indebtedness other than in the ordinary course of business consistent with past practice;

(k) appointed new auditors;

(l) made any change in its accounting reference period;

(m) made any change in its accounting, actuarial, reserving policies, principles or practices save where such change has been made for the purpose of complying with the Accounting Standards;

(n) amended, varied, waived any rights under or terminated any of the Outwards Reinsurance Contracts;

(o) offered or entered into any commutation, claim settlement or expenses payment agreement which requires or required payment by or to the Syndicate of an amount in excess of £500,000;

(p) commenced nor settled any court or arbitration proceedings, save in the ordinary course of the business of the Syndicates.

7 Indebtedness and guarantees

7.1 Except as disclosed in the Disclosure Letter or provided for in the Accounts:

(a) the Group does not have outstanding Material indebtedness or loans to third parties which have arisen otherwise than in the normal course of business; and

(b) there is no outstanding indebtedness owing by any Group Company to any member of the Seller's Group or by any member of the Seller's Group to any Group Company.

7.2 There is no agreement or obligation to provide and there is not outstanding any guarantee given by any Group Company for the benefit of any third party (including any member of the Seller's Group) in respect of an obligation owed by a member of the Seller's Group (or any of their shareholders).

8 Regulatory Compliance

8.1 The Data Room includes the permissions, permits, consents or approvals granted by the Relevant Authorities (the **Regulatory Permissions**) to each Group Company required to have such a Regulatory Permission (a **Regulated Company**).

8.2 The Regulatory Permissions are the only permissions and permits required by the Regulated Companies in order to carry on their business as presently conducted and each Regulated Company has, at all material times, held and (so far as the Seller is aware) complied with all permissions and permits required from all Relevant Authorities to carry on its business.

8.3 So far as the Seller is aware, there are no circumstances which indicate that any of the Regulatory Permissions may be suspended, varied, limited, modified, revoked or not renewed, or otherwise Materially affected, in whole or in part and no Regulated Company has received written notice that it is or may be in default of, or carrying on business otherwise than in accordance with its Regulatory Permission.

8.4 Each Regulatory Permission held by a Regulated Company is in full force and effect.

8.5 Within the last three years the Regulated Companies have not committed any Material breach of the FSA Handbook, Lloyd's Regulations or any regulations applicable under Singapore law and so far as the Seller is aware there are no grounds for any disciplinary enquiries or proceedings by any Relevant Authority against the Regulated Companies or their Approved Persons.

8.6 Within the last three years all Material returns, reports, data and other information, applications and notices required to be filed with or otherwise provided to the Relevant Authorities have been duly filed.

8.7 The Data Room contains copies of all Material correspondence between the Regulated Companies and the Relevant Authorities within the last twelve months circulars or similar non-specific correspondence or communications, including FSA communications to the insurance industry, such as FSA press releases and "Dear Director" letters.

8.8 Each person carrying out a Controlled Function on behalf of the Regulated Companies has been approved for this purpose by the FSA or the PRA (as the case may be).

8.9 The Regulated Companies are not nor have the Regulated Companies been within the last three years the subject of any formal investigation (other than routine ARROW visits), enquiry or action, excluding non-specific communications or correspondence, in respect of its affairs or any of its directors by any Relevant Authority and so far as the Seller is aware there are no circumstances existing which would be reasonably likely to give rise to any such investigation, enquiry or action.

8.10 The Data Room contains all material filings made by the Regulated Companies with any Relevant Body for the last three years ending with the date of this Agreement.

8.11 No Relevant Body has imposed any restrictions or special conditions (other than any applicable restrictions or conditions in the FSA Handbook) on the Regulated Companies in relation to the operation of their business, use of its funds or payment of dividends.

9 Conduct of Underwriting Business

9.1 In the last three years, the Managing Agent has at all times properly observed, fulfilled, performed, conducted and carried out in all Material respects all obligations imposed on then Managing Agent under any underwriting agency agreements from time to time entered into by the Managing Agent with Lloyd's members.

9.2 Syndicates 570 and 609 are the only Lloyd's syndicates for which the Managing Agent is or has in the last four years been a Lloyd's managing agent.

9.3 The Managing Agent has not entered into any agreement with members of the Syndicates other than in the standard form(s) prescribed by the Council and all members of the Syndicates have the same arrangements with the Managing Agent regarding profit commission, fees and the consequences of any deficit.

9.4 In the last three years, the conduct by the Managing Agent of the underwriting of Syndicates 570 and 609 is and has at all material times been carried out within the powers conferred by and in accordance with the terms and conditions of the relevant Managing Agent's Agreement.

9.5 The reinsurance to close in respect of all closed years of account of the Syndicates (from and including the 2005 year of account) has been made in accordance with Lloyd's Regulations.

9.6 The Corporate Members have not conducted any business other than that of being corporate members at Lloyd's.

9.7 The Corporate Members have no actual or contingent liability in respect of losses arising from any syndicate at Lloyd's other than the Syndicates.

9.8 In respect of each open year of account of each Syndicate, the member's syndicate premium limit (as defined in Lloyd's Definitions Byelaw (No. 7 of 2005)) of Atrium 5 Limited, and the aggregate of the member's syndicate premium limits of all members of the Syndicate are as set out below:

Corporate Member	Syndicate	Year of Account	Member's syndicate premium limit (A)	Aggregate of member's syndicate premium limits of all members (B)	A/B %
Atrium 5	570	2011	£35.9m	£145m	24.76%
Atrium 5	609	2011	£70.9m	£275m	25.78%
Atrium 5	609	2012	£106.7m	£419m	25.47%
Atrium 5	609	2013	£106.7m	£420m	25.40%

and the member's syndicate premium limit of each other Corporate Member is zero in respect of all open years of account of each Syndicate.

9.9 All years of account of each Syndicate other than those referred to in paragraph 9.8 have been closed by reinsurance to close in accordance with Lloyd's requirements.

9.10 The FAL requirement of Atrium 5 Limited as last determined by Lloyd's and notified to the Managing Agent is set out in the release statement provided by Lloyd's on 15 April 2013 as contained in folder 11.2 in the Data Room, and no other Corporate Member has a FAL requirement as at the date of this Agreement.

9.11 The only reinsurance agreements to which any Corporate Member is a party and under which there are actual or contingent liabilities (other than any reinsurance agreement entered into by a managing agent on its behalf in its capacity as a member of a Syndicate) are the Reinsurance Contracts.

10 Contracts

10.1 The Seller has made available to the Buyer copies of all Material Contracts and those copies are complete, up to date and accurate in all material respects. For the purposes of this paragraph 10 **Material Contracts** means any contract or arrangement (other than the Managing Agent's Agreements) to which the Company is a party under which it (whether as principal or agent) provides or receives goods or services which:

(a) involve annual income or costs of more than £250,000; or

(b) may not be terminated on less than 12 months' notice.

10.2 With regard to each of the Material Contracts:

(a) each such Material Contract is legally binding on the Group Company that is a party to it and is full force and effect;

(b) the relevant Group Company (or Group Companies) that is a party to it has complied with and is in compliance with its obligations under such Material Contract;

(c) there is no dispute in relation to any Material Contract nor, so far as the Seller is aware, do any circumstances exist which are likely to give rise to such a dispute; and

(d) save in respect of any Material Contract which is an insurance or reinsurance contract entered into in the ordinary course of business with a member of the Seller's Group, so far as the Seller is aware there are no circumstances which constitute a ground on which

any such Material Contract may be avoided, rescinded, repudiated, prematurely determined (whether as a result of this Agreement, the sale of the Sale Shares, a breach, event of default or other termination right under such Material Contract); or declared to be invalid or which would give any other contracting party the right to impose any obligation on (whether to make payment or otherwise) or exercise any right against any Group Company (other than rights and obligations arising under contracts of insurance or reinsurance in the ordinary course of business) and no Group Company has received any notice of any claim to that effect or notice indicating that such a claim may be made.

10.3 There are no outstanding agreements or arrangements under which any Group Company is under an obligation to acquire or dispose of all or a substantial part of its assets or business.

10.4 So far as the Seller is aware, no Group Company has received notification within the last 12 months of the termination of (otherwise than through expiry in accordance with the terms of the relevant contract) or any claim for breach of contract in respect of any Material Contracts in circumstances when any such breach would have a Material adverse effect on the Group.

10.5 There are no agreements or arrangements between any Group Company and any member of the Seller's Group for the supply of any goods or services or the use by one company of the property, rights or assets of the other.

11 The Properties and other interests in land

11.1 The Properties are all the properties owned, controlled, used or occupied by a Group Company or in which any Group Company has any interest.

11.2 All Properties are used or occupied by Group Companies under leases or licences and the Data Room contains copies of all such leases and licences other than in respect of the Lloyd's boxes which the relevant Group Company occupies by way of an undocumented licence.

11.3 A Group Company is the tenant or licensee of the Properties and holds the legal and beneficial interest in such of the Properties which are leasehold and the beneficial interest in such of the Properties which are held under licence and such leases and licences are free from any Material Encumbrances.

11.4 Each relevant Group Company has paid all rent or licence fees and all other outgoings, charges or payments which have become due in respect of any Properties in which it has an interest.

11.5 The relevant Group Company has performed and observed all other Material obligations under the lessee's or licencee's covenants and conditions affecting any Properties in which it has an interest.

11.6 The Seller has not received written notice of nor is it aware of any Material dispute, claims, demands, actions, notices, non-performance, non-compliance, breach or complaints relating to any of the Properties and has not received written notice and so far as the Seller is aware there is no matter that may give rise to a right of forfeiture, re-entry or re-possession to any landlord or licensor of any lease or licence of any Property.

11.7 No Group Company has granted or agreed to grant any interest out of the interest that it holds in each of the Properties.

12 Employees

12.1 The Data Room contains or refers to details of the employees, agency workers and consultants of each Group Company including, by reference to appropriate categories of employees, agency workers and consultants, their total number, remuneration payable (including bonus arrangements), notice period and other principal benefits provided.

12.2 The Seller has disclosed to the Buyer copies of the service contracts of the directors of the Company and each Group Company and a sample of the contracts of employment between each Group Company and its employees.

12.3 So far as the Seller is aware, each Group Company has complied in all material respects with applicable employment law and immigration legislation and has also maintained adequate up-to-date records regarding the service of each of its employees.

12.4 No employee who is a director, managing director or office holder entitled to a basic salary in excess of £100,000 per annum has, since the Accounts Date, given notice terminating their contract of employment or is under notice of dismissal. Further, no Group Company has offered employment to a director, managing director or office holder entitled to a basic salary in excess of £100,000 per annum since the Accounts Date.

12.5 No Group Company is involved in any material dispute or negotiation with any of its employees, recognised trade union or other employee representation body. Further, the Data Room contains or refers to details of any material arrangements with recognised trade unions and/or employee representation bodies.

12.6 Within the period of one year before the date of this Agreement no Group Company has given notice of any redundancies to the Secretary of State for Work and Pensions or started consultations with any independent trade union or unions or other employee representatives under Part XI Employment Rights Act 1996 and no Group Company has failed to comply with any obligation under such Part XI. Further, within the period of one year before the date of this Agreement no Group Company has been party to a relevant transfer as defined in Regulation 3 of the Transfer of Undertakings (Protection of Employment) Regulations 2006.

12.7 No gratuitous payment has been made or promised by any Group Company in connection with the actual or proposed termination, breach, suspension or variation of any employment or engagement of any present or former director, officer or employee of that company.

12.8 No director, officer or employee of the Company or any Group Company will be entitled to receive any payment or right or benefit from any Group Company arising out of or in connection with either this Agreement or Completion.

13 Pension warranties

13.1 In this paragraph:

FA 2004 means the Finance Act 2004;

Closed Schemes means a group personal pension scheme and an executive pension scheme which were insured with AXA and to which the Company contributed in respect of its employees until 31 December 2011.

Group Life Scheme means the Atrium Group Services Limited group life assurance scheme, which is insured with Aviva and to which the Company contributes in respect of its employees.

HMRC means HM Revenue and Customs, Savings, Pensions and Share Schemes Division;

PA04 means the Pensions Act 2004;

Personal Pension Scheme means the Atrium Group Personal Pension Scheme, which is an insured arrangement with Scottish Widows and to which the Company contributes in respect of its employees;

PSA93 means the Pension Schemes Act 1993; and

2008 Act means the Pension Act 2008.

13.2 Save for the Personal Pension Scheme and the Group Life Scheme (and save as set out in paragraphs 13 and 14 of this Schedule) no Group Company is a party to or contributing to any retirement benefits pension or life assurance scheme or personal pension scheme or stakeholder arrangement or arrangement to meet the auto-enrolment requirements of the 2008 Act.

13.3 The Company contributes to individual personal pension arrangements in respect of four employees in the UK.

13.4 The Closed Schemes were closed on 31 December 2011. No Group Company has any obligation to contribute to the Closed Schemes.

13.5 All material particulars of the Personal Pension Scheme and the Group Life Scheme have been disclosed to the Buyer.

13.6 The Personal Pension Scheme is a registered pension scheme under FA 2004 for the purposes of HMRC.

13.7 All employer and employee contributions and premiums due as at the date of this Agreement to the Personal Pension Scheme and the Group Life Scheme have been deducted and paid to the relevant insurance company, within the prescribed period.

13.8 So far as the Seller is aware, the Personal Pension Scheme and the Group Life Scheme have at all times materially complied with all applicable legislative and regulatory requirements.

13.9 So far as the Seller is aware, there are currently no complaints from any employee or former employee of any Group Company regarding the Personal Pension Scheme or the Group Life Scheme.

13.10 So far as the Seller is aware, no Group Company is or has at any time in the last six years been "connected" with or an "associate" (as those terms are used in sections 38 to 51 of the PA04) of an employer in relation to an occupational pension scheme (as defined in the PSA93) which provides benefits other than money purchase benefits (as defined in the PSA93).

13.11 So far as the Seller is aware, no employee of a Group Company has an actual or prospective entitlement to a benefit payable by a Group Company or by any member of the Seller's Group on early retirement or redundancy where such entitlement (i) arises solely because that employee was a member of an occupational pension scheme before a transfer of his or her employment under the Transfer of Undertakings (Protection of Employment) Regulations 1981 or 2006, and (ii) is treated under regulations 7(2) or 10(2), respectively, of those Regulations as being not part of the relevant occupational pension scheme.

14 Overseas pensions

14.1 No Group Company operates a pension scheme outside the UK.

14.2 The Company makes cash payments to three employees in Canada and one employee in Singapore in lieu of contributions to their individual personal pension arrangements.

14.3 The Company contributes to the Personal Pension Scheme in respect of two employees who work outside the UK.

14.4 The Company contributes to the statutory CPF scheme in respect of seven employees in Singapore.

15 Insurance

15.1 The Data Room contains the material particulars of all Material insurance policies (but excluding policies underwritten by the Syndicates) maintained by each Group Company and currently in force (**Policies**).

15.2 So far as the Seller is aware, all premiums due on the Policies have been paid. No claim exceeding £100,000 is outstanding either by the insurer or the insured under any of the Policies.

16 Intellectual Property Rights, Information Technology and Data Protection

16.1 In this paragraph, unless the context requires otherwise:

Information Technology means information technology infrastructure and the manuals and documents relating to it; and

Intellectual Property Rights means all or any copyrights, patents, trade marks, trade names, service marks, design rights, database rights and all other registered or unregistered intellectual property and any applications for any of the same.

16.2 So far as the Seller is aware, no Group Company has infringed the intellectual property rights of any other person nor has any third party infringed any intellectual property rights owned by a Group Company.

16.3 The Data Room sets out details of all Intellectual Property Rights and material Information Technology:

(a) owned by the Company or by any Group Company; or

(b) licensed by or to the Company or any Group Company.

16.4 The Data Room contains details of all data protection registrations, (or notifications, as appropriate) made by any Group Company and no Group Company has received any complaints, enforcement notice or deregistration notice from any person (including any relevant regulator) regarding the storage or use of any data where any of the same would have a Material adverse effect on the Group.

16.5 So far as the Seller is aware, the Group Companies have complied in all material respects with all Applicable Laws relating to data protection and data privacy.

16.6 So far as the Seller is aware, the execution or performance of any Share Purchase Document will not have a Material adverse effect on any rights of any Group Company to continue to use any Information Technology or on any Intellectual Property Rights owned by, or licensed by or to, any Group Company.

17 Litigation

17.1 Other than claims arising under contracts of insurance or reinsurance in the ordinary course of business and other than the collection of debts in the ordinary course of any Group Company's business, no Group Company is engaged in any capacity in any litigation, arbitration, prosecution or other legal proceedings or in any proceedings or hearings before any statutory or governmental body, department, board or agency or other dispute resolution proceedings where the amount involved exceeds £1,000,000 and, so far as the Seller is aware, no such litigation, arbitration, prosecution or other proceedings are pending.

17.2 So far as the Seller is aware (and other than in respect of the claims relating to the business of the Syndicates) there is no outstanding judgment, order, decree, arbitral award or decision of any court, tribunal, arbitrator or governmental agency against any Group Company or any person for whose acts that company may be vicariously liable which is likely to have a Material adverse effect on the Group.

18 Insolvency

18.1 None of the Group Companies is insolvent or unable to pay their debts as they fall due.

18.2 No order has been made and no resolution has been passed for the winding-up of any Group Company or for a liquidator to be appointed in respect of any Group Company and, so far as the Seller is aware, no petition has been presented and no meeting has been convened for the purpose of winding-up any Group Company.

18.3 No administration order has been made, and, so far as the Seller is aware, no petition for such an order has been presented in respect of any Group Company.

18.4 No receiver (which expression shall include an administrative receiver) has been appointed in respect of any Group Company or in respect of all or any Material part of its assets.

18.5 No voluntary arrangement has been proposed under section 1 Insolvency Act 1986 in respect of any Group Company.

18.6 No event analogous to any of the circumstances mentioned in any of the foregoing sub paragraphs of this paragraph 18 has occurred in relation to any Group Company outside England.

19 Taxation

19.1 The Accounts make proper provision or reserve in accordance with CA2006 and all Accounting Standards in force as at the Accounts Date as applicable to a company incorporated in the United Kingdom in respect of any period ended on or before the Accounts Date for all Tax assessed or liable to be assessed on any Group Company or for which it is accountable at the Accounts Date and proper provision has been made in the Accounts for deferred taxation in accordance with CA2006 and all Accounting Standards in force as at the Accounts Date.

19.2 All returns, computations, notices, accounts, statements, reports or information which ought to have been made by or in respect of any Group Company for any Taxation purpose have been properly and punctually submitted to the relevant Taxation Authority; all such returns, computations, notices, accounts, statements, reports and information supplied to any Taxation Authority were, when made or supplied, and remain up-to-date and correct; none of such returns, computations, notices, accounts, statements, reports or information is being disputed in any Material respect by the Taxation Authority concerned.

19.3 All Taxation for which each of the Group Companies is liable, the due date for payment of which is (in the absence of any application to postpone) on or before Completion has been or will be paid on or before Completion. Without limitation, each Group Company has made all deductions, withholdings and retentions of or on account of Taxation as it was or is obliged or entitled to make, and has accounted to the relevant Taxation Authority for any such deductions and retentions for which it was obliged to account.

19.4 Each Group Company has paid all Tax which is has become liable to pay on or before the date hereof and is not, and has not in the four years ending on the date of this Agreement been, liable to pay a penalty, surcharge, fine or interest in connection with Tax.

19.5 Each Group Company has maintained all records in relation to Tax as it is required to maintain by law.

19.6 No Taxation Authority has in the last four years carried out, or (so far as the Seller is aware) is at present conducting, any review, audit or investigation into any aspect of the business or affairs of any of the Group Companies other than of a routine nature.

19.7 The amount of Taxation chargeable on each Group Company during any accounting period ending on or within four years before the Accounts Date has not, to any Material extent, depended on any concession, agreement or other arrangement with any Taxation Authority.

19.8 The Company is not, and has never been, a close company within the terms of section 439 CTA 2010 or a close investment holding company within the terms of section 34 CTA 2010.

19.9 No Group Company has entered into any transaction the consideration for which was or will be determined otherwise than on arm's length terms, nor has any Group Company agreed to do so, in circumstances that the relevant Group Company's income or capital gains is required to be adjusted for tax purposes.

19.10 No Group Company:

(a) constitutes a permanent establishment of another person, business or enterprise for any Taxation purpose; and

(b) is or has been treated as resident or liable to Taxation in a jurisdiction other than the jurisdiction in which it is incorporated for any Taxation purpose (including for the purposes of any double taxation agreement).

19.11 All documents in the possession of the Group Companies or to the production of which any of the Group Companies is entitled and which attract stamp duty in the United Kingdom or elsewhere have been duly stamped.

19.12 In relation to VAT or any equivalent in any other jurisdiction:

(a) details of the VAT registration (or the registration number for the purposes of any equivalent tax) of each Group Company are set out in the Disclosure Letter;

(b) each Group Company has complied in all material respects with applicable VAT or equivalent legislation; and

(c) no Group Company has made an election under paragraph 2 of Schedule 10 to the Value Added Tax Act 1994 to waive exemption from VAT in respect of any of the Properties.

Part B—The Buyer's Warranties

1 The Buyer is a company duly incorporated and organised and validly existing under the laws of England and Wales.

2 The Buyer has the right, power and authority to execute and deliver, and to exercise its rights and perform its obligations under, this Agreement.

3 This Agreement constitutes, and the Taxation Deed and the other documents to be executed by the Buyer which are to be delivered at Completion in accordance with paragraph 1 of Part B of Schedule 3 will, when executed, constitute legal, valid and binding obligations of the Buyer enforceable in accordance with their respective terms.

4 The execution and delivery of, and the performance of obligations under and compliance with the provision of, this Agreement and the Taxation Deed by the Buyer will not result in:

(a) a violation of any provision of the articles of association of the Buyer;

(b) a breach of or a default under any instrument to which the Buyer is a party;

(c) a violation or breach of any applicable laws or regulations or of any order, decree or judgment of any court, governmental agency or Regulatory Authority applicable to the Buyer or any of its assets; or

(d) (save as provided herein) a requirement for the Buyer to obtain any consent or approval of, or give any notice to or make any registration with, any governmental, regulatory or other authority which has not been applied for, obtained or made at Completion.

5 Save as provided herein, no consent, authorisation, licence or approval of or notice to any governmental, administrative, judicial, regulatory body, authority or organisation is required to authorise the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement or the Taxation Deed or the performance by the Buyer of its obligations under this Agreement or the Taxation Deed.

6 No order has been made, petition presented or meeting convened for the purpose of considering a resolution for the winding up of the Buyer or for the appointment of any provisional liquidator. No petition has been presented for an administration order to be made in relation to the Buyer, and no receiver (including any administrative receiver) has been appointed in respect of the whole or any part of any of the property, assets and/or undertaking of the Buyer. No events or circumstances analogous to any of those referred to in this paragraph 6 have occurred in any jurisdiction outside England.

7 The Buyer has disclosed to the Seller the source of funding from which it currently proposes to finance the acquisition of the Sale Shares.

8 So far as the Buyer is aware, no member of the Buyer's Group is:

(a) subject to applicable law, regulation or other statutory or legislative provisions of any country or to any order, decree or judgment of any court, governmental agency or regulatory authority which is still in force; nor

(b) a party to any litigation, arbitration or administrative proceedings which are in progress or threatened or pending by or against or concerning it or any of its assets; nor

(c) the subject of any governmental, regulatory or official investigation or enquiry which is in progress or threatened or pending

which in any case has or could reasonably be expected to have a material adverse effect on the Buyer's ability to execute, deliver and perform its obligations under this Agreement.

Part C—The Buyer's Guarantor's Warranties

1 The Buyer's Guarantor warrants to the Seller as follows:

(a) the Buyer's Guarantor is a company duly incorporated and validly existing under the laws of Bermuda;

(b) the Buyer's Guarantor has the requisite corporate power and authority to enter into, execute, deliver and perform its obligations under this Agreement, including the Buyer's Guarantee;

(c) the execution and delivery of this Agreement and the performance of the obligations of the Buyer's Guarantor under this Agreement, including the Buyer's Guarantee, have been duly authorised by all necessary corporate action on the part of the Buyer's Guarantor;

(d) the obligations of the Buyer's Guarantor under this Agreement, including the Buyer's Guarantee, constitute legal, valid and binding obligations of the Buyer's Guarantor in accordance with their respective terms;

(e) the execution and delivery of this Agreement and the performance by the Buyer's Guarantor of its obligations under, and compliance with the provisions of, this Agreement, including the Buyer's Guarantee, by the Buyer's Guarantor will not result in:

(i) any breach or violation by the Buyer's Guarantor of any provision of its bye-laws; or

(ii) any breach of, or constitute a default under, any instrument or agreement to which the Buyer's Guarantor is a party or by which the Buyer's Guarantor is bound; or

(iii) any breach of any law or regulation in any jurisdiction having the force of law or of any order, judgment or decree of any court or governmental agency by which the Buyer's Guarantor is bound; and

(iv) no consent, authorisation, licence or approval of the Buyer's Guarantor's shareholders or of any governmental, administrative, judicial or regulatory body, authority or organisation is required to authorise the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement, including the Buyer's Guarantee, or the performance by the Buyer's Guarantor of its obligations under this Agreement, including the Buyer's Guarantee.

Schedule 3

Completion and Post-Completion

Part A: Seller's obligations

1 At Completion, the Seller shall deliver to the Buyer's Solicitors (or, in the case of the items described in paragraph 1(c) make available at the Company's registered office), to be held in escrow for delivery to the Buyer if and only if the Escrow Condition is satisfied by the Escrow Failure Date and otherwise to be returned to the Seller:

(a) transfers in respect of the Sale Shares duly executed and completed in favour of the Buyer, together with the certificates for the Sale Shares (or an indemnity if any certificate(s) are found to be missing) and the duly executed powers of attorney or other authorities under which any of the transfers have been executed;

(b) a certified copy of the minutes of a duly held meeting of the directors of the Seller authorising the sale of the Sale Shares and the execution of the transfers in respect of the Sale Shares;

(c) (as agents for each Group Company) all its statutory and minute books, its common seal (if any), certificate of incorporation, any certificate or certificates of incorporation on change of name and other documents and records including a copy of its articles of association;

(d) the Taxation Deed duly executed by each of the parties to it (other than the Buyer);

(e) the Commutation Agreements duly executed by each of the parties to them if requested by the Buyer (but not otherwise and there shall be no continuing obligation following Completion so to do); and

(f) letters of resignation from Mr Charles Albert Brizius, Mr Steven Bennett Gruber, Mr Malte Johannes Janzarik and Mr Richard Lutenski resigning their offices as such and acknowledging that they have no claim outstanding for compensation for loss of office.

2 Upon the Escrow Condition being satisfied before the Escrow Failure Date, and subject only to the Escrow Condition being satisfied by the Escrow Failure Date, the Seller shall:

(a) procure that the Auditors resign their office as auditors of each Group Company;

(b) procure that each Authorised Company holds a board meeting at which it is resolved that:

(i) subject to such persons being approved by the PRA or FCA (as the case may be), such persons nominated by the Buyer be validly appointed as additional directors as the Buyer may direct, of that Authorised Company;

(ii) the resignations of the directors of that Authorised Company, referred to in paragraph 1(f) above, be tendered and accepted so as to take effect at the close of the meeting;

(c) procure that each Corporate Member holds a board meeting at which it is resolved that:

(i) such persons nominated by the Buyer be validly appointed as additional directors as the Buyer may direct, of that Authorised Company;

(ii) the resignations of the directors of that Corporate Member, referred to in paragraph 1(f) above, be tendered and accepted so as to take effect at the close of the meeting; and

(d) (save as referred to in sub-paragraphs (b) and (c) of this paragraph 2 with respect to the appointment of certain directors) procure that each Group Company holds a board meeting at which it is resolved that:

(i) the transfers mentioned in paragraph 1(a) be registered (subject only to their being stamped);

(ii) each of the persons nominated by the Buyer be validly appointed as additional directors as the Buyer may direct, of that Group Company;

(iii) the resignations of the directors of that Group Company, referred to in paragraph 1(f) above, be tendered and accepted so as to take effect at the close of the meeting;

(v) KPMG be appointed auditors of that Group Company;

(vi) all bank mandates in force for the Group Companies shall be altered (in the manner which the Buyer requires) to reflect the resignations and appointments referred to above;

(iv) the registered office of the Group Companies shall be changed to Avaya House, 2 Cathedral Hill, Guildford GU2 7YL or as the Buyer shall otherwise direct;

(e) repay, or procure the repayment, to each Group Company of, all Inter-Company Receivable Debt and Inter-Company Payable Debt;

(f) provide to the Buyer evidence, reasonably satisfactory to the Buyer, of the release of each Guarantee, contingent liability and charge required to be released in accordance with clause 13.1.

Part B: Buyer's obligations

1 At Completion, the Buyer shall:

(a) deliver to the Seller's Solicitors to be held in escrow for delivery to the Seller if and only if the Escrow Condition is satisfied by the Escrow Failure Date and otherwise to be returned to the Buyer:

(i) a counterpart of the Taxation Deed duly executed by the Buyer; and

(ii) a certified copy of the minutes of a duly held meeting of the directors of the Buyer authorising the purchase of the Sale Shares and the other transactions contemplated by this Agreement;

(b) pay the Purchase Price or procure that it is paid by electronic funds transfer for value on the Completion Date to the client account of the Seller's Solicitors numbered 16122869 at Royal Bank of Scotland plc of 62/63 Threadneedle Street, London EC2R 8LA, sort code 15-10-00 (or such other account or accounts as the Seller shall specify), to be held in escrow for payment to the Seller on satisfaction of the Escrow Condition if and only if the Escrow Condition is satisfied by the Escrow Failure Date and otherwise to be returned to the Buyer together with the interest that has accrued on the Purchase Price from the Completion Date to the date of return (at the overnight interest rate applicable to the client account of Seller's Solicitors).

Part C: Post Completion obligations under or in connection with the Incentive Arrangements

1 **Seller's obligation to provide information to tax authorities relating to the Incentive Arrangements**

The Seller undertakes to provide the Buyer with such information as the Buyer shall reasonably require for the purpose of any returns the Buyer is obliged in law to make to each relevant Tax Authority in relation to the Incentive Arrangements (and any extra contractual benefits provided in connection with the Incentive Arrangements (but which are not granted under the Incentive Arrangements) at the discretion of the Seller or member of the Seller's Group) in which an Employee or a former employee of any Group Company (each a **Relevant Share Plan Member**) participates.

2 **Circumstances in which obligations relating to administration of Share Plan Tax Liabilities arise**

The provisions of paragraph 3 apply if, after Completion, the following events (each a **Share Plan Tax Liability Event**) arise:

(a) any shares, or interest in shares, in either case in the share capital of the Seller are acquired by, released to or otherwise vest in a Relevant Share Plan Member under the Incentive Arrangements (and any extra contractual benefits provided in connection with the Incentive Arrangements (but which are not granted under the Incentive Arrangements) at the discretion of the Seller or member of the Seller's Group); or

(b) an award is granted to a Relevant Share Plan Member under or in connection with the Incentive Arrangements,

and if such Share Plan Tax Liability Event would give rise to an obligation on any Group Company to pay or account for Tax on behalf of a Relevant Share Plan Member (a Share Plan Tax Liability) to the relevant Tax Authority.

3 **Seller's and Buyer's obligations relating to administration of Share Plan Tax Liabilities**

(a) The Seller must, within 10 Business Days starting on the day of a Share Plan Tax Liability Event :

(i) notify the Buyer of the occurrence of that Share Plan Tax Liability Event and the identity of the affected Relevant Share Plan Member;

(ii) provide details of any shares or interest in shares acquired, released, vested or granted, including the number of shares, the price (if any) paid by the Relevant Share Plan Member for them and their market value; and

(iii) provide any other information (known to the Seller) and required by the Buyer for the purpose of the Buyer's calculation of the Share Plan Tax Liability.

(b) As soon as practicable after receiving the notification from the Seller pursuant to paragraph 3(a), the Buyer shall (provided it has received all necessary information) calculate and notify the Seller of the Share Plan Tax Liability for each affected Relevant Share Plan Member;

(c) In accordance with the usual practice under the terms of the Incentive Arrangements, the Seller shall within 5 Business Days of receipt of the information pursuant to paragraph 3(b) settle in cash a proportion of each Relevant Share Plan Member's award equal to his Share Plan Tax Liability and shall provide such cash amounts equal to the aggregate Share Plan Tax Liabilities in respect of all such Relevant Share Plan Members to the Buyer.

(d) As soon as practicable following receipt by the Buyer of the cash amounts equal to the aggregate Share Plan Tax Liabilities pursuant to paragraph 3(c) and within the deadlines required by law, the Buyer shall account to the relevant Tax Authority on behalf of each Relevant Share Plan Member for their respective Share Plan Tax Liability.

Schedule 4

Limitation on the liability of the Seller

1 Limitation on quantum

1.1 The Seller's total liability in respect of all Relevant Claims other than Excluded Claims shall be limited to an amount equal to ten per cent (10%) of the Purchase Price.

1.2 The Seller's total liability in respect of all Relevant Claims and claims under the Taxation Deed other than in respect of a breach of (i) the Title and Capacity Warranties; (ii) clauses 4.2 and 4.3; (iii) clause 11; and (iv) clause 18 shall be limited to an amount equal to twenty-five per cent (25%) of the Purchase Price.

1.3 Subject to and without prejudice to paragraph 1.1 and 1.2 of Schedule 4, the Seller's total liability in respect of all Excluded Claims when aggregated with all other Relevant Claims shall be limited to the Purchase Price.

1.4 Save in respect of Excluded Claims (but subject to paragraph 1.5 of Schedule 4), the Seller shall not be liable in respect of a Relevant Claim unless and until:

(a) the amount of each such claim exceeds £200,000; and

(b) the aggregate amount of all such claims exceeds £2,000,000 (the **de minimis amount**),

in which case the Seller shall only be liable for the excess above the de minimis amount (subject to the other provisions of this Agreement).

1.5 In respect of any Tax Claim or claim under the Taxation Deed (other than a claim under clause 2.1(c) or clause 2.1(d) of the Taxation Deed), the Seller shall not be liable unless and until:

(a) the amount of each such claim exceeds £100,000; and

(b) either: (i) the aggregate amount of all such Tax Claims and claims under the Taxation Deed exceeds £500,000 (the **Tax de minimis amount**); or (ii) the de minimis amount (as defined in paragraph 1.4 of Schedule 4) has been exceeded ,

in which case the Seller shall only be liable for the excess above the Tax de minimis amount (subject to the other provisions of this Agreement and the Taxation Deed).

2 Time limit for bringing a claim

2.1 The Seller shall not be liable for a Relevant Claim or a claim under the Taxation Deed unless the Buyer has given the Seller notice of that Relevant Claim or claim under the Taxation Deed, stating in reasonable detail the nature of the Relevant Claim or the claim under the Taxation Deed and the Buyer's then best estimate of the amount claimed, in the case of:

(a) in the case of a claim in respect of the Title and Capacity Warranties, a claim under the Taxation Deed or any Tax Claim, on or before 31 December 2017; or

(b) in the case of a claim under clause 11, by no later than the date which is 30 months after the Completion Date;

(c) in the case of claims under clause 18, by no later than the third anniversary of the Completion Date; or

(d) in the case of any other Relevant Claim by no later than the first anniversary of the Completion Date.

2.2 Any Relevant Claim (other than any Tax Claim) shall (if it has not been previously satisfied, settled or withdrawn) be deemed to have been waived or withdrawn on the expiry of 6 months after the date of the notice served pursuant to paragraph 2.1 of Schedule 4 unless court proceedings in respect of the Relevant Claim have been started. For the purposes of this paragraph 2.2 court proceedings shall not be deemed to have been started unless they have been both issued and served on the Seller.

2.3 Where the matter or default giving rise to a breach of any Seller's Warranty (other than a Tax Claim or a breach of the Title and Capacity Warranties) is capable of remedy by the Seller, the Buyer may not bring a Relevant Claim unless:

(a) notice of the breach is given to the Seller within 30 days of the Buyer becoming aware of the matter or default; and

(b) the matter or default (where capable of being remedied) is not remedied to the reasonable satisfaction of the Buyer within 30 days after the date on which such notice is given.

2.4 If the Buyer or any Group Company becomes aware of any matter or circumstance that may give rise to a claim against the Seller under this Agreement (other than a Tax Claim), the Buyer shall as soon as reasonably practicable give a notice in writing to the Seller setting out such information as is available to the Buyer or Group Company as is reasonably necessary to enable the Seller to assess the merits of the claim, to act to preserve evidence and make such provision as the Seller may consider necessary. Failure to give notice in compliance with this paragraph 2.4 shall not affect the rights of the Buyer except to the extent that a Seller is prejudiced by the failure.

2.5 Notices of Relevant Claims under this Agreement (other than Tax Claims) shall be given by the Buyer to the Seller within the time limits specified in paragraph 2.1 specifying such information of the legal and factual basis of the claim as are then available and the evidence on which the party relies and, if practicable, an estimate of the amount of Losses which are, or are to be, the subject of the claim (including any Losses which are contingent on the occurrence of any future event).

2.6 In connection with any matter or circumstance that gives rise to a Relevant Claim against the Seller under this Agreement (other than a Tax Claim):

(a) the Buyer shall allow, and shall procure that the relevant Group Company allows, the Seller and its respective financial, accounting, actuarial, legal or other advisers to investigate the matter or circumstance alleged to give rise to a claim and whether and to what extent any amount is payable in respect of such claim; and

(b) the Buyer shall disclose to the Seller all material of which the Buyer is aware which relates to the claim and shall, and shall procure that any other relevant members of the Buyer's Group shall, give, subject to their being paid all reasonable out of pocket costs and expenses, all such information and assistance, including access to premises and personnel, and the right to examine and copy or photograph any assets, accounts, documents and records, as the Seller or their financial, accounting, actuarial, legal or other advisers may reasonably request subject to the Seller agreeing in such form as the Buyer may reasonably require to keep all such information confidential and to use it only for the purpose of investigating and defending the claim in question.

3 Specific limitations

3.1 The Seller shall not be liable in respect of a Relevant Claim other than a Tax Claim (in relation to which clause 3 of the Taxation Deed will apply) to the extent that the matter giving rise to the claim:

(a) would not have arisen or occurred but for a voluntary act, omission or transaction on the part of the Buyer or any of the Group Companies or any of their respective directors, employees or agents after Completion otherwise than as required by any Applicable Law in force on or before Completion;

(b) results from a change in the accounting or Taxation policies or practices of the Buyer or any Related Company of the Buyer or any Group Company (including the method of submitting taxation returns) introduced by the Buyer and having effect after Completion, save where such change is required to conform such policy or practice of the relevant Group Company with generally accepted policies or practices or where such change is necessary to correct an improper practice or policy;

(c) occurs as a result of or is otherwise attributable to:

(i) any legislation not in force at the date of this Agreement or any change of law or administrative practice having retrospective effect which comes into force after the date of this Agreement; or

(ii) any increase after the date of this Agreement in any rate of Taxation; or

(iii) the Buyer or any Group Company disclaiming any Relief properly claimed or proposed for the purposes of the Accounts to be properly claimed on or before the date of this Agreement;

(d) is an amount for which any Group Company makes an actual recovery from any person other than the Seller or any member of the Seller's Group, whether or not as a matter of law, or is recovered under the terms of any insurance policy of the Buyer or any Group Company which is in force at the Completion Date (and whether or not in force at the time of the matter giving rise to a Relevant Claim arising);

(e) arises as a result of any act or omission of the Buyer or any Group Company after Completion which results in the right of recovery against a person other than the Seller or any member of the Seller's Group being diminished or extinguished;

(f) arises as a consequence of any act or omission: (i) specifically required by this Agreement; or (ii) undertaken at the request of the Buyer or member of the Buyer's Group (including, following Completion, any Group Company); or

(g) to the extent taken into account in calculating an allowance, provision or reserve in the Accounts.

3.2 Notwithstanding anything to the contrary in this Agreement, the Seller shall not in any circumstances be liable to the Buyer for a breach of any of the Seller's Warranties (other than the Title and Capacity Warranties) or otherwise in its performance of or failure to perform this Agreement or any provision hereof, whether in contract, tort or breach of statutory duty or otherwise for:

(a) loss of or anticipated loss of profit, loss of or anticipated loss of revenue, business interruption, loss of any contract or other business opportunity or goodwill; or

(b) indirect loss or consequential loss.

3.3 The limitations set out in this Schedule 4 and in clause 3 of the Taxation Deed shall not apply to liability for fraud or fraudulent misrepresentation.

4 No duplication of liability

4.1 The Buyer agrees (for itself and on behalf of every Group Company) with the Seller that in respect of any matter which may give rise to a liability under this Agreement (including a Relevant Claim) or a claim under the Taxation Deed:

(a) no such liability shall be met more than once;

(b) to the extent that such liability is satisfied by way of a claim under any Seller's Warranty, an amount payable under the Taxation Deed in respect of the same matter is reduced accordingly, and vice versa; and

(c) any liability with respect to such matter to make payment to any member of the Buyer's Group or any Group Company shall be deemed to be satisfied by payment made in respect of that liability to any other of them (without prejudice to any liability which it may have with respect to such matter to such other member of the Buyer's Group or Group Company).

5 Conduct of claims

5.1 Where any Group Company or the Buyer is or becomes entitled (whether under any insurance or by way of payment, discount, credit, set off, counterclaim or otherwise) to recover from any third party (including any Taxation Authority) any sum in respect of Taxation or any other loss, damage or liability which is or is reasonably likely to be the subject of a claim against the Seller under this Agreement (other than a Tax Claim which shall be dealt with in accordance with clause 5.4 of the Taxation Deed), the Buyer shall give notice thereof promptly to the Seller and, if so required by the Seller, take or procure the relevant Group Company to take all such steps or proceedings as the Seller may reasonably require to enforce such recovery.

5.2 The Buyer shall procure that the Seller is provided promptly with all such information and reports concerning any such steps or proceedings taken by the Buyer or the relevant Group Company as the Seller may from time to time reasonably request.

5.3 If any such sum as is referred to in paragraph 5.1 of Schedule 4 is recovered by the Buyer or any Group Company from the third party, any claim by the Buyer or any Group Company in respect of any Taxation or other loss, damage or liability to which the sum relates shall be limited (without prejudice to any other limitations on the liability of the Seller referred to in this Schedule 4) to the amount (if any) by which the amount of such Taxation or other loss, damage or liability exceeds the aggregate of:

(a) the sum recovered (less the aggregate of all reasonable costs, charges and expenses incurred by the Buyer or any Group Company (as the case may be) in recovering that sum and an amount equal to any liabilities to Taxation on such recovery (or which would arise but for the availability of any Relief)) from the third party; and

(b) any sum or sums previously paid by the Seller to the Buyer or any Group Company in respect of such Taxation or other loss, damage or liability (**Prior Payment**).

5.4 If the aggregate of the amount referred to in paragraph 5.3(a) of Schedule 4 (the **Third Party Recovery Sum**) and the amount of the Prior Payment exceeds the amount of the Taxation or other loss, damage or liability to which such amounts relate (the amount by which it so exceeds, the **Excess**), the Buyer shall forthwith pay to the Seller the amount of the Excess up to the amount of the Prior Payment, plus 50% of the amount by which the Excess exceeds the amount of the Prior Payment.

5.5 The Seller shall reimburse to the Buyer or the relevant Group Company (as the case may be) all reasonable costs, charges and expenses incurred by it in complying with its obligations under paragraphs 5.1 to 5.3 of Schedule 4 inclusive and the Buyer shall not (and shall procure that the relevant Group Company shall not) accept or pay or compromise any relevant claim or make any submission in respect of it without the Seller's prior written consent (such consent not to be unreasonably withheld or delayed).

6 Effect of claims

6.1 Any liability of the Seller under the Seller's Warranties (other than the Title and Capacity Warranties) in respect of any matter shall be computed after taking into account and giving credit for any corresponding increase in the value of the net assets of or other saving by or benefit (other than an increase, saving or benefit taken into account as a Certified Amount in clause 5.2 of the Tax Deed) to the Buyer or its successors in title or any Group Company resulting from the same matter including without limitation any saving of Taxation.

6.2 If the Seller makes any payment in respect of a claim under the Seller's Warranties (other than the Title and Capacity Warranties) and any Group Company receives a benefit or refund (other than a benefit or refund taken into account as a Certified Amount in clause 5.2 of the Tax Deed) within 48 months of the date of receipt of such payment which the Seller can demonstrate should have been, but was not, taken into account in computing the liability of the Seller in respect of the claim and would have reduced the liability had this been so, the provisions of paragraph 5.4 of Schedule 4 shall apply in respect of such payment and such benefit or refund.

6.3 If:

(a) the provisions in the Accounts, excluding any provision made in respect of any insurance or reinsurance business, prove to be, in aggregate on an overall net basis, an over provision; or

(b) any sum is received by any other Group Company which has previously been written off as irrecoverable in the accounts of any Group Company,

the net amount over provided or, as the case may be, the sum so received less an amount equal to any liabilities to Taxation on such recovery (or which would arise but for the availability of any Relief) shall (except to the extent that it is set off or repaid to the Seller under clause 5.2 of the Taxation Deed) be set off against the liability (if any) of the Seller in respect of a Relevant Claim.

7 Third party claims

7.1 The Buyer shall, and shall procure that each Group Company shall notify the Seller of any claims, potential claim, matter or event against the relevant Group Company which constitute a breach of any of the Seller's Warranties (other than the Taxation Warranties) or otherwise give rise to a Relevant Claim (other than a Tax Claim) (a **Third Party Claim**) as soon as is reasonably practicable and in any event within 10 Business Days of the Buyer becoming aware of any such Third Party Claim and consult with the Seller in respect of such Third Party Claim.

7.2 If the Buyer becomes aware of any Third Party Claim, the Buyer shall, and shall procure that each relevant Group Company, subject to (in the case of (a), (b) and (c) below) the Buyer or relevant Group Company (as appropriate) being indemnified by the Seller to the Buyer's reasonable satisfaction against all costs, damages and expenses incurred in connection with the Third Party Claim:

(a) if so requested by the Seller by no later than five Business Days of being so notified, take all reasonable steps or proceedings as the Seller may reasonably consider necessary at the Seller's expense in order to mitigate, avoid, resist, appeal, dispute, contest, remedy, compromise or defend any such Third Party Claim or enforce against any person (other than the Seller) the rights of the relevant Group Company and the Buyer in relation to the matter the subject of the Third Party Claim;

(b) on reasonable notice, give the Seller or their duly authorised representatives reasonable access to the personnel of the Buyer and/or the relevant Group Company (as the case may be) and to any premises, chattels, accounts, documents and records which are relevant to the Third Party Claim and are within the power, possession or control of the Buyer and/or the relevant Group Company in the Group (relevant assets) to enable the Seller and their duly authorised representatives to investigate the claim and to examine and take copies or photographs of the relevant assets at the Seller's expense;

(c) to the extent reasonably necessary, require the personnel of the relevant Group Company to provide statements and proofs of evidence, and to attend at any hearing to give evidence or otherwise, and to provide this assistance to enable the Buyer or the relevant Group Company to mitigate, avoid, resist, appeal, dispute, contest, remedy, compromise or defend any Third Party Claim (in a manner that does not materially disrupt business of the Buyer or the relevant Group Company);

(d) keep the Seller informed of the progress of any Third Party Claim (including any proposed settlement, compromise or admission of liability) and provide the Seller with copies of all material correspondence relating to it; and

(e) save with the Seller's prior written consent (such consent not to be unreasonably withheld or delayed) not admit liability in respect of, or compromise or settle, any Third Party Claim.

7.3 Nothing in paragraph 7.2 shall require the Buyer any act that may cause it to waive privilege in any documentation or information subject to privilege.

8 Successful claims constitute reduction in Purchase Price

The satisfaction by the Seller of any claim under this Agreement (including in respect of the Seller's Warranties) or under the Taxation Deed shall be deemed to constitute a reduction in the consideration payable by the Buyer for the sale of the Sale Shares but will not reduce such consideration to below zero. This clause shall not operate to limit the amount that the Buyer may claim from the Seller under this Agreement by reducing the limits applicable to such claims under paragraph 1 of Schedule 4.

Schedule 5

Pre-Completion Conduct and Undertakings

1 Pending Completion the Seller shall use all its commercially reasonable endeavours to procure that each Group Company shall (except as required under this Agreement or with the prior written consent of the Buyer (such consent not to be unreasonably withheld or delayed) and to the extent permitted under applicable laws) carry on its business in the ordinary course as a going concern in the way carried on prior to the date of this Agreement.

2 Pending Completion the Seller shall use all its commercially reasonable endeavours to procure that each Group Company shall not do any of the following (except as required under this Agreement or with the prior written consent of the Buyer and to the extent permitted under applicable laws) save to the extent that any such action is undertaken in the ordinary course of business of the Syndicates:

(a) pass any resolution or obtain any consent from any of its members;

(b) resolve to change its name or to alter its articles of association;

(c) modify the rights attached to or create any Encumbrance over or in respect of any Sale Shares or the shares of any Group Company;

(d) create any share capital or loan capital;

(e) allot or issue or agree to allot or issue any shares or any securities or grant or agree to grant rights which confer on the holder any right to acquire any shares or other such interest;

(f) reduce, repay, redeem, purchase or effect any other reorganisation any of its share capital;

(g) declare, pay or make any dividend (whether in cash or in specie) or other distribution;

(h) resolve to be voluntarily wound up;

(i) acquire or agree to acquire any share, shares or other interest in any company, partnership or other venture, save to the extent that the Managing Agent is required to do so in accordance with its fiduciary or other duties or obligations to the members of the Syndicates;

(j) otherwise than in the ordinary course of business:

(i) acquire or dispose of any asset which is material to the business of a Group Company (for these purposes **material** means any asset having a value in excess of £500,000) other than on arms' length terms;

(ii) incur in a series of transactions any commitment (whether as principal or surety) for a principal amount which exceeds or could exceed £500,000, exclusive of VAT;

(iii) terminate or vary any Material Contract or enter into any material contract or arrangement that cannot be terminated at any time without compensation with less than three months' notice;

(k) enter into any borrowing, factoring or other financing or any lending commitments (other than use of overdraft facilities agreed before the date of this Agreement), being in each case commitments which are outside the ordinary course of its business;

(l) create any Encumbrance over or make any material change (save as may be envisaged in its syndicate business plan or forecast) to its business, undertaking or any of its assets;

(m) enter into any material transaction with or for the benefit of any of its directors or of any person who is connected with or any of its directors (within the meaning of section 1122 CTA 2010):

(i) except in the usual course of its business; and

(ii) on terms which are in no respect less favourable to it than normal arms' length terms;

(n) appoint new auditors;

(o) depart from its current accounting, claims handling, claims recording, reserving or actuarial practices or policies or change the accounting reference date of any Group Company;

(p) save as required by Applicable Laws:

(i) make any material change in the terms or conditions of employment or engagement of any of its Senior Employees or engage any Senior Employee;

(ii) provide or agree to provide any gratuitous payment or benefit to any Senior Employee or any of his dependants other than under any performance bonuses set and paid in the ordinary and usual course of business in accordance with the Companies' existing policies or under any existing retention arrangements;

(iii) save where there are reasonable grounds for summary dismissal and after reasonable consultation with the Buyer, dismiss any Senior Employee; or

(iv) engage or appoint any additional Senior Employee;

(q) discontinue or amend any employee benefit scheme to any material extent;

(r) enter into any guarantee, indemnity or other agreement to secure any obligation of a third party or create any Encumbrance over any of its assets or undertaking in any such case other than (i) rights arising under retention of title clauses; and (ii) insurance or reinsurance policies entered into, in each case in the ordinary and usual course of business;

(s) settle any insurance claim made by any Group Company against its insurers in excess of £200,000 in aggregate between the date of this Agreement and Completion for an amount materially below the amount claimed;

(t) amend or terminate the Reinsurance Contracts;

(u) enter into any agreement in respect of the commutation of the reinsurance subject to the Commutation Agreements;

(v) enter into any arrangements with third parties for the provision of funds at Lloyd's on behalf of the Corporate Members;

(w) permit, or enter into any agreement with any person for, the transfer of any of the shares or of the business of any Group Company to any person or the transfer of any of the business of any person to any Group Company;

(x) make any payment of Taxation to a Taxation Authority, other than to the extent that the liability to Taxation arises as a result of transactions, income, profits or gains earned, accrued or received, or payments made (or benefits provided) in the ordinary course of business of any Group Company;

(y) save in either case to the extent that the Managing Agent is required to do so in accordance with its fiduciary or other duties or obligations to the members of the Syndicates, offer or enter into any commutation, claim settlement or expenses payment agreement which (i) requires or will require payment by or to the Syndicate of an amount in excess of £500,000 or (ii) involves or will involve gross ceded reserves and gross assumed reserves in excess of £500,000 in either a commutation or claim settlement between the Syndicate and a policyholder or reinsurer (as the case may be) in respect of a single policy or between the Syndicate and a policyholder or reinsurer (as the case may be) in respect of more than one policy but in a single communication or settlement; and

(z) make any ex gratia claims payments to any person where Atrium 5 Limited's share of such payment is over £200,000, save to the extent that the Managing Agent is required to do so in accordance with its fiduciary or other duties or obligations to the members of the Syndicates.

3 Pending Completion the Seller shall not do any of those matters set out in paragraphs 2(b), (c), (f), (h), (v) or (w) of this Schedule 5 in relation to any Group Company (except as required under this Agreement or with the prior written consent of the Buyer and to the extent permitted under applicable laws).

Schedule 6

Definitions and Interpretation

1 In this Agreement:

Accounts means the consolidated audited accounts of the Group for the financial year ended on the Accounts Date

Accounting Standards means the Financial Reporting Standards and Statements of Standard Accounting Practice issued and/or adopted by the Accounting Standards Board and Abstracts issued by the Urgent Issues Task Force of the Accounting Standards Board

Accounts Date means 31 December 2012

Additional Notice Giver has the meaning given to it in clause 2.1(a)

Announcement has the meaning given to it in clause 18.1

Anti-Bribery Laws means any applicable law, rule, regulation or other legally binding measure relating to the prevention of bribery, corruption, fraud or similar activities in any jurisdiction, including the Bribery Act 2010 of the United Kingdom

Applicable Laws means all applicable laws, statutes, statutory guidance, rules and regulations, including the Lloyd's Regulations and any rules or regulations or directions of any Regulatory Authority;

Auditors means the auditors of the Company namely Ernst & Young LLP

Authorised Companies means the Managing Agent and Atrium Insurance Agency Limited

Business Day means a day other than a Saturday or Sunday on which banks are ordinarily open for the transaction of normal banking business in London and Bermuda

Buyer FAL has the meaning given to it in clause 7(d)

Buyer's Accountants means KPMG LLP, Chartered Accountants, of 15 Canada Square, London E14 5GL

Buyer's Group means the Buyer and each company which is for the time being a Related Undertaking of the Buyer

Buyer's Guarantee has the meaning given to it in clause 10.2

Buyer's Solicitors means Hogan Lovells International LLP of Atlantic House, 50 Holborn Viaduct, London EC1A 2FG

Buyer's Warranties means the warranties set out in Part B of Schedule 2 to be given by the Buyer to the Seller on the date of this Agreement

CA 2006 means the Companies Act 2006

Commutation Agreements means the commutation agreements in the agreed form in relation to the Reinsurance Contracts

Company means Atrium Underwriting Group Limited (company registration number 2860390), further details of which are set out in Part A of Schedule 1

Completion means completion of the sale and purchase of the Sale Shares by the performance by the parties of their respective obligations under clause 6 and Schedule 3

Completion Date means the first Business Day which is five Business Days after satisfaction of the Conditions, or such other date as may be agreed between the parties

Conditions has the meaning given to it in clause 2.1

Confidential Information means information in any form relating to a Group Company's business, customers or financial or other affairs, but does not include information which is publicly known at Completion or which subsequently becomes publicly known (other than in either case as a result of a breach of the provisions of a Share Purchase Document by a member of the Seller's Group

Corporate Members means each of Atrium 1 Limited, Atrium 2 Limited, Atrium 3 Limited, Atrium 4 Limited, Atrium 5 Limited, Atrium 6 Limited, Atrium 7 Limited, Atrium 8 Limited, Atrium 9 Limited, Atrium 10 Limited and 609 Capital Limited

Council means the council constituted by the Lloyd's Act 1982 and shall include any delegate or persons through whom the council is authorised to act

CTA 2010 means the Corporation Tax Act 2010

Data Room means all correspondence, documents and other information made available by the Seller for inspection by the Buyer and its advisers in the electronic data room hosted for the Seller by BMC Group as appeared at 12pm London time on 3 June 2013 and as is listed in the Data Room Index attached to the Disclosure Letter

Data Room Index means the index detailing the contents of the Data Room dated 3 June 2013 and initialled on behalf of each of the parties for identification purposes only

Disclosure Letter means the letter of the same date as this Agreement from the Seller to the Buyer disclosing certain matters in relation to the Seller's Warranties, together with all documents attached to it

Encumbrance means any mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre emption, claim, right, interest or preference granted to any third party, or any other encumbrance or security interest of any kind (or an agreement or commitment to create any of the same)

Escrow Condition has the meaning given to it in clause 6.2

Escrow Failure Date has the meaning given to it in clause 6.5

Excluded Claim means a claim in respect of a breach of (i) the Title and Capacity Warranties; (ii) clauses 4.2 and 4.3; (iii) clause 5; (iv) clause 11; (v) clause 18; (vi) Part C of Schedule 3; (vii) the Taxation Warranties; and (viii) claims under the Taxation Deed

FCA means the UK Financial Conduct Authority empowered under FSMA or any successor authority to any or all of its regulatory functions in the United Kingdom from time to time

Franchise Board means the board established by the Council with that name

FSMA means the Financial Services and Markets Act 2000

funds at Lloyd's has the meaning given to that expression in the Membership Byelaw (No. 5 of 2005)

Group means the Company and the Subsidiaries and Group Company means any of them

Group FAL means the cash, assets, guarantees, letters of credit and/or other instruments which comprise the funds at Lloyd's of the Corporate Members immediately prior to the Completion Date, excluding any cash or asset held pursuant to the terms of a Lloyd's Deposit Trust Deed in the form prescribed by Lloyd's with reference DTD (Gen) or any assets held in any Premiums Trust Fund of any Corporate Member

Guarantee means any guarantee, indemnity, suretyship, letter of comfort or other assurance, security or right of set off given or undertaken by a person to secure or support the obligations (actual or contingent) of any other person and whether given directly or by way of counter indemnity to any other person who has provided a Guarantee

Guarantor's Warranties means the warranties set out in Part C of Schedule 2 to be given by the Buyer to the Seller on the date of this Agreement

HMRC means HM Revenue and Customs

holding company means a holding company (as defined by section 1159 CA 2006) or a parent undertaking (as defined by section 1162 CA 2006) and in interpreting those sections for the purposes of this Agreement, a company is to be treated as the holding company or the parent undertaking (as the case may be) of another company even if its shares in the other company are registered in the name of (i) a nominee, or (ii) any party holding security over those shares, or that secured party's nominee

Incentive Arrangements means the LTIP and the MSP

ING means ING Bank, N.V., London Branch

ING Deed of Release means a deed of release in relation to the ING Facility Agreement made on or about the date hereof between ING as security trustee, the Company as account party, Arden Holdings Limited as guarantor, Arden Reinsurance Company Limited as reinsurer and Atrium 5 Limited

ING Facility Agreement means a credit facility agreement dated 28 November 2011 (as amended and supplemented from time to time) made between the Company as account party, Arden Holdings Limited as guarantor, Arden Reinsurance Company Limited as reinsurer, the banks and financial institutions listed in schedule 1 thereto as banks and ING as issuing bank, agent and security trustee

ING Facility Documents means the ING Facility Agreement and any other related documents

ING Letter of Credit means the letter of credit numbered DTGBLG404674 dated 28 November 2011 as amended on 15 May 2012 in the amount of USD 74,000,000 issued by ING which comprises the funds at Lloyd's of Atrium 5 Limited immediately prior to the Completion Date

ING Lien Termination Letter means a lien termination letter in relation to the ING Facility Agreement made on or about the date hereof between ING as security trustee, the Company as account party, Arden Holdings Limited as guarantor, Arden Reinsurance Company Limited as reinsurer and Atrium 5 Limited

Information Memorandum means the document prepared by the Seller and Keefe, Bruyette and Woods dated December 2012 and entitled "Project Cupola: Information Pack"

Intellectual Property Rights has the meaning given in paragraph 16.1 of Schedule 2

Inter-Company Payable Debt means all borrowings and indebtedness in the nature of borrowing owed by the Group Companies to the Seller or any member of the Seller's Group but not Trade Debts including any amounts owed in respect of Taxation or in relation to the surrender or purported surrender of any Relief or the making or agreement to make any claim or election which has a similar effect (including for any profit or gain to be deemed to be realised by any person)

Inter-Company Receivable Debt means borrowings and indebtedness in the nature of borrowing owed to any of the Group Companies by the Seller or any member of the Seller's Group but not Trade Debts including any amounts owed in respect of Taxation or in relation to the surrender or purported surrender of any Relief or the making or agreement to make any claim or election which has similar effect (including for any profit or gain to be deemed to be realised by any person)

Leakage means any payment or assumption of a liability or transfer by or loss of value from (excluding Permitted Leakage as defined below) a Group Company which is or is in the nature of:

(a) a dividend (whether in cash or in specie) or other distribution or return of capital including a redemption, repurchase or reduction of any share capital;

(b) a payment to or for the benefit of any member of the Seller's Group or any of their shareholders (including in respect of management fees or professional advisers' fees and expenses in connection with the transactions contemplated by this Agreement);

(c) a bonus (other than a bonus to which a person is contractually entitled) or other form of ex gratia award or payment paid to any person;

(d) a payment of, or in respect of, Taxation which is payable as a result of any tax grouping or consolidation or under any group payment arrangement;

(e) an asset transfer, purchase or disposal between a Group Company and any member of the Seller's Group or any of their shareholders otherwise than in the ordinary course of business on arm's length market terms;

(f) the entry, amendment or termination of a contract or arrangement between a Group Company and any member of the Seller's Group or any of their shareholders;

(g) lending, borrowing or the payment of interest payments between a Group Company and any member of the Seller's Group or any of their shareholders;

(h) a guarantee, indemnity or security to support the obligations or liabilities of any member of the Seller's Group or any of their shareholders;

(i) the waiver, forgiveness or discount of sums owing from any member of the Seller's Group (or any of their shareholders) to a Group Company;

(j) any agreement or other commitment (whether or not legally binding) by a Group Company to do or undertake to do any of the foregoing matters

Leakage Undertaking means the covenant and undertaking contained in clause 4.2

ITA means the Income Tax Act 2007

Lloyd's means the society incorporated by the Lloyd's Act 1871 with the name Lloyd's

Lloyd's Controller has the meaning given to it in clause 2.1(b)

Lloyd's Regulations means any requirement imposed by any byelaw or regulation or code of practice made under the Lloyd's Acts 1871 to 1982, any condition or requirement imposed or direction given under any such byelaw or regulation or code of practice, any direction given under section 6 of the Lloyd's Act 1982, any requirement imposed by or under any undertaking given by any Group Company to the Council and any other requirement imposed or direction given by the Council

Long Stop Date has the meaning given it in clause 2.2

Losses means all claims, liabilities, damages, losses compensation, awards, costs, expenses, charges, fines, penalties and other outgoings but excluding any indirect or consequential losses, loss of profit and loss of revenue

LTIP means the Arden Holdings Limited Amended and Restated 2005 Long-Term Incentive Plan

Managing Agent means Atrium Underwriters Limited

Managing Agent's Agreements means the managing agent's agreements in the form prescribed by the council and made between the Managing Agent and the members of the Syndicates

Material means, unless otherwise expressed, material in the context of the business, assets, liabilities or financial condition of the Group taken as a whole and **Materially** shall be construed accordingly

Material Contracts has the meaning given to it in paragraph 10.1 of Schedule 2

MSP means the Atrium Underwriting Group Limited Matching Share Plan

Notified Address has the meaning given to it in clause 27.3

Outwards Reinsurance Contracts means any contract in effect as at 1 January 2013 pursuant to which any Group Company benefits from reinsurance protection from any other person

Permitted Leakage means:

(a) any payment by a Group Company pursuant to the Reinsurance Contracts (to the extent agreed in writing in advance by the Buyer and the Buyer hereby consents to the payment of the net amount of the Balance of £8,368,899.63 currently due to Arden Reinsurance Company Ltd.) and/or the Commutation Agreement;

(b) any payment by a Group Company which is agreed by the Buyer to be Permitted Leakage;

(c) any payments up to the aggregate amount of USD$4,826,351 made to the Seller by way of recharge or reimbursement by a Group Company in respect of the Incentive Arrangements awards relating to the 2011, 2012 and 2013 LTIP grants and the MSP which shall for the avoidance of doubt include any such payment relating to awards, issues or acquisition of shares to which employees of the Group become entitled by reason of Completion, but shall not include any extra-contractual benefits provided in connection with the Incentive Arrangements (but which are not granted under the Incentive Arrangements) at the discretion of the Seller or any member of the Seller's Group;

(d) any payment up to the aggregate amount of USD$375,000 made by a Group Company to the Seller or any member of the Seller's Group in respect of (and not exceeding the amount of) the fees or other amounts payable to ING in respect of the letters of credit comprising the Group FAL;

(e) any repayment of Inter-Company Payable Debt which is in the ordinary course and consistent with past practice , provided that, in the case of any payment or repayment of any amount under any agreement or other arrangement relating to:

(i) the surrender or allocation of any Relief; or

(ii) any election by two companies to treat a disposal, a loss or a gain made or realised by one of those companies as having been made or realised by the other of those companies,

the amount of such payment or repayment does not exceed the amount of Taxation saved as a result of such Relief or election;

(f) any payment by a Group Company to the extent to which it has been accrued for, or is provided for, in the Accounts;

(g) any payment made under any arrangements whereby a person (other than a Group Company) either assumes responsibility for or habitually pays any Taxation on behalf of others, where the payment made by the Group Company is in the ordinary course of business and is in respect of Taxation attributable to, or in respect of, any activities (including, without limitation, the making of supplies by or to, the earning of profits by or the payment of sums by) of that, or another, Group Company, including (without limitation):

(i) any payment in respect of VAT which is attributable to any supplies made or received by that Group Company (net of any input tax that would be recoverable by any such company, if it were not part of a VAT grouping);

(ii) any payment in respect of corporation tax; and which is attributable to the profits made by that Group Company;

(iii) any payment in respect of insurance premium tax which is attributable to premiums charged by that Group Company; or

(h) any Leakage between the Group Companies

Permitted Method has the meaning given to it in clause 27.2

PRA means the Prudential Regulation Authority empowered under FSMA or any successor authority to any or all of its regulatory functions in the United Kingdom from time to time

Premiums Trust Fund means any fund to which premiums received by or on behalf of a Corporate Member in connection with its underwriting business at Lloyd's are required to be carried pursuant to any trust deed

Proceedings has the meaning given to it in clause 31.1

Properties means the properties, details of which are set out in the Data Room

Purchase Price means USD$183,000,000

Regulated Company has the meaning given to it in paragraph 8.1 of Schedule 2

Regulatory Authority means any person, body, authority, government, local government, regulatory agency, trade agency, with regulatory, enforcement, administrative and/or criminal law powers in any jurisdiction and includes the FSA, PRA, FCA and Lloyd's

Regulatory Permissions has the meaning given to it in paragraph 8.1 of Schedule 2

Reinsurance Contracts means the quota share reinsurance contracts currently in force between certain of the Corporate Members and Arden Reinsurance Company Ltd. copies of which are contained in the Data Room

Related Undertaking in relation to any company means any subsidiary or holding company of that company or any subsidiary of any such holding company

recognised investment exchange shall bear the meaning set out in section 285(1) FSMA

Relevant Authority means the FCA, PRA, the Franchise Board, the Council and the Monetary Authority of Singapore and **Relevant Authorities** means two or more of them

Relevant Body has the meaning given to it in clause 18.2

Relevant Claim means a claim by the Buyer under or in respect of this Agreement

Relief means any loss, relief, allowance, exemption, set-off, deduction, credit or other relief relating to any Taxation or to the computation of income, profits or gains for the purposes of any Taxation

Representatives means, in relation to any person, its directors, officers, employees, agents, advisers, accountants and consultants

Required Submissions has the meaning given to it in clause 2.5

Reserves has the meaning given to it in clause 8.11(a)

Sale Shares means the entire issued share capital of the Company

Seller's Group means the Seller and each company which is for the time being a Related Undertaking of the Seller other than any Group Company

Seller's Solicitors means Norton Rose Fulbright LLP of 3 More London Riverside, London SE1 2AQ

Seller's Warranties means the warranties set out in Part A of Schedule 2 to be given by the Seller to the Buyer on the date of this Agreement and **Seller's Warranty** means any of them

Senior Employee means any employee employed by any Group company who is entitled to a basic salary (on the basis of full time employment) in excess of £100,000 per annum

Share Purchase Documents means this Agreement, the Taxation Deed and the Disclosure Letter

Subsidiaries means the companies and undertakings specified in Part B of Schedule 1 and **Subsidiary** means any of them

subsidiary means a subsidiary undertaking (as defined by section 1162 CA 2006) or a subsidiary (as defined by section 1159 CA 2006) and in interpreting those sections for the purposes of this Agreement, a company is to be treated as a member of a subsidiary or member of a subsidiary undertaking as the case may be even if its shares are registered in the name of (i) a nominee, or (ii) any party holding security over those shares, or that secured party's nominee

Surviving Provisions means Clause 6.11, Clause 6.12, Clause 14 (Entire Agreement), 18 (Announcements and confidentiality), 27 (Notices), 30 (Governing Law) and 31 (Jurisdiction)

Syndicates means the syndicates numbered 570 and 609 at Lloyd's and **Syndicate** means any one of them

Taxation means:

(a) all forms of tax, levy, duty, charge, impost, withholding or other amount whenever created or imposed and whether of the United Kingdom or elsewhere, payable to or imposed by any Taxation Authority (including for the avoidance of doubt, National Insurance contribution liabilities in the United Kingdom and corresponding obligations elsewhere); and

(b) all charges, interest, penalties and fines incidental or relating to any Taxation falling within paragraph (a) above or which arise as a result of the failure to pay any Taxation on the due date or to comply with any obligation relating to Taxation

Taxation Authority means HMRC or any other revenue, customs, fiscal, governmental, statutory, state or provincial authority, body or person, whether of the United Kingdom or elsewhere, competent to collect or administer Taxation

Tax Claim means any claim in respect of the Taxation Warranties

Taxation Deed means the taxation deed in the agreed form entered, or to be entered, into between the Seller and the Buyer

Taxation Warranties means the Seller's Warranties contained in paragraph 19 of Part A of Schedule 2

Title and Capacity Warranties means the Seller's Warranties contained in paragraphs 1, 2 and 3.3 of Part A of Schedule 2

Trade Debts means amounts owing by way of trade credit in the ordinary course of trading as a result of goods and/or services supplied

VAT means valued added tax

Warranties means the Seller's Warranties, the Buyer's Warranties and the Buyer's Guarantor's Warranties and **Warranty** means any of them.

2 In this Agreement, unless the context requires otherwise:

(a) a document expressed to be in the **agreed form** means a document in a form which has been agreed by the parties on or before the execution of this Agreement and signed or initialled by them or on their behalf for the purposes of identification;

(b) the table of contents table and the headings are inserted for convenience only and do not affect the interpretation of this Agreement;

(c) references to clauses and Schedules are to clauses of and Schedules to, this Agreement, references to this Agreement include its Schedules, and references to a part or paragraph are to a part or paragraph of a Schedule to this Agreement;

(d) references to this Agreement or any other document or to any specified provision of this Agreement or any other document are to this Agreement, that document or that provision as from time to time amended in accordance with the terms of this Agreement or that document or, as the case may be, with the agreement of the relevant parties;

(e) words importing the singular include the plural and vice versa, words importing a gender include every gender, and references to a person include an individual, corporation, partnership, any unincorporated body of persons and any government entity;

(f) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, Court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to the English legal term;

(g) references to time are to London time;

(h) the rule known as the ejusdem generis rule shall not apply, and accordingly words introduced by words and phrases such as "include", "including", "other" and "in particular" shall not be given a restrictive meaning or limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible;

(i) the word "company", except where used in reference to the Company, shall be deemed to include any partnership, undertaking or other body of persons, whether incorporated or not incorporated and whether now existing or formed after the date of this Agreement; and

(j) reference to a person having control of another person, or being controlled by another person, or being under common control with another person shall be construed as referring to control within the meaning of any of sections 450 and 707 CTA 2010 and sections 995(1) to 995(3) (inclusive) ITA 2007.

3 In this Agreement, unless the context requires otherwise, a reference to any statute or statutory provision (whether of the United Kingdom or elsewhere) includes:

(a) any subordinate legislation (as defined by section 21(1) Interpretation Act 1978) made under it; and

(b) any provision which it has superseded or re-enacted (with or without modification), and any provision superseding it or re-enacting it (with or without modification), before or on the date of this Agreement, or after the date of this Agreement except to the extent that the liability of any party is thereby increased or extended,

and any such statute, statutory provision or subordinate legislation as is in force at the date of this Agreement shall be interpreted as it is interpreted at the date of this Agreement and no account shall be taken of any change in the interpretation of any of the foregoing by any court of law or tribunal made after the date of this Agreement.

Executed as a deed by **ARDEN HOLDINGS LIMITED**
acting by Richard Lutenski, a director,
in the presence of:

/s/ Richard Lutenski
Director

/s/ Edward Martin
SIGNATURE OF WITNESS

Witness name: Edward Martin
Witness address: Windsor Place, 3rd Floor
22 Queen Street, Hamilton HM11
Witness occupation: Lawyer

Executed as a deed by **ALOPUC LIMITED**
acting by Derek Reid, a director,
in the presence of:

/s/ Derek Reid
Director

/s/ Paul Miles
SIGNATURE OF WITNESS

Witness name: Paul Miles
Witness address: 17 Buckingham Avenue
Shoreham By Sea, West Sussex, BN43SGL
Witness occupation: Commutations Manager

Executed as a deed by **KENMARE HOLDINGS LTD**
acting by Adrian Kimberley, a director,
in the presence of:

/s/ Edward Martin
SIGNATURE OF WITNESS

Witness name: Edward Martin
Witness address: Windsor Place, 3rd Floor
22 Queen St., Hamilton HM11
Witness occupation: Lawyer

/s/ Adrian C. Kimberley
Director

Exhibit 2.2

EXECUTION VERSION

Dated 5 June 2013

ARDEN HOLDINGS LIMITED

and

NORTHSHORE HOLDINGS LIMITED

and

KENMARE HOLDINGS LTD

Agreement for the sale and purchase of the entire issued share capital of Arden Reinsurance Company Limited

NORTON ROSE

Contents

THIS AGREEMENT is dated 5 June 2013 and is made **BETWEEN**:

(1) **ARDEN HOLDINGS LIMITED** (company registration number 37470) whose registered office is at Clarendon House, 2 Church Street, Hamilton, Bermuda (the **Seller**);

(2) **NORTHSHORE HOLDINGS LIMITED** (company registration number 43474) whose registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda (the **Buyer**); and

(3) **KENMARE HOLDINGS LTD** (company registration number 30917) whose registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda (the **Guarantor**).

NOW IT IS HEREBY AGREED as follows:

1 Definitions and interpretation

In addition to terms defined elsewhere in this Agreement, the definitions and other provisions in Schedule 6 apply, unless the context requires otherwise.

2 Conditions

2.1 The sale and purchase of the Sale Shares is conditional on the approval of any Relevant Authority whose approval is required prior to Completion for (i) the transfer of the Sale Shares to be made and/or (ii) any other matter which is contemplated by this Agreement to be carried out on or prior to Completion, to be carried out in each case in accordance with all applicable law in any jurisdiction in which any Group Company carries on business (the **Condition**).

2.2 The Buyer undertakes to use its reasonable endeavours to ensure that the Condition is satisfied as soon as possible after the date of this Agreement and in any event by no later than 5:00 pm on 4 October 2013 (the **Long Stop Date**).

2.3 Where the satisfaction of the Condition is subject to the satisfaction of any condition or conditions imposed by a Relevant Authority on the Buyer or any Group Company, the Buyer shall, and if such conditions are imposed on any Group Company, shall procure so far as it is able following Completion that Group Company shall, comply with any such condition or conditions.

2.4 The Seller and the Buyer shall each promptly disclose to the other:

(a) any matter (of which it is or becomes actually aware) which will or is reasonably likely to prevent the Condition from being fulfilled on or before the Long Stop Date;

(b) any indication (of which it is or becomes actually aware) that a Relevant Authority may intend to withhold its approval of, or raise an objection to, or impose any condition on the acquisition of control by the Buyer;

(c) any other material development regarding the fulfilment of the Condition set out in clause 2.1 of which it becomes actually aware.

2.5 The Buyer shall (to the extent not undertaken at the date hereof) make all appropriate submissions, notifications and other filings in connection with, or required to satisfy, the Condition (the **Required Submissions**) as soon as reasonably practicable and in any event no later than 15 Business Days after the date of this Agreement.

2.6 The Buyer shall at the same time provide the Seller with copies of the Required Submissions that are made by it or on its behalf pursuant to clause 2.5.

2.7 The Buyer undertakes to keep the Seller fully informed as to progress towards satisfaction of the Condition and undertakes to:

(a) to the extent reasonably practicable, provide the Seller (or advisers nominated by the Seller) with draft copies of all material submissions and communications to any Relevant Authority in relation to satisfying the Condition at such time as will allow the Seller a reasonable opportunity to provide comments on such submissions and communications before they are submitted or sent (and, in completing such submissions or communications, the Buyer agrees to have due regard to any reasonable comments made by the Seller);

(b) save as otherwise directed by any Relevant Authority, allow persons nominated by the Seller to attend all meetings with to any Relevant Authority, and, where appropriate, to make oral submissions at such meetings; and

(c) provide the Seller as soon as reasonably practicable with copies of any material written communication, and updates (written or oral) of the substance of any material oral communications with any Relevant Authority in relation to obtaining any consent, approval or action where such communications have not been independently or simultaneously supplied to the Seller, and, where practicable, to consult with the Seller before initiating any material new communication with any Relevant Authority,

provided that nothing in this clause 2.7 shall oblige the Buyer to disclose to the Seller any commercially sensitive information.

2.8 The Seller shall provide on reasonable notice such assistance and information about each Group Company and the business of each Group Company as may reasonably be required by the Buyer to enable it to provide appropriate and complete submissions and responses to the Relevant Authority in connection with the Required Submissions and the Seller shall, and shall procure that each Group Company shall, co-operate with the Buyer and the Relevant Authority to enable the Buyer to make the Required Submissions.

2.9 If either party becomes aware of the satisfaction of the Condition that party shall:

(a) within two Business Days of becoming actually aware of that fact, give notice to the other party that the Condition has been satisfied; and

(b) within two Business Days of becoming actually aware of that fact, provide the other party with copies of any written communication received from the Relevant Authority in relation to the satisfaction of the Condition where such communications have not been independently or simultaneously supplied to the other party.

2.10 If the Condition is not fulfilled on or before the Long Stop Date, then without prejudice to any rights which either party may have against the other party pursuant to the Share Purchase Documents, this Agreement shall automatically terminate.

3 Agreement to sell the Sale Shares

3.1 The Seller shall sell to the Buyer and the Buyer shall buy from the Seller the Sale Shares with full title guarantee and free from all Encumbrances.

3.2 Title to, beneficial ownership of, and any risk attaching to, the Sale Shares shall pass on Completion together with all associated rights and benefits attaching or accruing to them on or after Completion.

3.3 The Seller irrevocably waives any rights of pre-emption conferred on it by the bye-laws of the Company or otherwise over any of the Sale Shares.

3.4 The Buyer shall not be obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously.

4 Consideration

4.1 The consideration for the sale of the Sale Shares shall be the payment by the Buyer to the Seller of the Purchase Price in cash.

4.2 Subject to clause 4.5, the Seller covenants and undertakes to the Buyer that:

(a) during the period from (and including) the Accounts Date to (and including) the date of this Agreement, there has been no Leakage other than Permitted Leakage and nor has there been created an entitlement to Leakage other than Permitted Leakage; and

(b) during the period from (and including) the date of this Agreement until Completion, there will be no Leakage other than any Permitted Leakage and nor will there be created an entitlement to Leakage other than Permitted Leakage.

4.3 Subject to clause 4.5, the Seller agrees to reimburse and indemnify the Buyer or the Group Company (if the Buyer so nominates), forthwith on receipt of written notice from the Buyer, for any Leakage in breach of the covenant and undertaking in clause 4.2.

4.4 The Buyer's only remedy in relation to Leakage is that contained in clause 4.3.

4.5 The Buyer acknowledges that US$140,000,000 (one hundred and forty million US dollars) has been distributed from the Company to the Seller since the Accounts Date (the Distribution Amount). The Buyer agrees that the **Distribution Amount** will not constitute Leakage and the Buyer will have no right to reimbursement or indemnification pursuant to clause 4.3 in relation to the Distribution Amount.

5 Pre-Completion

5.1 The provisions of Schedule 5 shall apply.

5.2 Nothing in this clause 5 or Schedule 5 shall operate so as to restrict or prevent the following (of which the Buyer will be notified as soon as reasonably practicable so far as it is lawful for the Seller to do so and would not cause the Company to breach any contract, law or regulation):

(a) any matter reasonably undertaken in an emergency or disaster situation, with the intention of minimising any adverse effect thereof;

(b) the completion or performance of any obligations undertaken pursuant to any contract or arrangement entered into prior to the date of this Agreement, provided that any such contract or arrangement has been disclosed to the Buyer prior to the date of this Agreement;

(c) the carrying out of any act or the undertaking of any matter necessary (in the reasonable belief of the Seller or the Company) in order to ensure continued compliance with Applicable Laws (including any Applicable Laws relating to prudential matters);

(d) committing to any Regulatory Authority to carry out any act or undertake any matter requested or required by it and the carrying out of any act resulting from such commitment, provided that before any such commitment or undertaking is given, the Buyer is notified of the matter and if reasonably practicable afforded an opportunity to participate in relevant communications with the Regulatory Authority (unless the Regulatory Authority does not permit such notification or participation);

(e) the performance of any obligation under any Share Purchase Documents;

(f) any matter undertaken at the written request of the Buyer; or

(g) the making by the Subsidiary of any payment of Taxation to a Tax Authority.

5.3 Without prejudice to the generality of this clause 5, prior to Completion the Seller shall, and shall use all its commercially reasonable endeavours to procure that each Group Company shall, subject to Applicable Laws and any obligations they may have under existing agreements with third parties, allow the Buyer and its agents, upon reasonable notice, reasonable access to, and to take copies of, the books, records, and documents and reasonable access to individuals of or relating in whole or in part to any Group Company, provided that the obligations of the Seller under this clause shall not extend to allowing access to information which is:

(a) reasonably regarded by the Seller as confidential to the activities of the Seller's Group; or

(b) commercially sensitive information of the Company if such information cannot be shared with the Buyer prior to Completion in compliance with Applicable Laws.

5.4 Nothing in this clause 5 or Schedule 5 shall operate so as to restrict or prevent the Company (including through or by virtue of any rights or powers exercised or exercisable by any of the Relevant Counterparties) completing or performing any of its obligations or exercising any of its rights under or in relation to the Transferred Business or the Transfer Agreements to the extent required or carried out by the Relevant Counterparty under the relevant Transfer Agreement.

6 Completion

6.1 Completion shall take place on the Completion Date at the offices of Norton Rose LLP at 3 More London Riverside, London, SE1 2AQ or at such other place as the parties may agree on or prior to the Completion Date.

6.2 At Completion:

(a) the Seller shall do those things listed in Part A of Schedule 3; and

(b) the Buyer shall do those things listed in Part B of Schedule 3.

6.3 If the Seller or the Buyer (the **Affected Party**) fails or is unable to comply with any of its obligations set out in Schedule 3 on the Completion Date then the other (the **Unaffected Party**) may:

(a) defer Completion (by notice to the Affected Party) to a date (being a Business Day) not more than 20 Business Days after that date (in which case the provisions of clauses 6.2 and 6.4 shall apply to Completion as so deferred); or

(b) proceed to Completion so far as practicable but without prejudice to the Unaffected Party's rights where the Affected Party has not complied with its obligations under this Agreement.

6.4 If the Affected Party fails or is unable to comply with its obligations under paragraphs 1(a), 1(d) or 1(e) of Part A of Schedule 3 (where the Affected Party is the Seller) or paragraph 1(a)(i) or 1(b) of Part B of Schedule 3 (where the Affected Party is the Buyer) on any date to which Completion is deferred in accordance with clause 6.3(a), the Unaffected Party shall have the right, in addition to its rights in clauses 6.3(a) and 6.3(b), to terminate this Agreement on such date by notice to the Affected Party.

6.5 If this Agreement is terminated in accordance with clause 6.4, all rights and obligations of the Seller and the Buyer under this Agreement shall end (except for rights and obligations under the Surviving Provisions which shall remain in full force and effect), provided that nothing in this clause 6.5 shall limit any rights or obligations of either party under this Agreement which have accrued before termination.

7 The Warranties

7.1 The Seller warrants to the Buyer that each of the Seller's Warranties is true and accurate as at the date of this Agreement.

7.2 The Buyer warrants to the Seller that each of the Buyer's Warranties is true and accurate as at the date of this Agreement.

7.3 The Guarantor warrants to the Seller that each of the Guarantor's Warranties is true and accurate as at the date of this Agreement.

7.4 The Seller's Warranties (other than the Title and Capacity Warranties) are qualified by those matters fairly disclosed in this Agreement and in the Disclosure Letter and for this purpose **fairly disclosed** means disclosed in such manner and in such detail as to enable a reasonable buyer, having received the assistance, information and advice received by the Buyer in relation to the Company, to make an informed and accurate assessment of the matter concerned. No warranty or representation is given as to the accuracy or completeness of any statements (including any statements of opinion) contained in the Disclosure Letter.

7.5 The Seller's Warranties other than the Title and Capacity Warranties are further qualified by and the Buyer is deemed to have knowledge of the documents and information contained in the Data Room details of which are set out in the Data Room Index.

7.6 In each Seller's Warranty, where any statement is qualified as being made "so far as the Seller is aware" or any similar expression, such statement shall be deemed to refer to the actual knowledge or awareness of Richard Lutenski.

7.7 Each of the paragraphs in Part A of Schedule 2 shall be construed as a separate and independent Warranty and the Buyer or the Seller (as the case may be) shall have a separate claim and right of action in respect of each breach of a Warranty.

7.8 The only Seller's Warranties given:

(a) in respect of Intellectual Property Rights and data protection are those contained in paragraph 14 of Part A of Schedule 2 and each of the other Seller's Warranties shall be deemed not to be given in respect of Intellectual Property Rights;

(b) in respect of employment or pension matters are those contained in paragraphs 11 and 12 of Part A of Schedule 2 and each of the other Seller's Warranties shall be deemed not to be given in respect of such matters;

(c) in respect of Taxation are those contained in paragraph 17 of Part A of Schedule 2 and each of the other Seller's Warranties shall be deemed not to be given in respect of Taxation; and

(d) in respect of regulatory compliance are those contained in paragraph 8 of Part A of Schedule 2 and each of the other Seller's Warranties shall be deemed not to be given in respect of regulatory compliance.

7.9 The Buyer acknowledges that the Seller's Warranties, and the warranties given by clause 3.1 are the only warranties, representations or other assurances of any kind given by or on behalf of the Seller.

7.10 Notwithstanding anything to the contrary set out in this Agreement but without prejudice to clause 7.9, no other statement, promise or forecast made by or on behalf of the Seller may form the basis of, or be pleaded in connection with, any claim against the Seller and, without prejudice to the provisions of clause 13 (Entire Agreement), the Buyer acknowledges and agrees, that the Seller makes no representation or warranty as to:

(a) any projections, estimates, budgets, statements of intent or statements of opinion delivered to or made available to the Buyer or any of its directors, officers, employees, agents or advisers of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of the Company; or

(b) any other information or documents made available to the Buyer or any of its directors, officers, employees, agents or advisers with respect to the Seller or the Company or any of their businesses, assets, liabilities or operations,

on or prior to the date of this Agreement, including in the documents provided in the Data Room.

7.11 None of the Seller's Warranties nor any other provision of the Share Purchase Documents shall be construed as a representation or warranty as to any judgement based on actuarial principles, practices or analyses by whomsoever made or as to the future fulfilment of any assumption. In particular, and without prejudice to the generality of the foregoing:

(a) the Buyer acknowledges and agrees with the Seller that the Buyer is responsible for assessing the adequacy of the liabilities, provisions for claims (whether in respect of reported claims or in respect of liabilities or claims which have been incurred but not reported), premiums, policy benefits, expenses and any other reserves of the Company, as far as applicable, in respect of the insurance business of the Company (the **Reserves**);

(b) no representation or warranty is made by or on behalf of the Seller or any member of the Seller's Group as to the adequacy of the amount of the Reserves or as to the value in force of any of the policies comprised within the insurance business of the Company (whether as represented in the Accounts or otherwise); and

(c) notwithstanding anything otherwise contained in the Share Purchase Documents, no provision of any such document shall be construed as constituting, directly or indirectly, such a representation or warranty and none of the Seller or any member of the Seller's Group nor any of its or their officers, employees or advisers shall be under any liability to any member of the Buyer's Group or any other person to the extent that (for whatever reason) that member of the Buyer's Group or other person suffers any loss or liability as a consequence of its, or its advisers', assessment of the adequacy of the amount of the Reserves being in any way inaccurate.

7.12 The Buyer acknowledges and agrees that:

(a) it is an informed and sophisticated person, and it or one of its Related Undertakings on its behalf has engaged expert advisors experienced in the evaluation and acquisition of companies such as the transaction as contemplated hereby;

(b) it or one of its Related Undertakings on its behalf has conducted due diligence on the Company and has been provided with, and has evaluated, such documents and information in the Data Room as it has deemed necessary to enable it to make an informed and rational decision with respect to the execution, delivery and performance of this Agreement and the consummation of the transaction contemplated hereby;

(c) it or one of its Related Undertakings on its behalf has received all materials relating to the business of the Company available in the Data Room and has been afforded the opportunity to obtain any additional information necessary to verify the accuracy of any such information or of any representation or warranty given by the Seller hereunder or to otherwise evaluate the merits of the transaction contemplated hereby; and

(d) in making the decision to consummate the transaction contemplated hereby, the Buyer has relied upon its or one of its Related Undertaking's advisors, including but not limited to, its or their professional, legal, financial, tax and other advisors.

7.13 The Seller's Warranties (other than the Title and Capacity Warranties) are subject to the following matters:

(a) any matter which is fairly disclosed (as defined in clause 7.4) in this Agreement, in the Disclosure Letter or in the documents provided in the Data Room;

(b) all matters which would be revealed by making a search in respect of the Company on the date two Business Days before the date of this Agreement on the public file at the Bermuda Registrar of Companies and the Bermuda Supreme Court Registry: and

(c) all matters provided for or noted (to the extent of such provision or note) in the Accounts.

7.14 References in the Disclosure Letter to paragraph numbers shall be to the paragraphs in Part A of Schedule 2 to which the disclosure is most likely to relate. Such references are given for convenience only and shall not limit the effect of any of the disclosures, all of which are made against the Seller's Warranties (other than the Title and Capacity Warranties) as a whole.

7.15 The Warranties shall not in any respect be extinguished or affected by Completion.

7.16 The Buyer shall not be entitled to make a claim in respect of the Seller's Warranties (other than a claim in respect of the Title and Capacity Warranties) after Completion where the matter giving rise to such claim was known or ought reasonably to have been known to the Buyer and/or any of its advisers (being those advisers which have been engaged specifically in connection with the subject matter of this Agreement, but excluding (to the extent engaged by the Seller in connection with this Agreement) any adviser who is a member of, or who is otherwise associated with, Conyers Dill & Pearman) before the date of this Agreement.

7.17 The Title and Capacity Warranties and those Seller's Warranties set out in paragraph 16 (Insolvency) of Part A of Schedule 2 shall be deemed to be repeated immediately before Completion, with reference to those facts and circumstances then prevailing and for this purpose a reference in any of those Warranties to the date of this Agreement shall be construed as a reference to the Completion Date.

8 Claims against the Seller

In the absence of fraud or dishonesty by or on behalf of the Seller, the provisions of Schedule 4 shall apply in relation to the liability of the Seller in respect of any Relevant Claim.

9 Guarantee by the Buyer's Guarantor

9.1 In consideration of the Seller entering into this Agreement, the Buyer's Guarantor unconditionally and irrevocably guarantees to the Seller the due and punctual performance of all the obligations and liabilities of the Buyer to make payment under or otherwise arising out of or in connection with this Agreement (as any of such obligations and liabilities may from time to time be varied, extended, increased or replaced) and undertakes to keep the Seller fully indemnified against all liabilities, losses, proceedings, claims, damages, costs and expenses of whatever nature which any of them may suffer or incur directly as result of any failure or delay by the Buyer in the performance of any such obligations and liabilities.

9.2 If any outstanding obligation or liability of the Buyer expressed to be the subject of the guarantee contained in this clause 9 (the **Buyer's Guarantee**) is not or ceases to be valid or enforceable against the Buyer (in whole or in part) on any ground whatsoever (including, but not limited to, any defect in or want of powers of the Buyer or irregular exercise of such powers, or any lack of authority on the part of any person purporting to act on behalf of the Buyer, or any legal or other limitation, disability or incapacity, or any change in the constitution of, or any amalgamation or reconstruction of the Buyer, or the Buyer taking steps to enter into or entering into bankruptcy, liquidation, administration or insolvency, or any other step being taken by any person with a view to any of those things), the Buyer's Guarantor shall nevertheless be liable to the Seller in respect of that purported obligation or liability as if the same were fully valid and enforceable and the Buyer's Guarantor were the principal debtor in respect thereof.

9.3 The liability of the Buyer's Guarantor under the Buyer's Guarantee shall not be discharged or affected in any way by:

(a) the Seller compounding or entering into any compromise, settlement or arrangement with the Buyer, any co-guarantor or any other person; or

(b) any variation, extension, increase, renewal, determination, release or replacement of any of the Share Purchase Documents, whether or not made with the consent or knowledge of the Buyer's Guarantor; or

(c) the Seller granting any time, indulgence, concession, relief, discharge or release to the Buyer, any co-guarantor or any other person or realising, giving up, agreeing to any variation, renewal or replacement of, releasing, abstaining from or delaying in taking advantage of or otherwise dealing with any securities from or other rights or remedies which it may have against the Buyer, any co-guarantor or any other person; or

(d) any other matter or thing which, but for this provision, might exonerate or affect the liability of the Buyer's Guarantor.

9.4 The Seller shall not be obliged to take any steps to enforce any rights or remedy against the Buyer or any other person before enforcing the Buyer's Guarantee.

9.5 The Buyer's Guarantee is in addition to any other security or right now or hereafter available to the Seller and is a continuing security notwithstanding any entering into liquidation, administration or insolvency by the Buyer or steps being taken by any person with a view to any of those things or other incapacity of the Buyer or the Buyer's Guarantor or any change in the ownership of either of them.

9.6 Until the full and final discharge of all obligations and liabilities (both actual and contingent) which are the subject of the Buyer's Guarantee, the Buyer's Guarantor:

(a) waives all of its rights of subrogation, reimbursement and indemnity against the Buyer and all rights of contribution against any co-guarantor and agrees not to demand or accept any security from the Buyer or any co-guarantor in respect of any such rights and not to prove in competition with the Seller in the bankruptcy, liquidation or insolvency of the Buyer or any such co-guarantor; and

(b) agrees that it will not claim or enforce payment (whether directly or by set-off, counterclaim or otherwise) of any amount which may be or has become due to the Buyer's Guarantor by the Buyer, any co-guarantor or any other person liable to any of the Seller in respect of the obligations hereby guaranteed if and so long as the Buyer is in default under this Agreement.

9.7 Any moneys received by the Seller under the Buyer's Guarantee may be placed to the credit of a suspense account with a view to preserving the rights of the Seller to prove for the whole of its claims against the Buyer or any other person.

9.8 If the Buyer's Guarantee is discharged or released in consequence of any performance by the Buyer of the guaranteed obligations which is set aside for any reason, the Buyer's Guarantee shall be automatically reinstated in respect of the relevant obligations.

10 Transition arrangements

10.1 The Seller agrees that for the period from Completion and ending three months after Completion it will procure (so far as it is able) that its employees will use their best endeavours to respond during the Seller's normal business hours (being 8.00 am to 5.00 pm Bermuda time during normal working days in Bermuda) to the Buyer's reasonable inquiries in relation to any Group Company. Save in the case of dishonesty or fraud, the Seller shall have no liability to the Buyer in relation to any services provided by the Seller pursuant to this clause 10.

11 Dealing with and voting on the Sale Shares

11.1 The Seller hereby declares that for so long as it remains the registered holder of any of the Sale Shares after Completion it shall:

(a) hold the Sale Shares and the dividends and other distributions of profits or surplus or other assets declared, paid or made in respect of them after Completion and all rights arising out of or in connection with them on trust for the Buyer and its successors in title; and

(b) deal with and dispose of the Sale Shares and all such dividends, distributions and rights as the Buyer or any such successor may direct.

11.2 The Seller hereby appoints the Buyer as its lawful attorney for the purpose of doing any act or thing which the Seller could, as a member of the Company, do (including receiving notices of and attending and voting at all meetings of the Company) from Completion to the day on which the Buyer or its nominee is entered in the register of members of the Company as the holder of the Sale Shares. For such purpose, the Seller authorises:

(a) the Company to send any notices in respect of the Sale Shares to the Buyer; and

(b) the Buyer to complete in such manner as it thinks fit consents to short notice and any other document required to be signed by the Seller in its capacity as a member.

12 Release and indemnity for outstanding Guarantees

12.1 The Seller shall:

(a) use all its commercially reasonable endeavours to secure with effect from Completion the release of each Group Company, without cost to any Group Company, from any Guarantees, other contingent liabilities and charges binding on such Group Company in respect of any liabilities of the Seller or any member of the Seller's Group (including, if required, offering its own Guarantee or liability on the same terms as and in substitution for the existing Guarantee or other liability of such Group Company); and

(b) pay to the Buyer (for itself and as trustee for each Group Company) an amount equal to all Losses which it or any Group Company may suffer or incur in respect of any claim, made under or in respect of any such Guarantees or other contingent liabilities and charges after Completion.

12.2 The Buyer shall:

(a) use all its commercially reasonable endeavours to secure with effect from Completion the release of the Seller, without cost to the Seller, from any Guarantees and other contingent liabilities binding on the Seller in respect of any liabilities of the Company (including, if required, offering its own Guarantee or liability on the same terms as and in substitution for the existing Guarantee or other liability of the Seller) in each case which have been disclosed to the Buyer prior to the date of this Agreement; and

(b) pay to the Seller an amount equal to all Losses which it may suffer or incur in respect of any claim, made under or in respect of any such Guarantees or other contingent liabilities after Completion.

13 Entire agreement

13.1 Each party acknowledges and agrees for itself (and as agent for each of its respective Related Undertakings) that:

(a) the Share Purchase Documents constitute the entire agreement between the parties and supersede any prior agreement, understanding, undertaking or arrangement between the parties relating to the subject matter of the Share Purchase Documents;

(b) by entering into the Share Purchase Documents, they do not rely on any statement, representation, assurance or warranty of any person (whether a party to the Share Purchase Documents or not and whether made in writing or not) other than as expressly set out in the Share Purchase Documents;

(c) the only rights or remedies available to any party in connection with the Share Purchase Documents shall be solely for breach of contract except as otherwise expressly provided for in this Agreement; and

(d) nothing in this clause, and no other limitation in this Agreement, shall exclude or limit any liability for fraud.

14 Effect of Completion

All provisions of this Agreement shall so far as they are capable of being performed or observed continue in full force and effect notwithstanding Completion except in respect of those matters then already performed and Completion shall not constitute a waiver of any of the Buyer's rights in relation to this Agreement.

15 No right of termination

Save in respect of a breach of clause 17 of this Agreement in respect of which the Buyer shall be entitled to the remedy of injunctive relief and/or specific performance or in relation to clause 4.3 of this Agreement in respect of which the Buyer shall be entitled to indemnification and reimbursement, the sole remedy of the Buyer against the Seller under this Agreement shall be an action in damages. Save as provided in clause 2 or clause 6, the Buyer shall not be entitled to terminate or rescind this Agreement by reason of any Relevant Claim or for any other reason.

16 Further assurances

The Seller shall execute or, so far as it is able, procure that any necessary third party shall execute all such documents and/or do or, so far as each is able, procure the doing of such acts and things as the Buyer shall after Completion reasonably require to give effect to this Agreement and any documents entered into pursuant to it and to give to the Buyer the full benefit of all the provisions of this Agreement.

17 Announcements and confidentiality

17.1 Subject to clause 17.2, no announcement, circular or communication (each an **Announcement**) concerning the existence or content of this Agreement shall be made by either party (or any of its respective Related Undertakings) without the prior written approval of the other party (such approval not to be unreasonably withheld or delayed).

17.2 Clause 17.1 does not apply to any Announcement if, and to the extent that, it is required to be made by the rules of any stock exchange or any governmental, regulatory or supervisory body (including any Taxation Authority and any Regulatory Authority) or court of competent jurisdiction (**Relevant Body**) to which the party making the Announcement is subject, whether or not any of the same has the force of law, provided that any Announcement shall, so far as is practicable, be made after consultation with the other party and after taking into account its reasonable requirements regarding the content, timing and manner of despatch of the Announcement in question.

17.3 Subject to clause 17.5, each party shall treat as strictly confidential all information received or obtained as a result of entering into or performing its obligations under the Share Purchase Documents which relates to:

(a) the subject matter and provisions of the Share Purchase Documents;

(b) the negotiations relating to the Share Purchase Documents; or

(c) the other party.

17.4 Subject to clause 17.5, after Completion the Seller shall

(a) not disclose or use the Confidential Information unless it has first obtained the Buyer's permission; and

(b) ensure that no member of the Seller's Group discloses or uses the Confidential Information unless it has first obtained the Buyer's permission.

17.5 A party may disclose information which would otherwise be confidential and the Seller may disclose Confidential Information if and to the extent:

(a) required by the law of any relevant jurisdiction;

(b) required by any Relevant Body to which the party making the disclosure is subject, whether or not such requirement has the force of law;

(c) required to vest the full benefit of this Agreement in either party;

(d) disclosure is made to its Related Undertakings and/or its Representatives, provided that any such Related Undertaking or Representative is first informed of the confidential nature of the information and such Related Undertaking or Representative acts in accordance with the provisions of clause 17.3 as if it were a party hereto;

(e) the information has come into the public domain through no fault of that party; or

(f) the other party has given prior written approval to the disclosure,

provided that any disclosure shall, so far as it practicable, be made only after consultation with the other party and taking into account its reasonable requirements regarding the timing and manner of disclosure.

18 Severance

Each provision of this Agreement is severable and distinct from the others and, if any provision is, or at any time becomes, to any extent or in any circumstances invalid, illegal or unenforceable for any reason, that provision shall to that extent be deemed not to form part of this Agreement but the validity, legality and enforceability of the remaining parts of this Agreement shall not be affected or impaired, it being the parties' intention that every provision of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

19 Set off

The Buyer shall not be entitled to set off any sum due by it to the Seller against any sum due by the Seller to the Buyer under or in relation to this Agreement and all such sums shall be paid free and clear of all deductions and withholdings save for any which may be required by law.

20 Alterations

No purported alteration of this Agreement shall be effective unless it is in writing, refers to this Agreement and is duly executed by each party to this Agreement.

21 Counterparts

This Agreement may be entered into in any number of counterparts and by the parties to it on separate counterparts, and each of the executed counterparts, when duly exchanged or delivered, shall be deemed to be an original, but taken together, they shall constitute one and the same instrument.

22 Costs

Each of the parties shall be responsible for its respective legal and other costs incurred in relation to the negotiation, preparation and completion of this Agreement and all ancillary documents.

23 Agreement binding

This Agreement shall be binding on and shall enure for the benefit of the successors in title of each party.

24 Rights of third parties

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

25 Remedies and waivers

The rights and remedies of each party to this Agreement are, except where expressly stated to the contrary, without prejudice to any other rights and remedies available to it. No neglect, delay or indulgence by either party in enforcing any provision of this Agreement shall be construed as a waiver and no single or partial exercise of any rights or remedy of either party under this Agreement will affect or restrict the further exercise or enforcement of any such right or remedy.

26 Notices

26.1 A notice or other communication given under or in connection with this Agreement must be:

(a) in writing;

(b) in the English language; and

(c) sent by the Permitted Method to the Notified Address.

26.2 The **Permitted Method** means any of the methods set out in column (1) below. A notice given by the Permitted Method will be deemed to be given and received on the date set out in column (2) below:

(1) Permitted Method	(2) Date on which Notice deemed given
Personal delivery	When left at the Notified Address
First class pre-paid post	Two Business Days after posting
Prepaid air-mail	Six Business Days after posting
Fax transmission	On confirmed completion of transmission

26.3 The **Notified Addresses** of each of the parties is as set out below:

Name of party	Address	Fax number	Marked for the attention of:
Arden Holdings Limited	Purvis House – 2nd floor 29 Victoria Street Hamilton HM 10 Bermuda	441-292-2702	Richard Lutenski
Northshore Holdings Limited	Windsor Place, 3rd Floor, 22 Queen Street, Hamilton HM11, Bermuda	441-296-0895	Richard Harris
Kenmare Holdings Ltd	Windsor Place, 3rd Floor, 22 Queen Street, Hamilton HM11, Bermuda	441-296-0895	Richard Harris

or such other Notified Address as either of the parties may, by notice to the other, substitute for their Notified Address set out above.

27 Agent for service

27.1 The Guarantor irrevocably appoints Enstar (EU) Limited (company registration number 3168082) whose registered office is at Avaya House, 2 Cathedral Hill, Guildford, Surrey, GU2 7YL, UK as its agent to receive service on its behalf in England and agrees that:

(a) service shall be deemed completed on delivery to Enstar (EU) Limited's registered office whether or not the relevant proceedings are received by Enstar (EU) Limited and clause 26.2 shall apply to determine the deemed time of service as if references in that clause to the giving of a notice were to the service of any proceedings arising out of or in connection with this Agreement;

(b) if for any reason Enstar (EU) Limited ceases to act as the Guarantor's agent or no longer has an address in England, the Guarantor shall within 20 Business Days appoint a substitute agent (the identity of whom shall have been agreed in advance with the Seller) with an address in England and shall give notice to the Seller of the substitute agent's name, address, together with a copy of the substitute agent's acceptance of the appointment; and

(c) service on Enstar (EU) Limited shall constitute effective service on the Guarantor unless and until the Seller receives notice in accordance with clause 27.1(b) from the Guarantor of the appointment of any substitute agent and with effect from the Seller's receipt of such notice the substitute agent shall be deemed to be the Guarantor's agent for the purposes of this clause 27.

27.2 The Seller irrevocably appoints Norose Notices Limited as its agent to receive service on its behalf in England and agrees that:

(a) service shall be deemed completed on delivery to Norose Notices Limited's registered office whether or not the relevant proceedings are received by Norose Notices Limited and clause 26.2 shall apply to determine the deemed time of service as if references in that clause to the giving of a notice were to the service of any proceedings arising out of or in connection with this Agreement;

(b) if for any reason Norose Notices Limited ceases to act as the Seller's agent or no longer has an address in England, the Seller shall within 20 Business Days appoint a substitute agent (the identity of whom shall have been agreed in advance with the Seller) with an address in England and shall give notice to the Buyer of the substitute agent's name, address, together with a copy of the substitute agent's acceptance of the appointment; and

(c) service on Norose Notices Limited shall constitute effective service on the Seller unless and until the Buyer receives notice in accordance with clause 27.2(b) from the Seller of the appointment of any substitute agent and with effect from the Buyer's receipt of such notice the substitute agent shall be deemed to be the Seller's agent for the purposes of this clause 27.

27.3 Nothing contained in this Agreement shall affect the right to serve process in any other manner permitted by law.

28 Assignment

28.1 Neither the Seller nor the Buyer shall, and neither shall the Seller nor the Buyer purport to, assign, transfer, charge or otherwise deal with all or any of its rights or obligations under this Agreement nor grant, declare, create or dispose of any right or interest in this Agreement without the prior written consent of the other.

28.2 The benefit of rights under this Agreement (including the Warranties) shall be freely assignable by the Seller to another member of the Seller's Group (the **Seller's Assignee**), provided that, if the Seller's Assignee ceases to be a member of the Seller's Group, the Seller shall procure that the Seller's Assignee shall assign its rights to a member of the Seller's Group and, until such assignment becomes effective, such rights shall cease to be enforceable.

28.3 Any purported assignment in contravention of this clause 28 shall be void.

29 Governing law

29.1 This Agreement and any non-contractual obligations connected with it shall be governed by English law.

29.2 The parties irrevocably agree that all disputes arising under or in connection with this Agreement, or in connection with the negotiation, existence, legal validity, enforceability or termination of this Agreement, regardless of whether the same shall be regarded as contractual claims or not, shall be exclusively governed by and determined only in accordance with English law.

30 Jurisdiction

30.1 Save as provided in clause 30.3, the parties irrevocably agree that the courts of England and Wales are to have exclusive jurisdiction, and that no other court is to have jurisdiction to:

(a) determine any claim, dispute or difference arising under or in connection with this Agreement, any non-contractual obligations connected with it, or in connection with the negotiation, existence, legal validity, enforceability or termination of this Agreement, whether the alleged liability shall arise under the law of England or under the law of some other country and regardless of whether a particular cause of action may successfully be brought in the English courts (**Proceedings**);

(b) grant interim remedies, or other provisional or protective relief.

30.2 Subject to clause 30.3, the parties submit to the exclusive jurisdiction of the courts of England and Wales and accordingly any Proceedings may be brought against the parties or any of their respective assets in such courts.

30.3 Where the Sale Shares are not transferred or the Purchase Price is not paid in accordance with this Agreement, the Buyer or the Seller (as the case may be) may commence proceedings in the courts of Bermuda to enforce the relevant obligations of the Seller or the Buyer (as the case may be).

30.4 Nothing contained in this clause shall limit the right of any party to commence any proceedings, suit or action seeking the enforcement of any judgment obtained in the courts of England and Wales ("**Enforcement Proceedings**") against any other party in any other court of competent jurisdiction nor shall taking of Enforcement Proceedings in one or more jurisdictions preclude the taking of Enforcement Proceedings in any other jurisdiction, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

30.5 Each party irrevocably waives (and irrevocably agrees not to raise) any objection which it may have now or after Completion to the venue of any Enforcement Proceedings in any such court as is referred to in clause 30.4 and any claim that any such Enforcement Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Enforcement Proceedings brought in any such court shall be conclusive and binding upon such party and may be enforced in the courts of any other jurisdiction.

IN WITNESS whereof, this Agreement has been executed and delivered as a Deed the day and year first above written.

Schedule 1

Part A: Information about the Company

Name of Company	**Arden Reinsurance Company Limited**
Date and place of incorporation	Bermuda
Registered number	37526
Registered office	Clarendon House, 2 Church Street, Hamilton, Bermuda
Issued share capital	US$1,037,000 divided into 103,700 common shares at par value of US$10.00 each
Directors	Richard Lutenski Michael Frith
Secretary	Evelou Mosley
Assistant secretary	Codan Services Limited Clarendon House, 2 Church Street, Hamilton, Bermuda
Auditors	Ernst & Young Ltd.
Accounting reference date	31 December

Part B: Information about the Subsidiary

Name of Company	**Arden Reinsurance Company Ecritório de Representação no Brasil LTDA.**
Date and place of incorporation	29 June 2009, Brazil
Registered number	NIRE (company registration identification): 33.208.400.149
Registered office	City of Rio de Janeiro, State of Rio de Janeiro, at Praia de Botafogo, no. 501, Bloco II, 2o. andar, CEP 22450-040
Issued share capital	R$500 divided into 500 shares at par value of R$1.00 each

Directors	Mr. Luiz Edmundo Appel Bojunga is the Representative and Managing Director of the branch
Secretary	None
Auditors	Domingos E Pinho Contadores (DPC) (accountants)
Accounting reference date	31 December

Schedule 2

The Warranties

Part A—The Seller's Warranties

1 The Sale Shares

1.1 The shares, details of which are set out opposite "Issued share capital" in Schedule 1 being the shares to be sold and bought pursuant to clause 3.1 of this Agreement, constitute the entire issued and allotted share capital of the Company and are fully paid up.

1.2 There is no Encumbrance on, over or affecting the Sale Shares and there is no agreement or commitment to give or create any Encumbrance on or over the Sale Shares and no person has made any claim to be entitled to any right over or affecting the Sale Shares.

1.3 The Seller is the legal and beneficial owner and is the registered holder of the Sale Shares and is entitled to sell and transfer the full legal and beneficial ownership in the Sale Shares to the Buyer on the terms of this Agreement.

2 Powers and obligations of the Seller

2.1 The Seller is a company duly incorporated and validly existing under the laws of Bermuda.

2.2 The Seller has the right, power and authority to execute and deliver, and to exercise its rights and perform its obligations under, this Agreement.

2.3 This Agreement constitutes, and the other documents to be executed by the Seller which are to be delivered at Completion in accordance with paragraph 1 of Part A of Schedule 3 will, when executed, constitute legal, valid and binding obligations of the Seller enforceable in accordance with their respective terms.

2.4 The execution and delivery of, and the performance of obligations under and compliance with the provisions of, this Agreement by the Seller will not result in:

(a) a violation of any provision of the bye-laws of the Seller;

(b) a breach of or a default under any instrument to which the Seller is a party;

(c) a violation or breach of any applicable laws or regulations or of any order, decree or judgment of any court, governmental agency or Regulatory Authority applicable to the Seller or any of its assets; or

(d) a requirement for the Seller to obtain any consent or approval of, or give any notice to or make any registration with, any governmental, regulatory or other authority which has not been applied for, obtained or made at Completion or which is envisaged in clause 2.

2.5 Subject to the satisfaction of the Condition, no consent, authorisation, licence or approval of or notice to the Seller's shareholders or any governmental, administrative, judicial or regulatory body, authority or organisation is required to authorise the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement or the performance by the Seller of its obligations under this Agreement.

2.6 The Seller is not insolvent or subject to any insolvency procedure in Bermuda or elsewhere.

3 Constitution and structure of the Company

3.1 The information set out in Schedule 1 is complete and accurate.

3.2 Each Group Company is a private company limited by shares which is validly existing under the laws of its jurisdiction of incorporation with full power and authority to conduct its business as presently conducted.

3.3 The Subsidiary is the only subsidiary of the Company and is wholly owned by the Company free from any Encumbrances.

3.4 No person has the right (whether exercisable now or in the future and whether contingent or not) to call for the issue or transfer of any share or loan capital of any Group Company under any option or other agreement or otherwise howsoever.

3.5 Other than in the ordinary course of managing its investments, no Group Company has acquired, or has agreed to acquire, an interest in any body corporate, partnership, joint venture or unincorporated association or agreement for sharing profit.

3.6 No Group Company has established, or has agreed to establish, any branch or place of business outside Bermuda , Switzerland or Brazil.

3.7 Copies of the articles of association or bye-laws of each Group Company and copies of all resolutions required by law to be attached to them have been made available to the Buyer and are up to date, true and complete.

4 Compliance with legal requirements

4.1 So far as the Seller is aware, each Group Company is conducting and has in the three years prior to the date of this Agreement conducted its business in all Material respects in accordance with all applicable laws and legally binding regulations of any jurisdiction in which it is or was carrying on business.

4.2 All registers and minute books required by law to be kept by each Group Company have been properly written up and contain a record of the matters which should, by law, be recorded in them, and no Group Company has received any application or request for rectification of its statutory registers or any other notice or allegation that any of them is incorrect.

4.3 So far as the Seller is aware, no Group Company and none of their respective directors or officers have engaged in any activity, practice or conduct which would constitute an offence under the Anti-Bribery Laws.

5 Accounts

5.1 The Accounts:

(a) have been properly prepared in accordance with all applicable law and the Accounting Standards in force as at 31 December 2012 as applicable to a company incorporated in Bermuda; and

(b) give a true and fair view of the state of affairs of the Company as at 31 December 2012 and its profit or loss for the financial year ended on that date.

5.2 The accounting records of each Group Company are in its possession and are (or, in the case of the Subsidiary, so far as the Seller is aware are) in all Material respects up-to-date and have (or, in the case of the Subsidiary, so far as the Seller is aware have) in all Material respects been properly written up on a consistent basis and contain (or, in the case of the Subsidiary, so far as the Seller is aware contain) the information required by any applicable law or regulation and all applicable Accounting Standards to be entered in them.

6 Events since the Accounts Date

6.1 Since the Accounts Date, each Group Company has (subject to the Transfer Agreements) conducted its business in the ordinary course and in all material respects in a manner consistent with how it has conducted business in the 12 months prior to the Accounts Date and no Group Company has:

(a) resolved to change its name or to alter its articles of association or bye-laws;

(b) allotted or issued or agreed to allot or issue any shares or any securities or granted or agreed to grant any right which confers on the holder any right to acquire any shares or other securities;

(c) except in relation to the Distribution Amount, declared, paid or made any dividend, other distribution or management charge to a member of the Seller's Group (or any of their respective shareholders) or made any other payment having equivalent effect;

(d) except in relation to the Distribution Amount, created, repaid, redenominated, redeemed or purchased any of its share capital or loan capital or agreed to do so;

(e) except in relation to the Distribution Amount, reduced its share capital;

(f) resolved to be voluntarily wound up;

(g) except in relation to the Distribution Amount, passed any resolution or obtained any consent from any of its members;

(h) otherwise than in the ordinary course of business and other than in respect of the Transferred Business, made, or agreed to make, any Material change (including any change by the incorporation, acquisition or disposal of a subsidiary or a business or Material assets in any case for a consideration representing open market value) in the nature or extent of its business;

(i) (other than in respect of the Transferred Business) created, or agreed to create, any Encumbrance over its business, undertaking or over any of its Material assets;

(j) (save in respect of the Transferred Business) created any indebtedness other than in the ordinary course of business consistent with past practice;

(k) appointed new auditors;

(l) made any change in its accounting reference period;

(m) made any change in its accounting, actuarial, reserving policies, principles or practices, save where such change has been made for the purpose of complying with the Accounting Standards;

(n) save to the extent that the same is done by a Relevant Counterparty pursuant to its contractual rights or powers (including those rights and powers afforded under the Transfer Agreements and other than in respect of the Transferred Business):

(i) amended, varied, waived any rights under or terminated any of the Outwards Reinsurance Contracts;

(ii) offered or entered into any commutation, claim settlement or expenses payment agreement which (i) requires or required payment by or to any Group Company of an amount in excess of £250,000 or (ii) involves or involved gross ceded reserves and gross assumed reserves in excess of £250,000 in a one way or two way commutation or claim settlement;

(o) (other than in respect of the Transferred Business) commenced nor settled any court or arbitration proceedings.

7 Indebtedness and guarantees

7.1 Except as disclosed in the Disclosure Letter or provided for in the Accounts:

(a) no Group Company has outstanding Material indebtedness or loans to third parties which have arisen otherwise than in the normal course of business; and

(b) there is no outstanding indebtedness owing by any Group Company to any member of the Seller's Group or by any member of the Seller's Group to any Group Company.

7.2 Except pursuant to the ING Facility Documents (as defined in the sale and purchase agreement dated on or about the date of this Agreement in relation to the whole of the issued share capital of Atrium Underwriting Group Limited between the Seller, the Buyer and the Guarantor), there is no agreement or obligation to provide and there is not outstanding any guarantee given by any Group Company for the benefit of any third party (including any member of the Seller's Group) in respect of an obligation owed by a member of the Seller's Group (or any of their respective shareholders).

8 Regulatory Compliance

8.1 Each Group Company holds all permissions, permits, consents or approvals granted by the Relevant Authorities (the **Regulatory Permissions**) required by it in order to carry on its business as presently conducted and has, at all material times, held and (so far as the Seller is aware) complied with all permissions and permits required from all Relevant Authorities to carry on its business.

8.2 So far as the Seller is aware, there are no circumstances which indicate that any of the Regulatory Permissions may be suspended, varied, limited, modified, revoked or not renewed, or otherwise Materially affected, in whole or in part and no Group Company has received written notice that it is or may be in default of, or carrying on business otherwise than in accordance with its Regulatory Permission.

8.3 Each Regulatory Permission held by each Group Company is in full force and effect.

8.4 Within the last three years no Group Company has committed any Material breach of any regulatory requirement to which it is subject in any jurisdiction where it carries on business, and so far as the Seller is aware there are no grounds for any disciplinary enquiries or proceedings by any Relevant Authority against any Group Company or any person who is required to be approved by a Relevant Authority in connection with the function he performs on behalf of a Group Company.

8.5 Within the last three years all Material returns, reports, data and other information, applications and notices required to be filed with or otherwise provided to the Relevant Authorities have been duly filed.

8.6 No Group Company is nor has any Group Company been within the last three years the subject of any formal investigation, enquiry or action, excluding non-specific communications or correspondence, in respect of its affairs or any of its directors by the Relevant Authorities and so far as the Seller is aware there are no circumstances existing which would be reasonably likely to give rise to any such investigation, enquiry or action.

8.7 Except as contained in the Company's certificate of registration as an insurer, no Relevant Body has imposed any restrictions or special conditions on any Group Company in relation to the operation of its business, use of its funds or payment of dividends.

8.8 Each person who is required to be approved by a Relevant Authority in connection with the function he performs on behalf of a Group Company has been the subject of such an approval, and such approval is in full force and effect.

9 Contracts

9.1 The Seller has made available to the Buyer copies of all Material Contracts which are complete, up to date and accurate in all material respects. For the purposes of this paragraph 9 **Material Contracts** means any contract or arrangement (other than any contract or arrangement which constitutes part of the Transferred Business) to which any Group Company is a party under which it (whether as principal or agent) provides or receives goods or services which:

(a) involve annual income or costs of more than £250,000; or

(b) may not be terminated on less than 12 months' notice.

9.2 With regard to each of the Material Contracts:

(a) each such Material Contract is legally binding on the Group Company that is party to it and is full force and effect;

(b) each Group Company that is a party to it has complied with and is in compliance with its obligations under such Material Contract;

(c) there is no dispute in relation to any Material Contract nor, so far as the Seller is aware, do any circumstances exist which are likely to give rise to such a dispute; and

(d) save in respect of any Material Contract which is an insurance or reinsurance contract entered into in the ordinary course of business with a member of the Seller's Group, so far as the Seller is aware there are no circumstances which constitute a ground on which any such Material Contract may be avoided, rescinded, repudiated, prematurely determined (whether as a result of this Agreement, the sale of the Sale Shares, a breach, event of default or other termination right under such Material Contract); or declared to be invalid or which would give any other contracting party the right to impose any obligation on (whether to make payment or otherwise) or exercise any right against any Group Company (other than rights and obligations arising under contracts of insurance or reinsurance in the ordinary course of business) and no Group Company has received any notice of any claim to that effect or notice indicating that such a claim may be made; and

(e) (save for or in respect of the Transferred Business in respect of which no warranty is given) so far as the Seller is aware there are no circumstances which constitute a ground on which any Material insurance or reinsurance contract to which any Group Company is a party may be terminated as a result of this Agreement or the transactions contemplated hereby.

9.3 Other than pursuant to the Transfer Agreements, there are no outstanding agreements or arrangements under which any Group Company is under an obligation to acquire or dispose of all or a substantial part of its assets or business.

9.4 So far as the Seller is aware, no Group Company has received notification within the last 12 months of the termination of (otherwise than through expiry in accordance with the terms of the relevant contract) or any claim for breach of contract in respect of any Material Contracts in circumstances when any such breach would have a Material adverse effect on any Group Company.

9.5 There are no agreements or arrangements between any Group Company and any member of the Seller's Group for the supply of any goods or services or the use by one company of the property, rights or assets of the other.

10 The Properties and other interests in land

10.1 No Group Company owns, controls, uses or occupies any real property.

11 Employees

11.1 No Group Company has any employees, agency workers or consultants.

12 Pension warranties

12.1 No Group Company is a party to any or contributing to any retirement benefits pension, life assurance scheme, personal pension scheme or stakeholder arrangement.

13 Insurance

13.1 So far as the Seller is aware, all premiums due on all Material insurance policies maintained by any Group Company which are currently in force (the **Policies**) have been paid. No claim exceeding £100,000 is outstanding either by the insurer or the insured under any of the Policies.

14 Intellectual Property Rights, Information Technology and Data Protection

14.1 In this paragraph, unless the context requires otherwise:

Information Technology means information technology infrastructure and the manuals and documents relating to it; and

Intellectual Property Rights means all or any copyrights, patents, trade marks, trade names, service marks, design rights, database rights and all other registered or unregistered intellectual property and any applications for any of the same.

14.2 So far as the Seller is aware no Group Company has infringed the intellectual property rights of any other person nor has any third party infringed any intellectual property rights owned by any Group Company.

14.3 No Group Company has received any complaints, enforcement notice or deregistration notice from any person (including any relevant regulator) regarding the storage or use of any data where any of the same would have a Material adverse effect on any Group Company.

14.4 So far as the Seller is aware, each Group Company has complied in all material respects with all Applicable Laws relating to data protection and data privacy.

14.5 So far as the Seller is aware, the execution or performance of any Share Purchase Document will not have a Material adverse effect on any rights of any Group Company to continue to use any Information Technology or on any Intellectual Property Rights owned by, or licensed by or to, any Group Company.

15 Litigation

15.1 Other than (i) claims arising under contracts of insurance or reinsurance in the ordinary course of business (ii) claims in relation to the Transferred Business and (iii) the collection of debts in the ordinary course of any Group Company's business, no Group Company is engaged in any capacity in any litigation, arbitration, prosecution or other legal proceedings or in any proceedings or hearings before any statutory or governmental body, department, board or agency or other dispute resolution proceedings where the amount involved exceeds £1,000,000 and, so far as the Seller is aware, no such litigation, arbitration, prosecution or other proceedings are pending.

15.2 So far as the Seller is aware (and save in relation to the Transferred Business) there is no outstanding judgment, order, decree, arbitral award or decision of any court, tribunal, arbitrator or governmental agency against any Group Company or any person for whose acts any Group Company may be vicariously liable which is likely to have a Material adverse effect on any Group Company.

16 Insolvency

16.1 No Group Company is insolvent or unable to pay its debts as they fall due.

16.2 No order has been made and no resolution has been passed for the winding-up of any Group Company or for a liquidator to be appointed in respect of any Group Company and, so far as the Seller is aware, no petition has been presented and no meeting has been convened for the purpose of winding-up any Group Company.

16.3 No administration order has been made, and, so far as the Seller is aware, no petition for such an order has been presented in respect of any Group Company.

16.4 No receiver (which expression shall include an administrative receiver) has been appointed in respect of any Group Company or in respect of all or any Material part of its assets.

16.5 No voluntary arrangement or analogous proceedings have been proposed in respect of any Group Company.

17 Taxation

17.1 The Company has paid all amounts due from it by way of Taxation in Bermuda, is and has been resident for Taxation purposes in Bermuda, is not liable for Taxation and has had no liability to Taxation anywhere else in the world.

17.2 The Subsidiary has paid all Taxation which it has become liable to pay on or before the date hereof and has provided in its accounts for any Taxation arising in connection with its activities on or before the date hereof but which has not yet fallen due for payment.

Part B—The Buyer's Warranties

1 The Buyer's Warranties

1.1 The Buyer is a company duly incorporated and organised and validly existing under the laws of Bermuda.

1.2 The Buyer has the right, power and authority to execute and deliver, and to exercise its rights and perform its obligations under, this Agreement.

1.3 This Agreement constitutes, and the other documents to be executed by the Buyer which are to be delivered at Completion in accordance with paragraph 1 of Schedule 3 will, when executed, constitute legal, valid and binding obligations of the Buyer enforceable in accordance with their respective terms.

1.4 The execution and delivery of, and the performance of obligations under and compliance with the provision of, this Agreement by the Buyer will not result in:

(a) a violation of any provision of the bye-laws of the Buyer;

(b) a breach of or a default under any instrument to which the Buyer is a party;

(c) a violation or breach of any applicable laws or regulations or of any order, decree or judgment of any court, governmental agency or Regulatory Authority applicable to the Buyer or any of its assets; or

(d) (save as provided herein) a requirement for the Buyer to obtain any consent or approval of, or give any notice to or make any registration with, any governmental, regulatory or other authority which has not been applied for, obtained or made at Completion.

1.5 Save as provided herein, no consent, authorisation, licence or approval of or notice to any governmental, administrative, judicial, regulatory body, authority or organisation is required to authorise the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement or the performance by the Buyer of its obligations under this Agreement.

1.6 No order has been made, petition presented or meeting convened for the purpose of considering a resolution for the winding up of the Buyer or for the appointment of any provisional liquidator. No petition has been presented for an administration order to be made in relation to the Buyer, and no receiver (including any administrative receiver) has been

appointed in respect of the whole or any part of any of the property, assets and/or undertaking of the Buyer. No events or circumstances analogous to any of those referred to in this paragraph 1.6 have occurred in any jurisdiction outside Bermuda.

1.7 The Buyer has disclosed to the Seller the source of funding from which it currently proposes to finance the acquisition of the Sale Shares.

1.8 So far as the Buyer is aware, no member of the Buyer's Group is:

(a) subject to applicable law, regulation or other statutory or legislative provisions of any country or to any order, decree or judgment of any court, governmental agency or regulatory authority which is still in force; nor

(b) a party to any litigation, arbitration or administrative proceedings which are in progress or threatened or pending by or against or concerning it or any of its assets; nor

(c) the subject of any governmental, regulatory or official investigation or enquiry which is in progress or threatened or pending,

which in any case has or could reasonably be expected to have a material adverse effect on the Buyer's ability to execute, deliver and perform its obligations under this Agreement.

Part C—The Buyer's Guarantor's Warranties

1 The Buyer's Guarantor's Warranties

1.1 The Buyer's Guarantor warrants to the Seller as follows:

(a) the Buyer's Guarantor is a company duly incorporated and validly existing under the laws of Bermuda;

(b) the Buyer's Guarantor has the requisite corporate power and authority to enter into, execute, deliver and perform its obligations under this Agreement, including the Buyer's Guarantee;

(c) the execution and delivery of this Agreement and the performance of the obligations of the Buyer's Guarantor under this Agreement, including the Buyer's Guarantee, have been duly authorised by all necessary corporate action on the part of the Buyer's Guarantor;

(d) the obligations of the Buyer's Guarantor under this Agreement, including the Buyer's Guarantee, constitute legal, valid and binding obligations of the Buyer's Guarantor in accordance with their respective terms;

(e) the execution and delivery of this Agreement and the performance by the Buyer's Guarantor of its obligations under, and compliance with the provisions of, this Agreement, including the Buyer's Guarantee, by the Buyer's Guarantor will not result in:

(i) any breach or violation by the Buyer's Guarantor of any provision of bye-laws; or

(ii) any breach of, or constitute a default under, any instrument or agreement to which the Buyer's Guarantor is a party or by which the Buyer's Guarantor is bound; or

(iii) any breach of any law or regulation in any jurisdiction having the force of law or of any order, judgment or decree of any court or governmental agency by which the Buyer's Guarantor is bound; and

(iv) no consent, authorisation, licence or approval of the Buyer's Guarantor's shareholders or of any governmental, administrative, judicial or regulatory body, authority or organisation is required to authorise the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement, including the Buyer's Guarantee, or the performance by the Buyer's Guarantor of its obligations under this Agreement, including the Buyer's Guarantee.

Schedule 3

Completion

Part A: Seller's obligations

1 At Completion, the Seller shall deliver to the Buyer's Solicitors (or, in the case of the items described in paragraph 1(c) make available at the Company's registered office):

(a) transfers in respect of the Sale Shares duly executed and completed in favour of the Buyer, together with the certificates for the Sale Shares (or an indemnity if any certificate(s) are found to be missing) and the duly executed powers of attorney or other authorities under which any of the transfers have been executed;

(b) a certified copy of the minutes of a duly held meeting of the directors of the Seller authorising the sale of the Sale Shares and the execution of the transfers in respect of the Sale Shares;

(c) (as agents for the Company) all the Company's statutory and minute books, its common seal (if any), certificate of incorporation, any certificate or certificates of incorporation on change of name and other documents and records including a copy of its bye-laws;

(d) letters of resignation from Richard Lutenski and Michael Frith resigning their offices as directors of the Company and acknowledging that they have no claim outstanding for compensation for loss of office; and

(e) letters of resignation from Ernst & Young Ltd resigning their office as auditors of the Company, such resignations to take effect at Completion.

2 At Completion, the Seller shall:

(a) procure that each Group Company holds a board meeting at which it is resolved that:

(i) the transfers mentioned in paragraph 1(a) be registered (subject only to their being stamped if required);

(ii) each of the persons nominated by the Buyer be validly appointed as additional directors as the Buyer may direct, of that Group Company;

(iii) the resignations of the directors of that Group Company, referred to in paragraph 1(d) above, be tendered and accepted so as to take effect at Completion;

(v) KPMG be appointed auditors of that Group Company;

(vi) all bank mandates in force for that Group Company shall be altered (in the manner which the Buyer requires) to reflect the resignations and appointments referred to above; and

(iv) the registered office of the Company shall be changed as the Buyer may direct and the registered office of the Subsidiary shall be changed as the Buyer may direct.

Part B: Buyer's obligations

1 At Completion, the Buyer shall:

(a) deliver to the Seller's Solicitors a certified copy of the minutes of a duly held meeting of the directors of the Buyer authorising the purchase of the Sale Shares and the other transactions contemplated by this Agreement; and

(b) pay the Purchase Price by electronic funds transfer for value on the Completion Date to the client account of the Seller's Solicitors numbered 16122869 at Royal Bank of Scotland plc of 62/63 Threadneedle Street, London EC2R 8LA, sort code 15-10-00 (or such other account or accounts as the Seller shall specify.

Schedule 4

Limitation on the liability of the Seller

1 Limitation on quantum

1.1 The Seller's total liability in respect of all Relevant Claims other than Excluded Claims shall be limited to an amount equal to ten per cent (10%) of the Purchase Price.

1.2 The Seller's total liability in respect of all Relevant Claims other than in respect of a breach of (i) the Title and Capacity Warranties; (ii) clauses 4.2 and 4.3 and (iii) clause 17 shall be limited to an amount equal to twenty-five per cent (25%) of the Purchase Price.

1.3 Subject to and without prejudice to paragraph 1.1 and 1.2 of Schedule 4, the Seller's total liability in respect of all Excluded Claims when aggregated with all other Relevant Claims shall be limited to the Purchase Price.

1.4 Save in respect of Excluded Claims, the Seller shall not be liable in respect of a Relevant Claim unless and until:

(a) the amount of each such claim exceeds £100,000; and

(b) the aggregate amount of all such claims exceeds £1,000,000 (the **de minimis amount**),

in which case the Seller shall only be liable for the excess above the de minimis amount (subject to the other provisions of this Agreement).

2 Time limit for bringing a claim

2.1 The Seller shall not be liable for a Relevant Claim unless the Buyer has given the Seller notice of that Relevant Claim, stating in reasonable detail the nature of the Relevant Claim and the Buyer's then best estimate of the amount claimed, in the case of:

(a) in the case of a claim in respect of the Title and Capacity Warranties, on or before 31 December 2017; or

(b) in the case of claims under clause 17, by no later than the third anniversary of the Completion Date; or

(c) in the case of any other Relevant Claim by no later than the first anniversary of the Completion Date.

2.2 Any Relevant Claim (other than a Tax Claim) shall (if it has not been previously satisfied, settled or withdrawn) be deemed to have been waived or withdrawn on the expiry of 6 months after the date of the notice served pursuant to paragraph 2.1 of Schedule 4 unless court proceedings in respect of the Relevant Claim have been started. Any Tax Claim shall (if it has not been previously satisfied, settled or withdrawn) be deemed to have been waived or withdrawn on the expiry of 12 months after the Taxation liabilities which are the subject of the Tax Claim have

been finally determined unless court proceedings in respect of the Tax Claim have been started. For the purposes of this paragraph 2.2 court proceedings shall not be deemed to have been started unless they have been both issued and served on the Seller.

2.3 Where the matter or default giving rise to a breach of any Seller's Warranty (other than a breach of the Title and Capacity Warranties) is capable of remedy by the Seller, the Buyer may not bring a Relevant Claim unless:

(a) notice of the breach is given to the Seller within 30 days of the Buyer becoming aware of the matter or default; and

(b) the matter or default (where capable of being remedied) is not remedied to the reasonable satisfaction of the Buyer within 30 days after the date on which such notice is given.

2.4 If the Buyer or a Group Company becomes aware of any matter or circumstance that may give rise to a claim against the Seller under this Agreement, the Buyer shall as soon as reasonably practicable give a notice in writing to the Seller setting out such information as is available to the Buyer or such Group Company as is reasonably necessary to enable the Seller to assess the merits of the claim, to act to preserve evidence and make such provision as the Seller may consider necessary. Failure to give notice in compliance with this paragraph 2.4 shall not affect the rights of the Buyer except to the extent that a Seller is prejudiced by the failure.

2.5 Notices of Relevant Claims under this Agreement shall be given by the Buyer to the Seller within the time limits specified in paragraph 2.1 specifying such information of the legal and factual basis of the claim as are then available and the evidence on which the party relies and, if practicable, an estimate of the amount of Losses which are, or are to be, the subject of the claim (including any Losses which are contingent on the occurrence of any future event).

2.6 In connection with any matter or circumstance that gives rise to a Relevant Claim against the Seller under this Agreement:

(a) the Buyer shall allow, and shall procure that such Group Company allows, the Seller and its respective financial, accounting, actuarial, legal or other advisers to investigate the matter or circumstance alleged to give rise to a claim and whether and to what extent any amount is payable in respect of such claim; and

(b) the Buyer shall disclose to the Seller all material of which the Buyer is aware which relates to the claim and shall, and shall procure that any other relevant members of the Buyer's Group shall, give, subject to their being paid all reasonable out of pocket costs and expenses, all such information and assistance, including access to premises and personnel, and the right to examine and copy or photograph any assets, accounts, documents and records, as the Seller or their financial, accounting, actuarial, legal or other advisers may reasonably request subject to the Seller agreeing in such form as the Buyer may reasonably require to keep all such information confidential and to use it only for the purpose of investigating and defending the claim in question.

3 Specific limitations

3.1 The Seller shall not be liable in respect of a Relevant Claim to the extent that the matter giving rise to the claim:

(a) would not have arisen or occurred but for a voluntary act, omission or transaction on the part of the Buyer or such Group Company or their respective directors, employees or agents after Completion otherwise than as required by any Applicable Law in force on or before Completion;

(b) results from a change in the accounting or Taxation policies or practices of the Buyer or any Related Company of the Buyer or such Group Company (including the method of submitting taxation returns) introduced by the Buyer and having effect after Completion, save where such change is required to conform such policy or practice of such Group Company with generally accepted policies or practices or where such change is necessary to correct an improper practice or policy;

(c) occurs as a result of or is otherwise attributable to:

(i) any legislation not in force at the date of this Agreement or any change of law or administrative practice having retrospective effect which comes into force after the date of this Agreement; or

(ii) any increase after the date of this Agreement in any rate of Taxation; or

(iii) the Buyer or any Group Company disclaiming any Relief properly claimed or proposed for the purposes of the Accounts to be properly claimed on or before the date of this Agreement;

(d) is an amount for which any Group Company makes an actual recovery from any person other than the Seller or any member of the Seller's Group, whether or not as a matter of law, or is recovered under the terms of any insurance policy of the Buyer or such Group Company which is in force at the Completion Date (and whether or not in force at the time of the matter giving rise to a Relevant Claim arising);

(e) arises as a result of any act or omission of the Buyer or any Group Company after Completion which results in the right of recovery against a person other than the Seller or any member of the Seller's Group being diminished or extinguished;

(f) arises as a consequence of any act or omission: (i) specifically required by this Agreement; or (ii) undertaken at the request of the Buyer or member of the Buyer's Group (including, following Completion, the Company); or

(g) to the extent taken into account in calculating an allowance, provision or reserve in the Accounts.

3.2 Notwithstanding anything to the contrary in this Agreement, the Seller shall not in any circumstances be liable to the Buyer for a breach of any of the Seller's Warranties (other than the Title and Capacity Warranties) or otherwise in its performance of or failure to perform this Agreement or any provision hereof, whether in contract, tort or breach of statutory duty or otherwise for:

(a) loss of or anticipated loss of profit, loss of or anticipated loss of revenue, business interruption, loss of any contract or other business opportunity or goodwill; or

(b) indirect loss or consequential loss.

3.3 The limitations set out in this Schedule 4 shall not apply to liability for fraud or fraudulent misrepresentation.

4 No duplication of liability

4.1 The Buyer agrees (for itself and on behalf of the Company) with the Seller that in respect of any matter which may give rise to a liability under this Agreement (including a Relevant Claim):

(a) no such liability shall be met more than once; and

(b) any liability with respect to such matter to make payment to any member of the Buyer's Group or any Group Company shall be deemed to be satisfied by payment made in respect of that liability to any other of them (without prejudice to any liability which it may have with respect to such matter to such other member of the Buyer's Group or any Group Company).

5 Conduct of claims

5.1 Where any Group Company or the Buyer is or becomes entitled (whether under any insurance or by way of payment, discount, credit, set off, counterclaim or otherwise) to recover from any third party (including any Taxation Authority) any sum in respect of Taxation or any other loss, damage or liability which is or is reasonably likely to be the subject of a claim against the Seller under this Agreement, the Buyer shall give notice thereof promptly to the Seller and, if so required by the Seller, take or procure such Group Company to take all such steps or proceedings as the Seller may reasonably require to enforce such recovery.

5.2 The Buyer shall procure that the Seller is provided promptly with all such information and reports concerning any such steps or proceedings taken by the Buyer or any Group Company as the Seller may from time to time reasonably request.

5.3 If any such sum as is referred to in paragraph 5.1 of Schedule 4 is recovered by the Buyer or any Group Company from the third party, any claim by the Buyer or such Group Company in respect of any Taxation or other loss, damage or liability to which the sum relates shall be limited (without prejudice to any other limitations on the liability of the Seller referred to in this Schedule 4) to the amount (if any) by which the amount of such Taxation or other loss, damage or liability exceeds the aggregate of:

(a) the sum recovered (less the aggregate of all reasonable costs, charges and expenses incurred by the Buyer or such Group Company (as the case may be) in recovering that sum and an amount equal to any liabilities to Taxation on such recovery (or which would arise but for the availability of any Relief)) from the third party; and

(b) any sum or sums previously paid by the Seller to the Buyer or such Group Company in respect of such Taxation or other loss, damage or liability (**Prior Payment**).

5.4 If the aggregate of the amount referred to in paragraph 5.3(a) of Schedule 4 (the **Third Party Recovery Sum**) and the amount of the Prior Payment exceeds the amount of the Taxation or other loss, damage or liability to which such amounts relate (the amount by which it so exceeds, the **Excess**), the Buyer shall forthwith pay to the Seller the amount of the Excess up to the amount of the Prior Payment, plus 50% of the amount by which the Excess exceeds the amount of the Prior Payment.

5.5 The Seller shall reimburse to the Buyer or the relevant Group Company (as the case may be) all reasonable costs, charges and expenses incurred by it in complying with its obligations under paragraphs 5.1 to 5.3 of Schedule 4 inclusive and the Buyer shall not (and shall procure that no Group Company shall) accept or pay or compromise any relevant claim or make any submission in respect of it without the Seller's prior written consent (such consent not to be unreasonably withheld or delayed).

6 Effect of claims

6.1 Any liability of the Seller under the Seller's Warranties (other than the Title and Capacity Warranties) in respect of any matter shall be computed after taking into account and giving credit for any corresponding increase in the value of the net assets of or other saving by or benefit to the Buyer or its successors in title or the Company resulting from the same matter including without limitation any saving of Taxation.

6.2 If the Seller makes any payment in respect of a claim under the Seller's Warranties (other than the Title and Capacity Warranties) and the relevant Group Company receives a benefit or refund within 48 months of the date of receipt of such payment which the Seller can demonstrate should have been, but was not, taken into account in computing the liability of the Seller in respect of the claim and would have reduced the liability had this been so, the provisions of paragraph 5.4 of Schedule 4 shall apply in respect of such payment and such benefit or refund.

6.3 If:

(a) the provisions in the Accounts, (excluding any provision made in respect of any insurance or reinsurance business), prove to be, in aggregate on an overall net basis, an over provision; or

(b) any sum is received by any other Group Company which has previously been written off as irrecoverable in the accounts of any Group Company,

the net amount over provided or, as the case may be, the sum so received less an amount equal to any liabilities to Taxation on such recovery (or which would arise but for the availability of any Relief) shall be set off against the liability (if any) of the Seller in respect of a Relevant Claim.

7 Third party claims

7.1 The Buyer shall, and shall procure that each Group Company shall notify the Seller of any claims, potential claim, matter or event against such Group Company which constitute a breach of any of the Seller's Warranties or otherwise give rise to a Relevant Claim (a **Third Party Claim**) as soon as is reasonably practicable and in any event within 10 Business Days of the Buyer becoming aware of any such Third Party Claim and consult with the Seller in respect of such Third Party Claim.

7.2 If the Buyer becomes aware of any Third Party Claim, the Buyer shall, and shall procure that each Group Company shall, subject to (in the case of (a), (b) and (c) below) the Buyer or such Group Company (as appropriate) being indemnified by the Seller to the Buyer's reasonable satisfaction against all costs, damages and expenses incurred in connection with the Third Party Claim:

(a) if so requested by the Seller by no later than five Business Days of being so notified, take all reasonable steps or proceedings as the Seller may reasonably consider necessary at the Seller's expense in order to mitigate, avoid, resist, appeal, dispute, contest, remedy, compromise or defend any such Third Party Claim or enforce against any person (other than the Seller) the rights of such Group Company and the Buyer in relation to the matter the subject of the Third Party Claim;

(b) on reasonable notice, give the Seller or their duly authorised representatives reasonable access to the personnel of the Buyer and/or such Group Company (as the case may be) and to any premises, chattels, accounts, documents and records which are relevant to the Third Party Claim and are within the power, possession or control of the Buyer and/or such Group Company (**relevant assets**) to enable the Seller and their duly authorised representatives to investigate the claim and to examine and take copies or photographs of the relevant assets at the Seller's expense;

(c) to the extent reasonably necessary, require the personnel of such Group Company to provide statements and proofs of evidence, and to attend at any hearing to give evidence or otherwise, and to provide this assistance to enable the Buyer or such Group Company to mitigate, avoid, resist, appeal, dispute, contest, remedy, compromise or defend any Third Party Claim (in a manner that does not materially disrupt business of the Buyer or such Group Company);

(d) keep the Seller informed of the progress of any Third Party Claim (including any proposed settlement, compromise or admission of liability) and provide the Seller with copies of all material correspondence relating to it; and

(e) save with the Seller's prior written consent (such consent not to be unreasonably withheld or delayed) not admit liability in respect of, or compromise or settle, any Third Party Claim.

7.3 Nothing in paragraph 7.2 shall require the Buyer any act that may cause it to waive privilege in any documentation or information subject to privilege.

8 Successful claims constitute reduction in Purchase Price

The satisfaction by the Seller of any claim under this Agreement (including in respect of the Seller's Warranties) shall be deemed to constitute a reduction in the consideration payable by the Buyer for the sale of the Sale Shares but will not reduce such consideration to below zero. This paragraph shall not operate to limit the amount that the Buyer may claim from the Seller under this Agreement by reducing the limits applicable to such claims under paragraph 1 of Schedule 4.

Schedule 5

Pre-Completion Conduct and Undertakings

1 Pending Completion the Seller shall use all its commercially reasonable endeavours to procure that each Group Company shall (except as required under this Agreement or with the prior written consent of the Buyer (such consent not to be unreasonably withheld or delayed) and to the extent permitted under applicable laws) carry on its business in the ordinary course as a going concern in the way carried on prior to the date of this Agreement.

2 Pending Completion the Seller shall use all its commercially reasonable endeavours to procure that each Group Company shall not do any of the following (except as required under this Agreement or with the prior written consent of the Buyer and to the extent permitted under applicable laws):

(a) pass any resolution or obtain any consent from any of its members;

(b) resolve to change its name or to alter its articles of association or bye-laws;

(c) modify the rights attached to or create any Encumbrance over or in respect of any Sale Shares or the shares of any Group Company;

(d) create any share capital or loan capital;

(e) allot or issue or agree to allot or issue any shares or any securities or grant or agree to grant rights which confer on the holder any right to acquire any shares or other such interest;

(f) reduce, repay, redeem, purchase or effect any other reorganisation any of its share capital;

(g) declare, pay or make any dividend (whether in cash or in specie) or other distribution;

(h) resolve to be voluntarily wound up;

(i) acquire or agree to acquire any share, shares or other interest in any company, partnership or other venture;

(j) otherwise than in the ordinary course of business:

(i) acquire or dispose of any asset which is material to the business of a Group Company (for these purposes **material** means any asset having a value in excess of £250,000) other than on arms' length terms;

(ii) incur in a series of transactions any commitment (whether as principal or surety) for a principal amount which exceeds or could exceed £250,000, exclusive of VAT;

(iii) terminate or vary any Material Contract or enter into any material contract or arrangement that cannot be terminated at any time without compensation with less than three months' notice;

(k) enter into any borrowing, factoring or other financing or any lending commitments (other than use of overdraft facilities agreed before the date of this Agreement), being in each case commitments which are outside the ordinary course of its business;

(l) create any Encumbrance over or make any material change to its business, undertaking or any of its assets;

(m) enter into any material transaction with or for the benefit of any of its directors or of any person who is connected with or any of its directors (within the meaning of section 1122 CTA 2010):

(i) except in the usual course of its business; and

(ii) on terms which are in no respect less favourable to it than normal arms' length terms;

(n) appoint new auditors;

(o) depart from its current accounting, claims handling, claims recording, reserving or actuarial practices or policies or change the accounting reference date of any Group Company;

(p) save as required by Applicable Laws:

(i) make any material change in the terms or conditions of employment or engagement of any of its Senior Employees or engage any Senior Employee;

(ii) provide or agree to provide any gratuitous payment or benefit to any Senior Employee or any of his dependants other than under any performance bonuses set and paid in the ordinary and usual course of business in accordance with the Companies' existing policies or under any existing retention arrangements;

(iii) save where there are reasonable grounds for summary dismissal and after reasonable consultation with the Buyer, dismiss any Senior Employee; or

(iv) engage or appoint any additional Senior Employee;

(q) enter into any guarantee, indemnity or other agreement to secure any obligation of a third party or create any Encumbrance over any of its assets or undertaking in any such case other than (i) rights arising under retention of title clauses; and (ii) insurance or reinsurance policies entered into, in each case in the ordinary and usual course of business;

(r) settle any insurance claim made by any Group Company against its insurers in excess of £100,000 in aggregate between the date of this Agreement and Completion for an amount materially below the amount claimed;

(s) amend or terminate the Reinsurance Contracts;

(t) permit, or enter into any agreement with any person for, the transfer of any of the shares or of the business of any Group Company to any person or the transfer of any of the business of any person to any Group Company.

(u) offer or enter into any commutation, claim settlement or expenses payment agreement which (i) requires or will require payment by or to any Group Company of an amount in excess of £250,000 or (ii) involves or will involve gross ceded reserves and gross assumed reserves in excess of 250,000 in a one way or two way commutation or claim settlement; and

(v) make any ex gratia claims payments to any person where any Group Company's share of such payment is over £100,000.

3 Pending Completion the Seller shall not do any of those matters set out in paragraphs 2(b), 2(c), 2(f), 2(h) or 2(t) of this Schedule 5 (except as required under this Agreement or with the prior written consent of the Buyer and to the extent permitted under applicable laws).

Schedule 6

Definitions and Interpretation

1 In this Agreement:

Accounts means the audited accounts of the Company for the financial year ended on 31 December 2012

Accounting Standards means the US Generally Accepted Accounting Principles

Accounts Date means 31 March 2013

Announcement has the meaning given to it in clause 17.1

Anti-Bribery Laws means any applicable law, rule, regulation or other legally binding measure relating to the prevention of bribery, corruption, fraud or similar activities in any jurisdiction, including the Bribery Act 2010 of the United Kingdom

Applicable Laws means all applicable laws, statutes, statutory guidance, rules and regulations, including and any rules or regulations or directions of any Regulatory Authority

Auditors means the auditors of the Company namely Ernst & Young Ltd.

BMA means the Bermuda Monetary Authority or any successor authority to any or all of its regulatory functions in Bermuda from time to time

Brazil Services Agreement means the representation services agreement between the Company and Arden Reinsurance Company Ecritório de Representação no Brasil LTDA. dated 1 June 2012 as set out in folder 17 of the Data Room

Business Day means a day other than a Saturday or Sunday on which banks are ordinarily open for the transaction of normal banking business in London and Bermuda

Buyer's Accountants means KPMG LLP, Chartered Accountants, of 15 Canada Square, London, E14 5GL

Buyer's Group means the Buyer and each company which is for the time being a Related Undertaking of the Buyer

Buyer's Guarantee has the meaning given to it in clause 9.2

Buyer's Solicitors means Hogan Lovells International LLP of Atlantic House, 50 Holborn Viaduct, London EC1A 2FG

Buyer's Warranties means the warranties set out in Part B of Schedule 2 to be given by the Buyer to the Seller on the date of this Agreement

Company means Arden Reinsurance Company Limited, further details of which are set out in Schedule 1

Completion means completion of the sale and purchase of the Sale Shares by the performance by the parties of their respective obligations under clause 6 and Schedule 3

Completion Date means the first Business Day which is five Business Days after satisfaction of the Condition, or such other date as may be agreed between the parties

Condition has the meaning given to it in clause 2.1

Confidential Information means information in any form relating to any Group Company's business, customers or financial or other affairs, but does not include information which is publicly known at Completion or which subsequently becomes publicly known (other than in either case as a result of a breach of the provisions of a Share Purchase Document by a member of the Seller's Group)

CTA 2010 means the Corporation Tax Act 2010

Data Room means all correspondence, documents and other information made available by the Seller for inspection by the Buyer and its advisers in the electronic data room hosted for the Seller by BMC Group as appeared at 12pm London time on 3 June 2013 and as is listed in the Data Room Index attached to the Disclosure Letter

Data Room Index means the index detailing the contents of the Data Room dated 3 June 2013 and initialled on behalf of each of the parties for identification purposes only

Disclosure Letter means the letter of the same date as this Agreement from the Seller to the Buyer disclosing certain matters in relation to the Seller's Warranties, together with all documents attached to it

Distribution Amount has the meaning given in clause 4.5

Encumbrance means any mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, claim, right, interest or preference granted to any third party, or any other encumbrance or security interest of any kind (or an agreement or commitment to create any of the same)

Excluded Claims means a claim in respect of a breach of (i) the Title and Capacity Warranties; (ii) clauses 4.2 and 4.3; (iii) clause 5; and (v) clause 17

Group Company means the Company and the Subsidiary

Guarantee means any guarantee, indemnity, suretyship, letter of comfort or other assurance, security or right of set off given or undertaken by a person to secure or support the obligations (actual or contingent) of any other person and whether given directly or by way of counter indemnity to any other person who has provided a Guarantee

Guarantor's Warranties means the warranties set out in Part C of Schedule 2 to be given by the Buyer to the Seller on the date of this Agreement

holding company means a holding company (as defined by section 1159 CA 2006) or a parent undertaking (as defined by section 1162 CA 2006) and in interpreting those sections for the purposes of this Agreement, a company is to be treated as the holding company or the parent undertaking (as the case may be) of another company even if its shares in the other company are registered in the name of (i) a nominee, or (ii) any party holding security over those shares, or that secured party's nominee

Intellectual Property Rights has the meaning given in paragraph 14.1 of Schedule 2

Leakage means any payment or assumption of a liability or transfer by or loss of value from (excluding Permitted Leakage as defined below and the Distribution Amount) any Group Company which is or is in the nature of:

(a) a dividend (whether in cash or in specie) or other distribution or return of capital including a redemption, repurchase or reduction of any share capital;

(b) a payment to or for the benefit of any member of the Seller's Group or any of their shareholders (including in respect of management fees or professional advisers' fees and expenses in connection with the transactions contemplated by this Agreement);

(c) a bonus (other than a bonus to which a person is contractually entitled) or other form of ex gratia award or payment paid to any person;

(d) a payment of, or in respect of, Taxation which is payable as a result of any tax grouping or consolidation or under any group payment arrangement;

(e) an asset transfer, purchase or disposal between any Group Company and any member of the Seller's Group or any of their shareholders otherwise than in the ordinary course of business on arm's length market terms;

(f) the entry, amendment or termination of a contract or arrangement between a Group Company and any member of the Seller's Group or any of their shareholders;

(g) lending, borrowing or the payment of interest payments between any Group Company and any member of the Seller's Group or any of their shareholders;

(h) a guarantee, indemnity or security to support the obligations or liabilities of any member of the Seller's Group or any of their shareholders;

(i) the waiver, forgiveness or discount of sums owing from any member of the Seller's Group (or any of their shareholders) to any Group Company;

(j) any agreement or other commitment (whether or not legally binding) by any Group Company to do or undertake to do any of the foregoing matters

Leakage Undertaking means the covenant and undertaking contained in clause 4.2

Long Stop Date has the meaning given it in clause 2.2

Losses means all claims, liabilities, damages, losses compensation, awards, costs, expenses, charges, fines, penalties and other outgoings but excluding any indirect or consequential losses, loss of profit and loss of revenue

Material means, unless otherwise expressed, material in the context of the business, assets, liabilities or financial condition of the Company taken as a whole and **Materially** shall be construed accordingly

Material Contracts has the meaning given to it in paragraph 9.1 of Schedule 2

Notified Address has the meaning given to it in clause 26.3

Outwards Reinsurance Contract means any contract in effect as at 1 January 2013 pursuant to which any Group Company benefits from reinsurance protection from any other person

Permitted Leakage means:

(a) any payment by the Company pursuant to the Reinsurance Contracts (to the extent agreed in writing in advance by the Buyer);

(b) any payment by the Company which is agreed by the Buyer to be Permitted Leakage; or

(c) any payment by the Company to the extent to which it has been accrued for, or is provided for, in the Accounts or the management accounts for the period ended 31 March 2013; or

(d) any payment by the Company pursuant to the Brazil Services Agreement, which shall not exceed US$70,000 per quarter

Permitted Method has the meaning given to it in clause 26.2

Proceedings has the meaning given to it in clause 30.1

Purchase Price means USD$79,600,000 (seventy-nine million and six hundred thousand US dollars)

Regulatory Authority means any person, body, authority, government, local government, regulatory agency, trade agency, with regulatory, enforcement, administrative and/or criminal law powers in any jurisdiction and includes the BMA

Regulatory Permissions has the meaning given to it in paragraph 8.1 of Schedule 2

Reinsurance Contracts means the quota share reinsurance contracts currently in force between certain of the Corporate Members and the Company copies of which are contained in the Data Room

Related Undertaking in relation to any company means any subsidiary or holding company of that company or any subsidiary of any such holding company

recognised investment exchange shall bear the meaning set out in section 285(1) FSMA

Relevant Authority means the BMA and any regulator who has jurisdiction over any Group Company (or branch thereof)

Relevant Body has the meaning given to it in clause 17.2

Relevant Claim means a claim by the Buyer under or in respect of this Agreement

Relevant Counterparty means Arrow Corporate Member Holdings LLC, Arrow Indemnity Limited, Arrow Syndicate 1910 at Lloyd's, Arrow Capital Risk Services Limited, Arrow Reinsurance Co. Limited, Arch Reinsurance Europe Underwriting Limited and Arch Reinsurance Ltd and **Relevant Counterparty** means one of such persons

Relief means any loss, relief, allowance, exemption, set-off, deduction, credit or other relief relating to any Taxation or to the computation of income, profits or gains for the purposes of any Taxation

Representatives means, in relation to any person, its directors, officers, employees, agents, advisers, accountants and consultants

Required Submissions has the meaning given to it in clause 2.5

Reserves has the meaning given to it in clause 7.11(a)

Sale Shares means the entire issued share capital of the Company

Seller's Group means the Seller and each company which is for the time being a Related Undertaking of the Seller

Seller's Solicitors means Norton Rose Fulbright LLP of 3 More London Riverside, London SE1 2AQ

Seller's Warranties means the warranties set out in Part A of Schedule 2 to be given by the Seller to the Buyer on the date of this Agreement and **Seller's Warranty** means any of them

Senior Employee means any employee employed by any Group company who is entitled to a basic salary (on the basis of full time employment) in excess of £100,000 per annum

Share Purchase Documents means this Agreement and the Disclosure Letter

Subsidiary means the company specified in Part B of Schedule 1

subsidiary means a subsidiary undertaking (as defined by section 1162 CA 2006) or a subsidiary (as defined by section 1159 CA 2006) and in interpreting those sections for the purposes of this Agreement, a company is to be treated as a member of a subsidiary or member of a subsidiary undertaking as the case may be even if its shares are registered in the name of (i) a nominee, or (ii) any party holding security over those shares, or that secured party's nominee

Surviving Provisions means Clause 13 (Entire Agreement), 17 (Announcements and confidentiality), 26 (Notices), 29 (Governing Law) and 30 (Jurisdiction)

Tax Claim means any claim in respect of the Taxation Warranties

Taxation Warranties means the Seller's Warranties contained in paragraph 17 of Part A of Schedule 2

Taxation means:

(a) all forms of tax, levy, duty, charge, impost, withholding or other amount whenever created or imposed and whether of the United Kingdom or elsewhere, payable to or imposed by any Taxation Authority (including for the avoidance of doubt, National Insurance contribution liabilities in the United Kingdom and corresponding obligations elsewhere); and

(b) all charges, interest, penalties and fines incidental or relating to any Taxation falling within paragraph (a) above or which arise as a result of the failure to pay any Taxation on the due date or to comply with any obligation relating to Taxation

Taxation Authority means any revenue, customs, fiscal, governmental, statutory, state or provincial authority, body or person, whether of the United Kingdom or elsewhere, competent to collect or administer Taxation

Title and Capacity Warranties means the Seller's Warranties contained in paragraphs 1 and 2 of Part A of Schedule 2

Transfer Agreements means (i) the asset purchase agreement between the Company, Arch Reinsurance Europe Underwriting Limited and Arch Reinsurance Ltd. dated 2 March 2012 and (ii) the master purchase agreement between the Company, Arden Holding Ltd and Arrow Corporate Member Holdings LLC dated 29 February 2012 and all of the documents entered into pursuant to or in connection with such agreements

Transferred Business means the insurance and reinsurance business transferred to the Relevant Counterparties pursuant to the Transfer Agreements

Warranties means the Seller's Warranties, the Buyer's Warranties and the Buyer's Guarantor's Warranties and **Warranty** means any of them.

2 In this Agreement, unless the context requires otherwise:

(a) the table of contents table and the headings are inserted for convenience only and do not affect the interpretation of this Agreement;

(b) references to clauses and Schedules are to clauses of and Schedules to, this Agreement, references to this Agreement include its Schedules, and references to a part or paragraph are to a part or paragraph of a Schedule to this Agreement;

(c) references to this Agreement or any other document or to any specified provision of this Agreement or any other document are to this Agreement, that document or that provision as from time to time amended in accordance with the terms of this Agreement or that document or, as the case may be, with the agreement of the relevant parties;

(d) words importing the singular include the plural and vice versa, words importing a gender include every gender, and references to a person include an individual, corporation, partnership, any unincorporated body of persons and any government entity;

(e) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, Court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to the English legal term;

(f) references to time are to London time;

(g) the rule known as the ejusdem generis rule shall not apply, and accordingly words introduced by words and phrases such as "include", "including", "other" and "in particular" shall not be given a restrictive meaning or limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible;

(h) the word "company", except where used in reference to the Company, shall be deemed to include any partnership, undertaking or other body of persons, whether incorporated or not incorporated and whether now existing or formed after the date of this Agreement; and

(i) reference to a person having control of another person, or being controlled by another person, or being under common control with another person shall be construed as referring to control within the meaning of any of sections 450 and 707 CTA 2010 and sections 995(1) to 995(3) (inclusive) Income Tax Act 2007.

3 In this Agreement, unless the context requires otherwise, a reference to any statute or statutory provision (whether of the United Kingdom or elsewhere) includes:

(a) any subordinate legislation (as defined by section 21(1) Interpretation Act 1978) made under it; and

(b) any provision which it has superseded or re-enacted (with or without modification), and any provision superseding it or re-enacting it (with or without modification), before or on the date of this Agreement, or after the date of this Agreement except to the extent that the liability of any party is thereby increased or extended,

and any such statute, statutory provision or subordinate legislation as is in force at the date of this Agreement shall be interpreted as it is interpreted at the date of this Agreement and no account shall be taken of any change in the interpretation of any of the foregoing by any court of law or tribunal made after the date of this Agreement.

Executed as a deed by **ARDEN HOLDINGS LIMITED**
acting by Richard Lutenski, a director,
in the presence of:

/s/ Richard Lutenski
Director

/s/ Edward Martin
SIGNATURE OF WITNESS

Witness name: Edward Martin

Witness address: Windsor Place, 3rd Floorc
22 Queen Street, Hamilton HM11

Witness occupation: Lawyer

Executed as a deed by **NORTHSHORE HOLDINGS LIMITED**
acting by Adrian Kimberley, a director,
in the presence of:

/s/ Adrian C. Kimberley
Director

/s/ Edward Martin
SIGNATURE OF WITNESS

Witness name: Edward Martin

Witness address: Windsor Place, 3rd Floor
22 Queen Street, Hamilton HM11

Witness occupation: Lawyer

Executed as a deed by **KENMARE HOLDINGS LTD**
acting by Adrian Kimberley, a director,

/s/ Adrian C. Kimberley
Director

in the presence of:

/s/ Edward Martin
SIGNATURE OF WITNESS

Witness name:	Edward Martin
Witness address:	Windsor Place, 3rd Floor 22 Queen Street, Hamilton HM11
Witness occupation:	Lawyer

Exhibit 2.3

AGREEMENT AND PLAN OF AMALGAMATION
BY AND AMONG
ENSTAR GROUP LIMITED,
VERANDA HOLDINGS LTD.,
HUDSON SECURITYHOLDERS REPRESENTATIVE LLC
(solely in its capacity as the Securityholders' Representative),
AND
TORUS INSURANCE HOLDINGS LIMITED
DATED AS OF JULY 8, 2013

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AGREEMENT AND PLAN OF AMALGAMATION

This AGREEMENT AND PLAN OF AMALGAMATION (this "Agreement"), dated as of July 8, 2013, is made by and among Enstar Group Limited, a Bermuda exempted company ("Parent"), Veranda Holdings Ltd., a Bermuda exempted company and an indirect subsidiary of Parent ("Amalgamation Sub"), Torus Insurance Holdings Limited, a Bermuda exempted company (the "Company"), and Hudson Securityholders Representative LLC, a Delaware limited liability company, solely in its capacity as the Securityholders' Representative (the "Securityholders' Representative"). Parent, Amalgamation Sub and the Company and, solely in its capacity as the Securityholders' Representative and solely to the extent applicable, the Securityholders' Representative, shall be referred to herein from time to time collectively as the "Parties". Capitalized terms used but not otherwise defined herein have the meanings set forth in Section 1.1.

RECITALS

WHEREAS, it is proposed that Amalgamation Sub and the Company will amalgamate under the laws of Bermuda (the "Amalgamation") and continue as a Bermuda exempted company, upon the terms and subject to the conditions of this Agreement and the Amalgamation Agreement (as defined herein) and in accordance with Part VII of the Companies Act 1981 of Bermuda, as amended (the "Companies Act");

WHEREAS, the respective boards of directors of Parent and Amalgamation Sub have (a) determined that the Amalgamation is advisable and fair to, and in the best interests of, Parent or Amalgamation Sub, as the case may be, and (b) approved and adopted this Agreement, the Amalgamation Agreement and the transactions contemplated hereby and thereby, including the Amalgamation;

WHEREAS, the board of directors of the Company has (a) determined that the Amalgamation is advisable and fair to, and in the best interests of, the Company and (b) approved and adopted this Agreement, the Amalgamation Agreement and the transactions contemplated hereby and thereby, including the Amalgamation; and

WHEREAS, Parent, Amalgamation Sub and the Company desire to make certain representations, warranties, covenants and agreements in connection with the transactions contemplated hereby and also to prescribe various conditions to the transactions contemplated hereby.

NOW, **THEREFORE**, in consideration of the premises and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I
CERTAIN DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms have the respective meanings set forth below.

"Acquisition Transaction" has the meaning set forth in Section 6.8.

"Actuarial Firm" has the meaning set forth in Section 3.14(d).

"Additional Large Losses" has the meaning set forth in Section 3.14(f)(i).

"Affiliate" means, with respect to any Person, any other Person who, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlled" and "controlling" have meanings correlative thereto.

"Aggregate Founder Consideration Value" means the difference, expressed in U.S. Dollars, between (i) the Company Equity Consideration minus (ii) the sum of (A) the product of (x) the Management Per Share Amalgamation Closing Consideration multiplied by (y) the aggregate number of Company Common Shares and Company Common Shares that underlie Company RSUs (other than Unvested Company RSUs) held by the Company Equity Securityholders (other than the Founders) as of immediately prior to the Effective Time, plus (B) the aggregate Option Closing Consideration in respect of all In-the-Money Company Options held by the Company Equity Securityholders (other than the Founders) as of immediately prior to the Effective Time plus (C) the Management Escrow Amount.

"Aggregate Redemption Amount" means the sum of (i) the aggregate Series A Preferred Redemption Amounts payable in respect of the Series A Preferred Shares issued and outstanding immediately prior to the Effective Time and (ii) the aggregate Series B Preferred Redemption Amounts payable in respect of the Series B Preferred Shares issued and outstanding immediately prior to the Effective Time.

"Agreement" has the meaning set forth in the Preamble to this Agreement.

"Allocated Company Class B Shares" has the meaning set forth in Section 4.2(d).

"Allocated Company Class B Share Interests" has the meaning set forth in Section 4.2(d).

"Amalgamated Company" has the meaning set forth in Section 2.1.

"Amalgamated Company Bye-laws" has the meaning set forth in Section 2.4(b).

"Amalgamated Company Memorandum of Association" has the meaning set forth in Section 2.4(a).

"Amalgamation" has the meaning set forth in the Recitals to this Agreement.

"Amalgamation Agreement" has the meaning set forth in Section 2.1.

"Amalgamation Application" has the meaning set forth in Section 2.2(b).

"Amalgamation Sub" has the meaning set forth in Preamble to this Agreement.

"Ancillary Documents" has the meaning set forth in Section 4.3.

"Antitrust Laws" means any federal, state or foreign Law, regulation or decree designed to prohibit, restrict or regulate actions for the purpose or effect of monopolization or restraint of trade or the significant impediment of effective competition.

"Burdensome Condition" has the meaning set forth in Section 6.5(d).

"Business Day" means a day, other than a Saturday or Sunday, on which commercial banks in New York City (or, for purposes of Section 2.2 only, in Hamilton, Bermuda) are open for the general transaction of business.

"Closing" has the meaning set forth in Section 2.2(a).

"Closing Consideration Percentage" means the quotient of (i) the Company Equity Consideration less the Escrow Amount divided by (ii) the Company Equity Consideration.

"Closing Date" has the meaning set forth in Section 2.2(a).

"Closing Interim Large Losses Statement" has the meaning set forth in Section 3.14(c).

"Closing Payment Amount" means (i) the Company Equity Consideration plus (ii) the product of (x) the Total Per Share Amalgamation Consideration multiplied by (y) the number of Company Class B Shares issued and outstanding (but not including any Company Class B Shares held in treasury) as of immediately prior to the Effective Time less (ii) the Escrow Amount.

"COBRA" means Part 6 of Subtitle B of Title I of ERISA, Section 4980B of the Code and any similar state Law.

"Code" means the Internal Revenue Code of 1986, as amended.

"Companies Act" has the meaning set forth in the Recitals to this Agreement.

"Company" has the meaning set forth in the Preamble to this Agreement (provided that, if the context so requires, any reference to the "Company" from and after the Closing Date shall refer to the Amalgamated Company).

"Company Agents" has the meaning set forth in Section 4.18(h).

"Company Agent Contracts" has the meaning set forth in Section 4.18(i).

"Company Bye-laws" means the Amended and Restated Bye-laws of the Company, including without limitation the Series A Preferred Terms and Series B Preferred Terms, and any amendments thereto, as in effect on the date hereof.

"Company Capital Shares" means Company Common Shares, Company Class B Shares, Company Class C Shares, Series A Preferred Shares and Series B Preferred Shares.

"Company Class B Shares" means the Class B Shares, par value $0.01 per share, of the Company (other than the 400,000 restricted stock units issued in the form of Company Class B Shares, which, for the avoidance of doubt, shall be treated as Company RSUs for all purposes of this Agreement (including any calculation made on a Fully Diluted Basis) other than the representations and warranties in Section 4.2).

"Company Class C Shares" means the Class C Shares, par value $0.01 per share, of the Company.

"Company Common Shares" means the Common Shares, par value $0.01 per share, of the Company.

"Company Employee Benefit Plan" means each "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) and each other material employee benefit plan, program or arrangement (including, without limitation, each material share purchase, share option, restricted share, severance, retention, employment, consulting, change-of-control, bonus, incentive, deferred compensation, fringe benefit and other similar benefit plan, program, agreement or arrangement), that any Group Company or any ERISA Affiliate of any Group Company is a party to, maintains, sponsors or contributes to.

"Company Equity Consideration" means the Purchase Price less (i) the Aggregate Redemption Amount less (ii) the Company Transaction Expenses plus (iii) any accrued and unpaid dividends on the Series A Preferred Shares and Series B Preferred Shares (excluding any dividends, interest or other penalties on any such dividends), whether or not declared, from December 31, 2012 to the Effective Time, expressed in U.S. Dollars.

"Company Equity Securityholders" means the holders of Company Equity Shares as of immediately prior to the Effective Time, taken together.

"Company Equity Shares" means the Company Common Shares, In-the-Money Company Options, In-the-Money Company Warrants and Company RSUs (other than Unvested Company RSUs).

"Company Financial Statements" has the meaning set forth in Section 4.4(a).

"Company Fundamental Representations" has the meaning set forth in Section 9.1.

"Company Incentive Plan" means the Company's Amended and Restated 2009 Share Option and Restricted Stock Unit Plan, as amended.

"Company Insurance Approvals" has the meaning set forth in Section 4.5.

"Company Insurance Subsidiaries" has the meaning set forth in Section 4.1(c).

"Company Interim Large Losses Statement" has the meaning set forth in Section 3.14(a).

"Company Leased Real Property" has the meaning set forth in Section 4.17(b)(i).

"Company Material Adverse Effect" means any change, development, circumstance, effect, event, condition, occurrence or fact that, individually or in the aggregate, has or would reasonably be expected to have, a material adverse effect upon the financial condition or results of operations of the Group Companies, taken as a whole; provided, however, that any adverse change, event or effect arising from or related to: (i) conditions affecting the United States or European economy or any other national or regional economy or the global economy generally, (ii) any national or international political or social conditions, including any hostilities, acts of war, sabotage, terrorism or military actions or any escalation or worsening of any such hostilities, acts of war, sabotage, terrorism or military actions, (iii) financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (iv) changes in GAAP, SAP or Law or the enforcement or interpretation thereof, (v) any change that is generally applicable to the industries or markets in which the Group Companies operate, (vi) earthquakes, hurricanes, floods or other natural disasters, including any payments required to be made by any Group Company under insurance or reinsurance policies as a result of such events, (vii) the negotiation, execution and delivery of this Agreement or the public announcement of the transactions contemplated by this Agreement, including the impact thereof on relationships, contractual or otherwise, with insureds, customers, insurance brokers, reinsurance intermediaries, suppliers, vendors, lenders, venture partners or employees, (viii) any material failure by the Company to meet any internal or published projections, forecasts or revenue or earnings predictions for any period ending on or after the date of this Agreement; provided that any change, effect, event or occurrence that caused or contributed to such failure to meet projections, forecasts or predictions shall not be excluded pursuant to this clause (viii), (ix) the taking of any action contemplated by this Agreement and the other agreements contemplated hereby, including the completion of the transactions contemplated hereby and thereby, or the failure to take any action prohibited by this Agreement, (x) the identity of or facts related to Parent or the effect of any actions taken by Parent or its Affiliates, or taken by the Company or any of its Affiliates at the request of Parent or with Parent's prior consent, (xi) any downgrade or threatened downgrade in the ratings assigned to any Group Company by any rating agency, (xii) any adverse change in or effect on the business of the Group Companies that is cured prior to the Closing or (xiii) any matter set forth in the Company Schedules, shall not be taken into account in determining whether a "Company Material Adverse Effect" has occurred; provided that, with respect to a matter described in any of the foregoing clauses (ii), (iii), (iv) and (v), such matter shall only be excluded to the extent that such matter does not have a materially disproportionate effect on the Group Companies, taken as a whole, relative to other comparable entities operating in the industry in which the Group Companies operate.

"Company Material Contracts" has the meaning set forth in Section 4.6(a)(xiv).

"Company Material Permits" has the meaning set forth in Section 4.9.

"Company Options" means the options to purchase Company Common Shares issued under the Company Incentive Plan.

"Company Real Property Lease" means any lease, sublease, license or sublicense pursuant to which any Group Company, as tenant, subtenant, licensee or sublicensee thereunder, leases, subleases, licenses or sublicenses real property.

"Company Reinsurance Agreements" has the meaning set forth in Section 4.18(b).

"Company RSUs" means (i) the restricted stock units issued under the Company Incentive Plan and (ii) the 400,000 restricted stock units issued in the form of Company Class B Shares (which, for the avoidance of doubt, shall be treated as Company RSUs for all purposes of this Agreement (including any calculation made on a Fully Diluted Basis) other than the representations and warranties in Section 4.2).

"Company Schedules" means the disclosure schedules of the Company delivered in connection with the execution of this Agreement.

"Company Securityholders" means the holders of Company Capital Shares and the holders of Company Options, Company RSUs and Company Warrants as of immediately prior to the Effective Time, taken together.

"Company Shareholder Approval" has the meaning set forth in Section 4.20.

"Company Shareholders" means the holders of Company Capital Shares as of immediately prior to the Effective Time.

"Company Shareholders' Agreement" means the Shareholders' Agreement, dated June 1, 2010, among the Company and the Company Shareholders party thereto, as may be amended from time to time.

"Company Statutory Financial Statements" has the meaning set forth in Section 4.4(e).

"Company Transaction Expenses" means, without duplication, the collective amount incurred by or on behalf of the Group Companies prior to and including the Closing Date that has not been paid by the Group Companies prior to December 31, 2012 or accrued by the Group Companies as of December 31, 2012 and recorded on the Company's consolidated balance sheet as of such date as set forth on a statement (the "Company Transaction Expenses Statement") furnished by the Company to Parent no less than two (2) Business Days prior to the Closing Date, for (without duplication) (i) all fees and expenses of professionals (including investment bankers, attorneys, accountants and other consultants and advisors, including, without limitation, Willkie Farr & Gallagher LLP and Goldman Sachs) retained by any of the Group Companies in connection with the transactions contemplated by this Agreement or in connection with any similar transaction with any Person other than Parent, in each case to the extent incurred on or prior to the Closing Date (including as a result of the Closing), (ii) the aggregate amount of cash payable following the Closing in respect of all Unvested Company RSUs

outstanding immediately prior to the Effective Time pursuant to and in accordance with the terms and conditions of Section 3.1(b)(ii), (iii) all amounts deposited in the Securityholders' Representative Fund, and (iv) all other Taxes (pursuant to Section 6.3(b)), fees, costs and expenses allocated to the Company pursuant to the terms of this Agreement.

"Company Warrants" means the warrants to purchase Company Common Shares set forth on Schedule 4.2(a).

"Confidentiality Agreement" means the confidentiality agreement, dated as of February 13, 2013, by and between the Company and Parent.

"Continuing Employees" has the meaning set forth in Section 6.11(a).

"Corsair" means Corsair Specialty Investors, L.P.

"Dissenting Shareholder" has the meaning set forth in Section 3.5.

"Dissenting Shares" has the meaning set forth in Section 3.5.

"Effective Time" has the meaning set forth in Section 2.2(b).

"Employee Trustee" has the meaning set forth in Section 4.2(d).

"Environmental Laws" means all Laws concerning pollution or protection of the environment, as such of the foregoing are promulgated and in effect on or prior to the Closing Date.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means each Person that is treated as a single employer with any one or more other Persons pursuant to Section 414 of the Code.

"Escrow Account" has the meaning set forth in Section 3.11.

"Escrow Agent" has the meaning set forth in Section 3.11.

"Escrow Agreement" has the meaning set forth in Section 3.11.

"Escrow Amount" means $46,000,000.

"Escrowed Large Losses" has the meaning set forth in Section 3.14(a).

"Estimated Large Losses" has the meaning set forth in Section 3.14(a).

"Estimated Excess Large Losses" has the meaning set forth in Section 3.14(a).

"Excess Large Losses" has the meaning set forth in Section 3.14(c).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Large Losses Events" means the Large Losses Events set forth on Schedule 1.1.

"Final Excess Large Losses" has the meaning set forth in Section 3.14(f)(i).

"FINRA" shall mean the Financial Industry Regulatory Authority.

"First Reserve" means, collectively, FR XI Offshore AIV, L.P., First Reserve Fund XII, L.P., FR XII A Parallel Vehicle L.P. and FR Torus Co-Investment, L.P.

"Founder" or "Founders" means First Reserve and Corsair.

"Founder Amalgamation Consideration Cash Percentage" means 100% less the Founder Amalgamation Consideration Stock Percentage.

"Founder Amalgamation Consideration Stock Percentage" means the quotient of (i) $346,000,000 divided by (ii) the Aggregate Founder Consideration Value.

"Founder Amalgamation Stock Consideration" means the shares of Parent Common Stock issuable under this Agreement.

"Founder Escrow Amount" means the Founder Escrow Cash Amount plus the Founder Escrow Stock Amount.

"Founder Escrow Cash Amount" means an amount of cash in U.S. Dollars equal to the product of (i) the Founder Percentage multiplied by (ii) the Founder Amalgamation Consideration Cash Percentage multiplied by (iii) the Escrow Amount.

"Founder Escrow Stock Amount" means an aggregate number of shares of Parent Common Stock equal to the quotient of (i) the Founder Escrow Stock Amount Value divided by (ii) the Value Per Share.

"Founder Escrow Stock Amount Value" means a value expressed in U.S. Dollars equal to the product of (i) the Founder Percentage multiplied by (ii) the Founder Amalgamation Consideration Stock Percentage multiplied by (iii) the Escrow Amount.

"Founder Percentage" means the quotient of (i) the sum of (x) the product of (A) the Total Per Share Amalgamation Consideration multiplied by (B) the number of Company Common Shares held by the Founders as of immediately prior to the Effective Time plus (y) the aggregate Warrant Consideration Value in respect of all In-the-Money Company Warrants held by the Founders as of immediately prior to the Effective Time divided by (ii) the sum of (x) the product of (A) the Total Per Share Amalgamation Consideration multiplied by (B) the sum of (1) number of Company Common Shares plus (2) the number of Company Common Shares that underlie Company RSUs (but excluding Unvested Company RSUs), in each case held by the Company Equity Securityholders as of immediately prior to the Effective Time plus (y) the aggregate Option Consideration Value in respect of all In-the-Money Company Options issued and outstanding as of immediately prior to the Effective Time plus (z) the aggregate Warrant Consideration Value in respect of all In-the-Money Company Warrants issued and outstanding as of immediately prior to the Effective Time.

"Founder Per Share Amalgamation Closing Cash Consideration" means an amount of cash in U.S. Dollars equal to the product of (i) the Founder Amalgamation Consideration Cash Percentage, (ii) the Closing Consideration Percentage and (iii) the Total Per Share Amalgamation Consideration.

"Founder Per Share Amalgamation Closing Consideration" means the Founder Per Share Amalgamation Closing Cash Consideration plus the Founder Per Share Amalgamation Closing Stock Consideration.

"Founder Per Share Amalgamation Closing Stock Consideration" means a number of shares of Parent Common Stock equal to the quotient of (i) the Founder Per Share Amalgamation Closing Stock Consideration Value divided by (ii) the Value Per Share.

"Founder Per Share Amalgamation Closing Stock Consideration Value" means a value expressed in U.S. Dollars equal to the product of (i) the Founder Amalgamation Consideration Stock Percentage, (ii) the Closing Consideration Percentage and (iii) the Total Per Share Amalgamation Consideration.

"Fully Diluted Basis" means, as determined immediately prior to the Effective Time, the sum, without duplication, of (i) all Company Common Shares issued and outstanding (but not including any Company Common Shares held in treasury), (ii) all Company Common Shares that underlie all In-the-Money Company Options issued and outstanding, (iii) all Company Common Shares that underlie all In-the-Money Company Warrants issued and outstanding and (iv) all Company Common Shares that underlie Company RSUs issued and outstanding (but excluding Unvested Company RSUs).

"GAAP" means United States generally accepted accounting principles.

"Goldman Sachs" means Goldman Sachs & Co.

"Governing Documents" means the legal document(s) by which any Person (other than an individual) establishes its legal existence or which govern its internal affairs. For example, the "Governing Documents" of a corporation or company are its certificate of incorporation and bylaws, or memorandum of association and bye-laws, as applicable, the "Governing Documents" of a limited partnership are its limited partnership agreement and certificate of limited partnership and the "Governing Documents" of a limited liability company are its operating agreement and certificate of formation.

"Governmental Entity" means any (i) federal, state, local, municipal, foreign or other government, (ii) governmental or quasi-governmental entity of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal), whether foreign or domestic, including the Bermuda Monetary Authority, or (iii) body exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature, whether foreign or domestic, including any arbitral tribunal.

"Group Companies" means, collectively, the Company and each of its Subsidiaries.

"Group Company IP Agreements" has the meaning set forth in Section 4.12(c).

"Group Company IP Rights" has the meaning set forth in Section 4.12(a).

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Indebtedness" means, as of any time with respect to any Person, without duplication, the outstanding principal amount of, accrued and unpaid interest on, and other payment obligations arising under, any obligations of any Group Company consisting of: (i) indebtedness for borrowed money; (ii) indebtedness evidenced by any note, bond, debenture or other debt security, in each case, as of such date; (iii) obligations in respect of any financial hedging arrangements or similar agreements; and (iv) all guarantees in respect of clauses (i) through (iii). Notwithstanding the foregoing, "Indebtedness" shall not include (x) any inter-company indebtedness, (y) any obligations under operating leases, including any capital leases, and (z) any letters of credit.

"Indemnified Party" has the meaning set forth in Section 9.3(a).

"Indemnifying Party" has the meaning set forth in Section 9.3(a).

"In-Force Insurance Agreements" means all Insurance Agreements that are in force during the period from December 31, 2012 through the Closing Date.

"In-the-Money Company Option" means any Company Option whose exercise price is less than the quotient of (i) the Company Equity Consideration divided by (ii) the number of Company Common Shares, determined on a Fully Diluted Basis as of immediately prior to the Effective Time.

"In-the-Money Company Warrant" means any Company Warrant whose exercise price is less than the quotient of (i) the Company Equity Consideration divided by (ii) the number of Company Common Shares, determined on a Fully Diluted Basis as of immediately prior to the Effective Time.

"Insurance Agreements" means all policies, binders, slips, treaties, certificates, contracts and participation agreements and other agreements of insurance or reinsurance (including all applications, supplements, endorsements, riders and ancillary agreements in connection therewith, if applicable) that are or have been issued by any Group Company.

"Intellectual Property Rights" means all patents, patent applications, trademarks, service marks and trade names, all goodwill associated therewith and all registrations and applications therefor, copyrights, copyright registrations and applications, Internet domain names, software, trade secrets, and know-how, in each case, to the extent protectable by applicable Law.

"Interim Large Losses Event" means any Large Losses Event other than the Excluded Large Losses Events.

"Investment Guidelines" has the meaning set forth in Section 4.18(l).

"Investor Certificates" means, together, the Investor Certificate dated the date hereof by and between First Reserve and Parent and the Investor Certificate dated the date hereof by and between Corsair and Parent.

"Kenmare" has the meaning set forth in Section 2.6.

"Large Losses Deficiency" has the meaning set forth in Section 3.14(f)(ii).

"Large Losses Escrow Minimum" has the meaning set forth in Section 3.14(a).

"Large Losses Event" means any event that (i) occurs after 12:01 a.m. New York Time on January 1, 2013 and before the Effective Time, (ii) is a covered event under an In-Force Insurance Agreement and (iii) results in aggregate losses to the Group Companies under In-Force Insurance Agreement(s), net of any reinsurance recoverables under any Outbound Reinsurance Agreement(s) and other recoverables and indemnifications, in excess of $5,000,000, calculated in accordance with GAAP and the historical reserving practices of the Group Companies.

"Latest Company Balance Sheet" has the meaning set forth in Section 4.4(a)(ii).

"Latest Parent Balance Sheet" has the meaning set forth in Section 5.4(a)(ii).

"Law" means any federal, state, local, municipal, foreign, international, multinational or other administrative order, code, constitution, law, ordinance, principle of common law, rule, regulation, statute, treaty, order, judgment or decree.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge. For the avoidance of doubt, the term "Lien" shall not be deemed to include any license of Intellectual Property Rights.

"Loan Facility" means that certain Loan Facility Agreement dated as of September 5, 2008 between the Employee Trustee and the Company.

"Loss" has the meaning set forth in Section 9.2(a).

"Management Escrow Amount" means an amount of cash in U.S. Dollars equal to the product of (i) the Management Percentage multiplied by (ii) the Escrow Amount.

"Management Percentage" means 100% less the Founder Percentage.

"Management Per Share Amalgamation Closing Consideration" means an amount of cash in U.S. Dollars equal to the product of (i) the Closing Consideration Percentage and (ii) the Total Per Share Amalgamation Consideration.

"Material Company Real Property Lease" has the meaning set forth in Section 4.17(b)(i).

"Material Parent Real Property Lease" has the meaning set forth in Section 5.17(b)(i).

"Memorandum of Association" means the memorandum of association of the Company, and any amendments thereto, as in effect on the date hereof.

"Multiemployer Plan" has the meaning set forth in Section 3(37) of ERISA.

"Natural Catastrophe" means any event that has or would reasonably be expected to be designated to be a "natural catastrophe" by Sigma, a publication of Swiss Reinsurance Company.

"New Plans" has the meaning set forth in Section 6.11(a).

"Objection" has the meaning set forth in Section 3.14(d).

"Objection Notice" has the meaning set forth in Section 3.14(d).

"Option Closing Consideration" means, for each In-the-Money Company Option, an amount of cash in U.S. Dollars equal to the product of (i) the Option Consideration Value multiplied by (ii) the Closing Consideration Percentage.

"Option Consideration Value" means, for each In-the-Money Company Option, an amount of cash in U.S. Dollars equal to the product of (i) the Total Per Option Share Amalgamation Consideration multiplied by (ii) the number of Company Common Shares subject to such In-the-Money Company Option.

"Other Regulatory Filings" has the meaning set forth in Section 4.4(e).

"Outbound Reinsurance Agreement" means each reinsurance treaty or agreement, in whatever form written, including retrocessional agreements, under which any Group Company is ceding or retroceding risks to reinsurers.

"Parent" has the meaning set forth in the Preamble to this Agreement.

"Parent Capital Shares" has the meaning set forth in Section 5.2(a).

"Parent Common Stock" means the voting ordinary shares, par value $1.00 per share, of Parent and, to the extent applicable pursuant to Section 3.15, the Parent Series B Non-Voting Preferred Stock.

"Parent Employee Benefit Plan" means each "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) and each other material employee benefit plan, program or arrangement (including, without limitation, each material share purchase, share option, restricted share, severance, retention, employment, consulting, change-of-control, bonus, incentive, deferred compensation, fringe benefit and other similar benefit plan, program, agreement or arrangement), that any Parent Group Company or any ERISA Affiliate of any Parent Group Company is a party to, maintains, sponsors or contributes to.

"Parent Financial Statements" has the meaning set forth in Section 5.4(a).

"Parent Fundamental Representations" has the meaning set forth in Section 9.1.

"Parent Group Companies" means, collectively, Parent and each of its Subsidiaries.

"Parent Group Company IP Rights" has the meaning set forth in Section 5.12(a).

"Parent Incentive Plan" means the Parent's 2006 Equity Incentive Plan.

"Parent Indemnitee" has the meaning set forth in Section 9.2(a).

"Parent Insurance Approvals" has the meaning set forth in Section 5.5.

"Parent Insurance Subsidiaries" has the meaning set forth in Section 5.1(c).

"Parent Leased Real Property" has the meaning set forth in Section 5.17(b)(i).

"Parent Material Adverse Effect" means any change, development, circumstance, effect, event, condition, occurrence or fact that, individually or in the aggregate, has or would reasonably be expected to have, a material adverse effect upon the financial condition or results of operations of the Parent Group Companies, taken as a whole; provided, however, that any adverse change, event or effect arising from or related to: (i) conditions affecting the United States or European economy or any other national or regional economy or the global economy generally, (ii) any national or international political or social conditions, including any hostilities, acts of war, sabotage, terrorism or military actions or any escalation or worsening of any such hostilities, acts of war, sabotage, terrorism or military actions, (iii) financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (iv) changes in GAAP, SAP or Law or the enforcement or interpretation thereof, (v) any change that is generally applicable to the industries or markets in which the Parent Group Companies operate, (vi) earthquakes, hurricanes, floods or other natural disasters, including any payments required to be made by any Parent Group Company under insurance or reinsurance policies as a result of such events, (vii) the negotiation, execution and delivery of this Agreement or the public announcement of the transactions contemplated by this Agreement, including the impact thereof on relationships, contractual or otherwise, with insureds, customers, insurance brokers, reinsurance intermediaries, suppliers, vendors, lenders, venture partners or employees, (viii) any material failure by Parent to meet any internal or published projections, forecasts or revenue or earnings predictions for any period ending on or after the date of this Agreement; provided that any change, effect, event or occurrence that caused or contributed to

such failure to meet projections, forecasts or predictions shall not be excluded pursuant to this clause (viii), (ix) the taking of any action contemplated by this Agreement and the other agreements contemplated hereby, including the completion of the transactions contemplated hereby and thereby, or the failure to take any action prohibited by this Agreement, (x) the identity of or facts related to the Company or the effect of any actions taken by the Company or its Affiliates, or taken by Parent or any of its Affiliates at the request of the Company or with the Company's prior consent, (xi) any downgrade or threatened downgrade in the ratings assigned to any Parent Group Company by any rating agency, (xii) any adverse change in or effect on the business of the Parent Group Companies that is cured prior to the Closing or (xiii) any matter set forth in the Parent Schedules, shall not be taken into account in determining whether a "Parent Material Adverse Effect" has occurred; provided that, with respect to a matter described in any of the foregoing clauses (ii), (iii), (iv) and (v), such matter shall only be excluded to the extent that such matter does not have a materially disproportionate effect on the Parent Group Companies, taken as a whole, relative to other comparable entities operating in the industry in which the Parent Group Companies operate.

"Parent Material Contracts" has the meaning set forth in Section 5.6(a)(viii).

"Parent Material Permits" has the meaning set forth in Section 5.9(a).

"Parent Real Property Lease" means any lease, sublease, license or sublicense pursuant to which any Parent Group Company, as tenant, subtenant, licensee or sublicensee thereunder, leases, subleases, licenses or sublicenses real property.

"Parent Schedules" means the disclosure schedules of Parent delivered in connection with the execution of this Agreement.

"Parent SEC Reports" has the meaning set forth in Section 5.4(f).

"Parent Series B Non-Voting Preferred Stock" means the Series B Convertible Participating Non-Voting Perpetual Preferred Stock of Enstar Group Limited, having the terms set forth in Exhibit F.

"Parent Statutory Financial Statements" has the meaning set forth in Section 5.4(e).

"Parties" has the meaning set forth in the Preamble to this Agreement.

"Paying Agency Agreement" has the meaning set forth in Section 3.6(a).

"Paying Agent" means JPMorgan Chase Bank, N.A.

"Permitted Liens" means (i) mechanic's, materialmen's, carriers', repairers' and other Liens arising or incurred in the ordinary course of business for amounts that are not yet delinquent or are being contested in good faith, (ii) Liens for Taxes, assessments or other governmental charges not yet due and payable as of the Closing Date or which are being contested in good faith by appropriate proceedings and for which adequate reserves are reflected or taken into account in the financial statements, (iii) encumbrances and restrictions on real

property (including easements, covenants, conditions, rights of way and similar restrictions) that do not materially interfere with the Group Companies' present uses or occupancy of such real property, (iv) Liens granted to any lender at the Closing in connection with any financing by Parent of the transactions contemplated hereby, (v) zoning, building codes and other land use Laws regulating the use or occupancy of real property or the activities conducted thereon which are imposed by any Governmental Entity having jurisdiction over such real property, (vi) matters that would be disclosed by an accurate survey or inspection of the real property, (vii) Liens described on Schedule 1.1, (viii) Liens imposed under applicable federal, state or foreign securities Laws, (ix) pledges or deposits described on Schedule 1.1 to secure obligations under workers' compensation Laws or similar legislation or to secure public or statutory obligations, (x) pledges and deposits described on Schedule 1.1 to secure the performance of bids, trade contracts, leases, surety and appeal bonds, performance bonds and other obligations of a similar nature, in each case in the ordinary course of business, (xi) deposits of investment securities or regulatory deposits described on Schedule 1.1 with or on behalf of state insurance departments and other regulatory authorities in connection with the operations of the Company Insurance Subsidiaries or Parent Insurance Subsidiaries, as applicable, and (xii) any Lien or other matter affecting the right, title or interest of a licensor, sublicensor, lessor or sublessor under any license, sublicense, lease or sublease agreement or in the property being licensed, sublicensed, leased or subleased, and any statutory Lien of any licensor, sublicensor, lessor or sublessor under a real property license, sublicense, lease or sublease.

"Person" means an individual, partnership, corporation, limited liability company, joint stock company, unincorporated organization or association, trust, joint venture, association or other similar entity or Governmental Entity, whether or not a legal entity.

"Pre-2013 Events" has the meaning set forth in Section 3.14(g).

"Preferred Shares" means the Series A Preferred Shares and Series B Preferred Shares.

"Pro Rata Portion" means, with respect to each Company Equity Securityholder, the quotient of (i) the aggregate amount of Founder Per Share Amalgamation Closing Cash Consideration, Founder Per Share Amalgamation Closing Stock Consideration Value, Management Per Share Amalgamation Closing Consideration, Option Closing Consideration, Warrant Closing Cash Consideration and Warrant Closing Stock Consideration Value paid to such Company Equity Securityholder on the Closing Date divided by (ii) the aggregate amount of Founder Per Share Amalgamation Closing Cash Consideration, Founder Per Share Amalgamation Closing Stock Consideration Value, Management Per Share Amalgamation Closing Consideration, Option Closing Consideration, Warrant Closing Cash Consideration and Warrant Closing Stock Consideration Value paid to all Company Equity Securityholders on the Closing Date.

"Purchase Price" means $692,000,000.

"Re-Estimated Large Losses" has the meaning set forth in Section 3.14(c).

"Registrar" has the meaning set forth in Section 2.2(b).

"Registration Rights Agreement" has the meaning set forth in Section 6.14.

"SAP" means, as to any Person, the accounting practices prescribed or permitted by applicable insurance Law and insurance regulatory authority of the jurisdiction in which such Person is domiciled.

"Schedule Supplement" has the meaning set forth in Section 6.12.

"Schedules" means the Company Schedules and the Parent Schedules.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Securityholder Indemnitee" has the meaning set forth in Section 9.2(c).

"Securityholders' Representative" has the meaning set forth in the Preamble to this Agreement.

"Securityholders' Representative Fund" has the meaning set forth in Section 3.13.

"Series A Preferred Redemption Amount" means, with respect to each Series A Preferred Share, a redemption price equal to the sum of, without duplication, (i) US$100,000 per share, (ii) the accrued and unpaid dividends thereon (including, if applicable as provided in Section 4(a) of the Series A Preferred Terms, dividends on such accrued and unpaid dividends compounding quarterly), whether or not declared, to the Effective Time and (iii) if the Effective Time occurs prior to the eighteen month anniversary of the Original Issue Date (as defined in the Series A Preferred Terms), the Mandatory Redemption Make-Whole Amount (as defined in the Series A Preferred Terms).

"Series A Preferred Shares" means the Fixed Rate Cumulative Preferred Shares, Series A, par value US$1,000 each, of the Company.

"Series A Preferred Terms" means the Terms of Fixed Rate Cumulative Perpetual Preferred Shares, Series A of the Company, attached as Schedule I to the Company Bye-laws.

"Series B Preferred Redemption Amount" means, with respect to each Series B Preferred Share, a redemption price equal to the sum of, without duplication, (i) US$100,000 per share, (ii) the accrued and unpaid dividends thereon (including, if applicable as provided in Section 4(a) of the Series B Preferred Terms, dividends on such accrued and unpaid dividends compounding quarterly), whether or not declared, to the Effective Time and (iii) if the Effective Time occurs prior to the eighteen month anniversary of the Original Issue Date (as defined in the Series B Preferred Terms), the Mandatory Redemption Make-Whole Amount (as defined in the Series B Preferred Terms).

"Series B Preferred Shares" means the Fixed Rate Cumulative Perpetual Preferred Shares, Series B, par value US$1,000 each, of the Company.

"Series B Preferred Terms" means the Terms of Fixed Rate Cumulative Perpetual Preferred Shares, Series B of the Company, attached as Schedule II to the Company Bye-laws.

"Share Agreements" has the meaning set forth in Section 3.6(b).

"Share Certificates" has the meaning set forth in Section 3.6(b).

"Shareholder Rights Agreement" has the meaning set forth in Section 6.14.

"Spot Rate" means, in respect of any amount expressed in a currency other than the U.S. dollar, as of any date of determination, the rate of exchange of U.S. dollars for such currency appearing in the Financial Times published on the Business Day immediately prior to such date of determination.

"SSAP No. 62" has the meaning set forth in Section 4.18(c).

"Subsidiary" means, with respect to any Person, any company, corporation, limited liability company, partnership, association, or other business entity of which (i) if a company or corporation, a majority of the total voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity's gains or losses or shall be a, or control any, managing director or general partner of such business entity (other than a corporation). The term "Subsidiary" shall include all Subsidiaries of such Subsidiary.

"Tax" or "Taxes" means any federal, state, local or foreign income, gross receipts, franchise, estimated, alternative minimum, add on minimum, sales, use, transfer, real property gains, registration, value added, excise, natural resources, severance, stamp, occupation, windfall profits, environmental, real property, personal property, capital stock, social security (or similar), unemployment, disability, payroll, license, employee or other withholding, or other tax, fee, customs duty, escheat obligation, assessment or charge of any kind whatsoever and any interest, penalties or additions to tax in respect of the foregoing.

"Tax Contest" has the meaning set forth in Section 9.8(a).

"Tax Returns" has the meaning set forth in Section 4.15(a).

"Termination Date" has the meaning set forth in Section 8.1(d).

"Third Party Claim" has the meaning set forth in Section 9.3(a).

"Total Per Option Share Amalgamation Consideration" means, with respect to each In-the-Money Company Option, the Total Per Share Amalgamation Consideration reduced by the per share exercise price of such In-the-Money Company Option.

"Total Per Share Amalgamation Consideration" means the quotient, expressed in U.S. Dollars, obtained by dividing (i) the sum of (x) the Company Equity Consideration plus (y) the product of (1) the exercise price of each In-the-Money Company Option multiplied by (2) the number of Company Common Shares underlying each such Company Option plus (z) the product of (1) the exercise price of each In-the-Money Company Warrant multiplied by (2) the number of Company Common Shares underlying each such Company Warrant by (ii) the number of Company Common Shares, determined on a Fully Diluted Basis as of immediately prior to the Effective Time.

"Total Per Warrant Share Amalgamation Consideration" means, with respect to each In-the-Money Company Warrant, the Total Per Share Amalgamation Consideration reduced by the per share exercise price of such In-the-Money Company Warrant.

"Transaction Approvals" has the meaning set forth in Section 5.5.

"Treasury Regulations" means the regulations promulgated under the Code.

"Trident" has the meaning set forth in Section 2.6.

"Unvested Company RSU" has the meaning set forth in Section 3.1(b)(ii).

"Unallocated Company Class B Shares" has the meaning set forth in Section 4.2(d).

"USD Equivalent" means, in respect of any amount expressed in a currency other than the U.S. dollar, the corresponding amount in U.S. dollars resulting from multiplying such amount in the applicable currency by the Spot Rate.

"Value Per Share" means $132.448.

"Warrant Closing Cash Consideration" means an amount of cash in U.S. Dollars equal to the product of (i) the Founder Amalgamation Consideration Cash Percentage multiplied by (ii) the Warrant Closing Consideration Value.

"Warrant Closing Consideration" means the Warrant Closing Cash Consideration plus the Warrant Closing Stock Consideration.

"Warrant Closing Consideration Value" means, for each In-the-Money Company Warrant, a value expressed in U.S. Dollars equal to the product of (i) the Warrant Consideration Value multiplied by (ii) Closing Consideration Percentage.

"Warrant Closing Stock Consideration" means an aggregate number of shares of Parent Common Stock equal to the quotient of (i) the Warrant Closing Stock Consideration Value divided by (ii) the Value Per Share.

"Warrant Closing Stock Consideration Value" means the Founder Amalgamation Consideration Stock Percentage multiplied by the Warrant Closing Consideration Value.

"Warrant Consideration Value" means, for each In-the-Money Company Warrant, (i) the Total Per Warrant Share Amalgamation Consideration, multiplied by (ii) the number of Company Common Shares subject to such In-the-Money Company Warrant.

"Written Consent" means the written consent in the form of Exhibit B hereto, approving and adopting this Agreement and the Amalgamation, which written consent when executed and delivered will be sufficient to obtain the Company Shareholder Approval.

ARTICLE II
THE AMALGAMATION

Section 2.1 The Amalgamation. Upon the terms and subject to the conditions set forth in this Agreement and the Amalgamation Agreement, substantially in the form attached as Exhibit C hereto (the "Amalgamation Agreement"), and in accordance with the Companies Act, at the Effective Time, Amalgamation Sub and the Company shall amalgamate pursuant to the Companies Act and the amalgamated entity created on consummation of the Amalgamation of Amalgamation Sub and the Company shall continue as a Bermuda exempted company (the "Amalgamated Company") as a result of the Amalgamation. The name of the Amalgamated Company shall be "Torus Insurance Holdings Limited".

Section 2.2 Closing; Effective Time.

(a) The closing of the Amalgamation (the "Closing") shall occur as promptly as practicable (but in no event later than the third Business Day) after the satisfaction or waiver of the conditions (excluding conditions that, by their nature, cannot be satisfied until the Closing, but subject to the satisfaction or waiver of those conditions as of the Closing) set forth in Article 7, unless this Agreement has been theretofore terminated pursuant to its terms or unless another time or date is agreed to in writing by the Parties (the date and time of the Closing being referred to in this Agreement as the "Closing Date"). The Closing shall be held at the offices of Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, unless another place is agreed to in writing by the Parties.

(b) Subject to the provisions of this Agreement and the Amalgamation Agreement, as soon as practicable following the Closing and on the Closing Date, the Parties shall cause the Amalgamation to be registered by filing the Amalgamated Company Memorandum of Association, Bye-laws and all other documents required by the Companies Act (the "Amalgamation Application") with the Registrar of Companies of Bermuda (the "Registrar") in accordance with Section 108 of the Companies Act. The Amalgamation shall become effective on the date shown on the certificate of amalgamation, which shall be the Closing Date. The effective time of the Amalgamation will be the time shown on the certificate of amalgamation (the "Effective Time").

Section 2.3 Effect of Amalgamation. At the Effective Time, the effect of the Amalgamation shall be as provided for in Section 109 of the Companies Act. Under Section 109 of the Companies Act, from and after the Effective Time: (i) the Amalgamation of the Company

and Amalgamation Sub and their continuance as one company shall become effective; (ii) the property of each of the Company and Amalgamation Sub shall become the property of the Amalgamated Company; (iii) the Amalgamated Company shall continue to be liable for the obligations and liabilities of each of the Company and Amalgamation Sub; (iv) any existing cause of action, claim or liability to prosecution shall be unaffected; (v) a civil, criminal or administrative action or proceeding pending by or against the Company or Amalgamation Sub may be continued to be prosecuted by or against the Amalgamated Company; and (vi) a conviction against, or ruling, order or judgment in favor of or against, the Company or Amalgamation Sub may be enforced by or against the Amalgamated Company.

Section 2.4 Memorandum of Association and Bye-laws of the Amalgamated Company.

(a) The memorandum of association of the Amalgamated Company shall be as set forth in the Amalgamation Agreement (the "Amalgamated Company Memorandum of Association").

(b) The bye-laws of the Amalgamated Company shall be as set forth in the Amalgamation Agreement (the "Amalgamated Company Bye-laws").

Section 2.5 Directors and Officers. From and after the Effective Time, the directors of the Amalgamated Company shall be the directors as set forth in the Amalgamation Agreement and the officers of the Company immediately prior to the Effective Time shall be the officers of the Amalgamated Company, in each case until their respective successors are duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with applicable law and the Amalgamated Company Bye-laws.

Section 2.6 Tax Treatment. The parties agree that Amalgamation Sub shall be an indirect subsidiary of Parent, wholly owned by Bayshore Holdings Ltd., which is 60%-owned by Kenmare Holdings Ltd. ("Kenmare"), a wholly-owned subsidiary of Parent, or an Affiliate of Kenmare, and 40%-owned by Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P. (collectively, "Trident"), or Affiliates of Trident. The parties agree to treat the Amalgamation as a wholly-taxable transaction for U.S. federal income tax purposes and shall not take any action inconsistent with such treatment.

ARTICLE III
EFFECT ON THE SHARE CAPITAL OF THE CONSTITUENT CORPORATIONS

Section 3.1 Amalgamation Consideration. Pursuant to the terms of this Agreement and the Amalgamation Agreement, and subject to Section 3.14, at the Effective Time, by virtue of the Amalgamation and without any action on the part of the holder thereof:

(a) Company Capital Shares.

(i) (A) Series B Preferred Shares. Each Series B Preferred Share issued and outstanding immediately prior to the Effective Time (other than any Series B Preferred Shares to be cancelled pursuant to Section 3.1(a)(iii) or Section 3.4) shall be redeemed, cancelled and extinguished and converted into the right to receive in cash at the Effective Time, without interest, the Series B Preferred Redemption Amount;

(B) Series A Preferred Shares. Each Series A Preferred Share issued and outstanding immediately prior to the Effective Time (other than any Series A Preferred Shares to be cancelled pursuant to Section 3.1(a)(iii) or Section 3.4) shall be redeemed, cancelled and extinguished and converted into the right to receive in cash at the Effective Time, without interest, the Series A Preferred Redemption Amount;

(C) Company Class B Shares. Each Company Class B Share issued and outstanding immediately prior to the Effective Time (other than any Company Class B Shares to be cancelled pursuant to Section 3.1(a)(iii) or Section 3.4 or as to which appraisal rights are perfected pursuant to Section 3.5) shall be converted into the right to receive at the Effective Time, without interest, an amount in cash equal to the Total Per Share Amalgamation Consideration; provided, that, the consideration payable pursuant to this Section 3.1(a)(i)(C) shall be paid to the Company at the Closing (for the benefit of Parent following the Closing) and shall not be distributed to any of the Company Securityholders;

(D) Company Common Shares. Each Company Common Share issued and outstanding immediately prior to the Effective Time (other than any Company Common Shares to be cancelled pursuant to Section 3.1(a)(iii) or Section 3.4 or as to which appraisal rights are perfected pursuant to Section 3.5) shall be converted into the right to receive at the Effective Time, without interest, either (i) in the case of any Company Common Share then held by the Founders, the Founder Per Share Amalgamation Closing Consideration or (ii) in the case of any Company Common Share then held by any Company Equity Securityholder other than the Founders, the Management Per Share Amalgamation Closing Consideration;

provided, however, that in the case of clause (D) above, each Company Equity Securityholder shall have the right to receive any payment from the Escrow Amount payable under this Agreement and the Escrow Agreement in respect of any such Company Equity Shares.

(ii) All Company Capital Shares, when so converted pursuant to Section 3.1(a)(i), shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each holder of a certificate previously representing any such shares shall cease to have any rights with respect thereto, except the right to receive the consideration set forth in Section 3.1(a)(i) and, if applicable, any payment from the Escrow Amount payable under this Agreement and the Escrow Agreement in respect of any such Company Equity Shares.

(iii) All Company Capital Shares owned by Parent or Amalgamation Sub or any of their respective wholly owned Subsidiaries shall, by virtue of the Amalgamation, cease to be outstanding and shall be canceled and retired and no stock of Parent or other consideration shall be delivered in exchange therefor.

(b) Company RSUs.

(i) Each Company RSU outstanding immediately prior to the Effective Time shall vest as provided in the applicable award agreements, and any such vested Company RSU shall be converted into the right to receive at the Effective Time, without interest, the Management Per Share Amalgamation Closing Consideration (payable in respect of the Company Common Shares that would otherwise have been deliverable upon settlement of such Company RSU pursuant to the applicable award agreement), less applicable withholding and payroll Taxes; provided, however, that each holder of any such vested Company RSU shall have the right to receive any payment from the Escrow Amount payable under this Agreement and the Escrow Agreement in respect of the Company Common Shares that would otherwise have been deliverable upon settlement of such vested Company RSU. Each such vested Company RSU (and each Company Class B Share treated as a Company RSU under this Agreement), when so converted, shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist and each holder of such Company RSU (and such Company Class B Share) shall cease to have any rights with respect thereto, except the right to receive the consideration set forth in this Section 3.1(b)(i) and any payment from the Escrow Amount payable under this Agreement and the Escrow Agreement in respect of such Company RSU (or such Company Class B Share).

(ii) With respect to any Company RSU that does not vest immediately prior to the Effective Time ("Unvested Company RSU"), such Unvested Company RSU shall, in accordance with the applicable award agreement, be converted into the right to receive a future per-share cash payment from the Amalgamated Company, subject to the same vesting and payment schedule applicable to such Unvested Company RSU as of immediately prior to the Effective Time and without interest, in an amount equal to the Total Per Share Amalgamation Consideration (for each Company Common Share that is deliverable upon settlement of such Unvested Company RSU in accordance with the applicable award agreement), less applicable withholding and payroll Taxes. At the Closing, Parent shall deposit an amount equal to the aggregate cash payable following the Closing in respect of all Unvested Company RSUs into a separate account maintained by the Escrow Agent. Parent shall be entitled to withdraw any amounts necessary from such account to make any future per-share cash payment contemplated by this Section 3.1(b)(ii). Following the payment or forfeiture of all rights to receive a per-share cash payment in respect of all Unvested Company RSUs, any amounts remaining in the separate account established pursuant to this Section 3.1(b)(ii) shall be transferred to the Securityholders' Representative Fund and used or dispersed as contemplated with respect to the other amounts deposited in such fund.

(c) Company Options. Each unexpired In-the-Money Company Option issued and outstanding immediately prior to the Effective Time, whether vested or unvested, shall be converted into the right to receive at the Effective Time, without interest, the Option Closing Consideration, less applicable withholding and payroll Taxes; provided, however, that each holder of In-the-Money Company Options shall have the right to receive any payment from the Escrow Amount payable under this Agreement and the Escrow Agreement in respect of Company Common Shares subject to such In-the-Money Company Options. Each In-the-Money Company Option, when so converted, shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist and each holder of such In-the-Money Company

Option shall cease to have any rights with respect thereto, except the right to receive the consideration set forth in this Section 3.1(c) and any payment from the Escrow Amount payable under this Agreement and the Escrow Agreement in respect of Company Common Shares subject to such In-the-Money Company Option. In the event that a Company Option is not an In-the-Money Company Option (i.e., the exercise price of such Company Option is equal to or greater than the quotient of (i) the Company Equity Consideration divided by (ii) the number of Company Common Shares, determined on a Fully Diluted Basis as of immediately prior to the Effective Time such Company Option shall be cancelled without any payment or consideration therefor and have no further force or effect.

(d) Company Warrants. Each unexpired In-the-Money Company Warrant issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive at the Effective Time, without interest, the Warrant Closing Consideration; provided, however, that each holder of In-the-Money Company Warrants shall have the right to receive any payment from the Escrow Amount payable under this Agreement and the Escrow Agreement in respect of Company Common Shares subject to such In-the-Money Company Warrants. Each In-the-Money Company Warrant, when so converted, shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist and each holder of such In-the-Money Company Warrant shall cease to have any rights with respect thereto, except the right to receive the consideration set forth in this Section 3.1(d) and any payment from the Escrow Amount payable under this Agreement and the Escrow Agreement in respect of Company Common Shares subject to such In-the-Money Company Warrant. In the event that a Company Warrant is not an In-the-Money Company Warrant (i.e., the exercise price of such Company Warrant is equal to or greater than the quotient of (i) the Company Equity Consideration divided by (ii) the number of Company Common Shares, determined on a Fully Diluted Basis as of immediately prior to the Effective Time, such Company Warrant shall be cancelled without any payment or consideration therefor and have no further force or effect.

Section 3.2 Amalgamation Sub. At the Effective Time, by virtue of the Amalgamation and without any action on the part of the holder of any capital shares of Amalgamation Sub, each common share, par value $1.00 per share, of Amalgamation Sub issued and outstanding immediately prior to the Effective Time shall be converted into one common share, par value $1.00 per share, of the Amalgamated Company.

Section 3.3 No Fractional Shares; Change in Shares.

(a) No fractional shares of Parent Common Stock shall be issued in connection with the Amalgamation. Notwithstanding any other provision of this Agreement, each holder of Company Equity Shares converted pursuant to the Amalgamation who would otherwise have been entitled to receive a fraction of a share of Parent Common Stock shall receive, in lieu thereof, cash (without interest) in an amount equal to such fractional amount multiplied by the Value Per Share.

(b) If, between the date of this Agreement and the Effective Time, the outstanding Company Capital Shares shall have been changed into, or exchanged for, a different number of shares or a different class, by reason of any share dividend, subdivision, reclassification, reorganization, recapitalization, split, combination, contribution or exchange of

shares, the Total Per Share Amalgamation Consideration and any other number or amount contained herein which is based upon the number of Company Capital Shares shall be correspondingly adjusted to provide the Company Securityholders the same economic effect as contemplated by this Agreement prior to such event.

Section 3.4 Cancellation of Treasury Shares. Each Company Capital Share held in the Company treasury or owned by any Subsidiary of the Company immediately prior to the Effective Time shall be cancelled and retired without any conversion thereof and no consideration shall be paid or delivered in exchange therefor.

Section 3.5 Appraisal Rights. Notwithstanding anything in this Agreement to the contrary, Company Common Shares or Company Class B Shares held by a dissenting shareholder ("Dissenting Shares") for the purposes of Section 106 of the Companies Act (a "Dissenting Shareholder") shall not be exchanged for the applicable consideration as provided in Section 3.1, but, instead, shall be cancelled and converted into a right to receive payment of fair value pursuant to and subject to Section 106 of the Companies Act; provided, however, if a Dissenting Shareholder fails to perfect, effectively withdraws or otherwise waives or loses such right, such Dissenting Shareholder's right to receive payment of fair value shall be exchanged as of the Effective Time into a right to receive the applicable consideration as provided in Section 3.1. The Company shall give Parent: (i) prompt notice of the existence of any Dissenting Shareholder, including any application to the Supreme Court of Bermuda pursuant to Section 106 of the Companies Act, attempted withdrawals or withdrawals of applications to the Supreme Court of Bermuda for appraisal of the fair value of the Dissenting Shares and any other instruments served pursuant to the Companies Act and received by the Company relating to any Dissenting Shareholder's rights to be paid the fair value of such Dissenting Shareholder's Dissenting Shares, as provided in Section 106 of the Companies Act; and (ii) the opportunity and right to participate in any and all substantive negotiations and proceedings with respect to demands for appraisal under the Companies Act. Except as required by the Companies Act or other applicable law, the Company shall not (i) make any payments with respect to any demand by the holder(s) of Dissenting Shares for appraisal of their Dissenting Shares, (ii) offer to settle or settle any such demands, or (iii) waive any failure to timely deliver a written demand for appraisal or timely take any other action to perfect appraisal rights in accordance with the Companies Act.

Section 3.6 Exchange of Certificates.

(a) Immediately prior to the Effective Time, and subject to Section 3.14, Parent shall make available, by transferring to the Paying Agent the Closing Payment Amount (in cash and shares of Parent Common Stock in accordance with and as required by Section 3.1); provided, however, in lieu of providing the Paying Agent with the amounts required to pay the consideration to holders of In-the-Money Company Options and Company RSUs pursuant to Section 3.1(b)(i) and Section 3.1(c), respectively, Parent may fund such amount to the Amalgamated Company at the Closing for payment of such amount to be made by the Amalgamated Company promptly following the Closing in accordance with Section 3.6(c). The Paying Agent shall hold such funds and shares of Parent Common Stock and deliver them in accordance with the terms hereof and the terms of a Paying Agency Agreement to be entered into by and among the Paying Agent, Parent and the Securityholders' Representative (the "Paying Agency Agreement"). All fees and expenses of the Paying Agent shall be shared equally by Parent and the Company.

(b) Subject to receipt by the Paying Agent and Parent of sufficient information from the Company to satisfy such obligations, the Paying Agent shall promptly mail or cause to be mailed to each record holder (other than the Company) of a certificate or certificates which, immediately prior to the Effective Time, represented issued and outstanding Company Capital Shares except for shares to be cancelled pursuant to Section 3.1(a)(iii) and Section 3.4 (the "Share Certificates"), and to each holder of an agreement evidencing any In-the-Money Company Options (including the relevant grant notices), Company RSUs (including the relevant grant notices) or Company Warrants (collectively, the "Share Agreements"), a form letter of transmittal specifying that delivery shall be effected, and risk of loss and title to the Share Certificates and Share Agreements shall pass, only upon proper delivery of the Share Certificates and Share Agreements to the Paying Agent, and instructions for use in effecting the surrender of the Share Certificates and the Share Agreements in exchange for payment therefor.

(c) At or after the Effective Time, each holder of a Share Certificate, and each holder of a Share Agreement, in each case outstanding immediately prior to the Effective Time, may surrender such Share Certificate or Share Agreement to the Paying Agent, and, subject to the provisions of this Section 3.6 and Section 3.9, and except as provided in Section 3.11 and Section 3.14, the Paying Agent shall promptly deliver or cause to be delivered to such holder a check or wire transfer, and, if applicable, a number of shares of Parent Common Stock, in an amount equal to the amount to which such holder is entitled pursuant to Section 3.1; provided, however in lieu of delivering to holders of In-the-Money Company Options and Company RSUs the amount to which such holders are entitled pursuant to Section 3.1, Parent may fund such amount to the Amalgamated Company for payment of such amount to be made by the Amalgamated Company with respect to such In-the-Money Company Options and Company RSUs in accordance with the Amalgamated Company's payroll system, but in no event shall such payment be (i) deposited with the Amalgamated Company's payroll provider later than three (3) Business Days following the Closing Date and (ii) made to holders of In-the-Money Company Options and Company RSUs later than the first regularly scheduled payroll following the deposit required pursuant to clause (i). Notwithstanding the foregoing, with respect to any Unvested Company RSUs, the Amalgamated Company shall provide to each holder thereof an award representing the right to receive the cash payment contemplated by Section 3.1(b)(ii) rather than any cash payment provided for in the prior sentence. Except as provided in the Escrow Agreement for any Company Equity Securityholder with respect to the Escrow Amount, in no event shall the holder of any such surrendered Share Certificates or Share Agreements be entitled to receive interest on any of the funds to be received in the Amalgamation.

(d) Until so surrendered, each outstanding Share Certificate and each outstanding Share Agreement, in each case immediately prior to the Effective Time, shall not be transferable on the books of the Amalgamated Company or Parent after the Effective Time, but shall be deemed for all purposes to evidence only the right to receive the applicable consideration set forth in Section 3.1 (except as provided in Section 3.11 and Section 3.14) and any payment from the Escrow Amount payable under this Agreement and the Escrow Agreement that such holders are entitled to receive pursuant to the terms of this Agreement.

(e) Parent shall be entitled to have remitted to it from the consideration deposited with the Paying Agent in accordance with this Section 3.6 an amount equal to the aggregate Founder Per Share Amalgamation Closing Consideration or Management Per Share Amalgamation Closing Consideration (as applicable) otherwise payable to any Dissenting Shareholder pursuant to this Agreement in respect of such Dissenting Shareholder's Dissenting Shares; provided, however, that Parent shall transfer to the Paying Agent an amount equal to the aggregate Founder Per Share Amalgamation Closing Consideration or Management Per Share Amalgamation Closing Consideration (as applicable) payable to any Dissenting Shareholder pursuant to this Agreement in respect of such Dissenting Shareholder's Company Capital Shares that no longer constitute Dissenting Shares, which consideration shall be paid to such Dissenting Shareholder in accordance with this Agreement.

Section 3.7 Lost Certificates and Agreements. If any Share Certificate or Share Agreement shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the record holder thereof claiming such Share Certificate or Share Agreement to be lost, stolen or destroyed, the Paying Agent shall pay to such Person the applicable consideration payable to the holder of such lost, stolen or destroyed Share Certificate or Share Agreement in accordance with Section 3.1 and Section 3.6. When authorizing such payment in exchange for any lost, stolen or destroyed Share Certificate or Share Agreement, the Person to whom the consideration is to be paid shall, as a condition precedent to the payment thereof, indemnify the Amalgamated Company in a manner reasonably satisfactory to the Amalgamated Company, against any claim that may be made against Parent, Amalgamation Sub or the Amalgamated Company with respect to the Share Certificates or Share Agreements alleged to have been lost, stolen or destroyed.

Section 3.8 Unclaimed Consideration. At any time following the one-year anniversary of the Effective Time, Parent shall be entitled to require the Paying Agent to deliver to Parent any consideration (other than consideration held with respect to the Escrow Amount) which has not been disbursed to holders of Share Certificates or Share Agreements, and thereafter such holders shall be entitled only to look to Parent and the Amalgamated Company (subject to abandoned property, escheat or other similar laws) for the consideration payable pursuant to Section 3.1 upon due surrender of their Share Certificates or Share Agreements (and Parent and the Amalgamated Company shall, subject to such laws, be required to make such cash payments). None of the Parties or the Amalgamated Company shall be liable to any Person in respect of any cash delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

Section 3.9 Withholding Rights. Parent, the Amalgamated Company or the Paying Agent shall be entitled to deduct and withhold from the consideration otherwise payable to the Company Securityholders pursuant to this Agreement, such amounts as are required to be deducted and withheld with respect to the making of such payments under the Code, or any provision of state, local or foreign Tax law. To the extent practicable, Parent shall instruct the Paying Agent or Escrow Agent with respect to Tax matters relating to employee Tax withholding prior to the Effective Time. At least three (3) Business Days before the Closing Date, the Company shall provide to Parent all information reasonably requested by Parent which is reasonably necessary to permit Parent to determine the amounts, if any, required to be withheld with respect to employee Tax withholding. To the extent that amounts are so withheld by Parent,

the Amalgamated Company or the Paying Agent, such withheld amounts shall be treated in accordance with the applicable provisions of the Code or state, local or foreign Tax laws and shall be deemed, for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made by Parent, the Amalgamated Company or the Paying Agent.

Section 3.10 Share Transfer Books. At the Effective Time, the share transfer books of the Company shall be closed, and thereafter there shall be no further registration of transfers of Company Capital Shares theretofore outstanding on the records of the Company. From and after the Effective Time, the holders of Share Certificates representing Company Capital Shares, or Share Agreements representing Company RSUs, In-the-Money Company Options or In-the-Money Company Warrants, outstanding immediately prior to the Effective Time shall cease to have any rights with respect thereto except as otherwise provided in this Agreement or by Law. On or after the Effective Time, any Share Certificates or Share Agreements presented to the Paying Agent or Parent for any reason shall be converted into the consideration payable in respect thereof pursuant to Section 3.1 without any interest thereon.

Section 3.11 Escrow Account. Concurrent with the Effective Time, Parent shall deposit, for the benefit of the Company Equity Securityholders, the Escrow Amount in immediately available funds (in the case of the Founder Escrow Cash Amount and the Management Escrow Amount) and Parent Common Stock (in the case of the Founder Escrow Stock Amount) into an escrow account (the "Escrow Account") to be established and maintained by JPMorgan Chase Bank N.A. or another escrow agent mutually acceptable to the Parties (the "Escrow Agent") pursuant to an escrow agreement, substantially in the form of Exhibit A attached hereto (the "Escrow Agreement") with such changes as may be required by the Escrow Agent and reasonably acceptable to the Parent and the Securityholders' Representative, to be entered into on the Closing Date by Parent, the Securityholders' Representative and the Escrow Agent. The Escrow Amount shall serve solely as security for and a source of payment of the Parent Indemnitee's rights pursuant to Article 9, if any.

Section 3.12 Company Transaction Expenses. Except as contemplated by Section 3.1(b)(ii), immediately prior to the Effective Time, Parent shall pay, on behalf of the Company, the Company Transaction Expenses by wire transfer of immediately available funds to such Persons as indicated on the Company Transaction Expenses Statement, such amounts to be accepted as payment in full by such Persons for all services rendered in connection with the transactions contemplated by this Agreement or in connection with any similar transaction with any Person other than Parent.

Section 3.13 Securityholders' Representative Fund. Immediately prior to the Effective Time, Parent shall deposit, for the benefit of the Company Equity Securityholders, $250,000 (such amount, the "Securityholders' Representative Fund") in immediately available funds into an account designated in writing by the Securityholders' Representative and such amount shall be used by the Securityholders' Representative solely to pay any fees, costs or other expenses it may incur in performing its duties or exercising its rights hereunder. The Securityholders' Representative Fund shall be retained in whole or in part by the Securityholders' Representative for such time as the Securityholders' Representative shall determine in its sole discretion, at which time the Securityholders' Representative shall promptly distribute to the Company Equity Securityholders their Pro Rata Portion of any then remaining amount of the Securityholders' Representative Fund.

Section 3.14 Interim Large Losses Events.

(a) If there exists any Interim Large Losses Event, the Company shall, no later than three (3) Business Days prior to the Closing Date, deliver to Parent a statement (which the Company shall update, if necessary, immediately prior to the Effective Time) (the "Company Interim Large Losses Statement") setting forth its good faith estimate of the losses to the Group Companies under In-Force Insurance Agreement(s), net of any reinsurance recoverables under any Outbound Reinsurance Agreement(s) and other recoverables and indemnifications, for each Interim Large Losses Event as of the Closing Date calculated in accordance with GAAP and the historical reserving practices of the Group Companies (the "Estimated Large Losses"). The Company Interim Large Losses Statement shall also include: (i) the difference (but not less than zero) between (x) the aggregate amount of the Estimated Large Losses for all Interim Large Losses Events less (y) $25,000,000 (the "Estimated Excess Large Losses") and (ii) the dollar amount equal to 1.5 times the Estimated Excess Large Losses (the "Escrowed Large Losses"), provided, however, that if such number is greater than zero but less than $20,000,000 (the "Large Losses Escrow Minimum"), the Escrowed Large Losses shall equal the Large Losses Escrow Minimum.

(b) Concurrent with the Effective Time, Parent shall deduct the Escrowed Large Losses from the cash portion of the Closing Payment Amount due to the Paying Agent pursuant to Section 3.6 and deposit the Escrowed Large Losses into the Escrow Account, which amount will be segregated and held separate from the Escrow Amount. The Escrowed Large Losses shall be deposited solely in the form of cash. In the event of any such deposit into the Escrow Account, the Parent and the Securityholders' Representative shall amend the Escrow Agreement on or prior to the Closing, in such form as agreed to among Parent and the Securityholders' Representative, to provide for the deposit into, and the release of the Escrowed Large Losses from, the Escrow Account in accordance with this Section 3.14.

(c) Within thirty (30) days following the Closing Date, or, in the event that the Company Interim Large Losses Statements includes a Natural Catastrophe, within ninety (90) days following the Closing Date, Parent shall prepare and deliver to the Securityholders' Representative a statement (the "Closing Interim Large Losses Statement"), together with reasonable supporting documentation therefor, setting forth its determination of the actual losses to the Group Companies under In-Force Insurance Agreement(s), net of any reinsurance recoverables under any Outbound Reinsurance Agreement(s) and other recoverables and indemnifications, for each Interim Large Losses Events as of the Closing Date, calculated in accordance with GAAP and the historical reserving practices (prior to the Closing Date) of the Group Companies, and using the lower of the best estimate and the midpoint of its actuary's range estimate (the "Re-Estimated Large Losses"). The Closing Interim Large Losses Statement shall also include the difference (but not less than zero) between (i) the aggregate amount of the Re-Estimated Large Losses for all Interim Large Losses Events less (ii) $25,000,000 (the "Excess Large Losses").

(d) Within thirty (30) days following receipt by the Securityholders' Representative of the Closing Interim Large Losses Statement, the Securityholders' Representative shall deliver written notice (an "Objection Notice") to Parent of any dispute it has with respect to the preparation or content of the Closing Interim Large Losses Statement. Any amount, determination or calculation contained in the Closing Interim Large Losses Statement and not specifically disputed in a timely delivered Objection Notice shall be final, conclusive and binding on the Parties. If the Securityholders' Representative does not timely deliver an Objection Notice with respect to the Closing Interim Large Losses Statement within such thirty (30) day period, the Closing Interim Large Losses Statement will be final, conclusive and binding on the Parties. If an Objection Notice is timely delivered within such thirty (30) day period, Parent and the Securityholders' Representative shall negotiate in good faith to resolve each dispute raised therein (each, an "Objection"). If Parent and the Securityholders' Representative, notwithstanding such good faith efforts, fail to resolve any Objections within fifteen (15) days after the Securityholders' Representative delivers an Objection Notice, then Parent and the Securityholders' Representative shall jointly engage Milliman (the "Actuarial Firm") to resolve such disputes (acting as an expert and not an arbitrator) in accordance with this Agreement as soon as practicable thereafter (but in any event within thirty (30) days after engagement of the Actuarial Firm). Parent and the Securityholders' Representative shall cause the Actuarial Firm to deliver a written report containing its calculation of the disputed Objections (which calculation shall be within the range of dispute between the Closing Interim Large Losses Statement and the Objection Notice) within such thirty (30) day period. All Objections that are resolved between the Parties or are determined by the Actuarial Firm will be final, conclusive and binding on the Parties. The fees and disbursements of the Actuarial Firm shall be allocated to the Securityholders' Representative in the same proportion that the aggregate amount of such remaining disputed items so submitted to the Actuarial Firm that is unsuccessfully disputed by the Securityholders' Representative (as finally determined by the Actuarial Firm) bears to the total amount of such remaining disputed items so submitted, if any, and the balance shall be paid by Parent. Parent and the Securityholders' Representative shall enter into an engagement letter with the Actuarial Firm promptly after its retention, which includes customary indemnification and other provisions.

(e) Parent shall, and shall cause each Group Company to, make its financial and actuarial records, actuarial personnel and advisors available to the Securityholders' Representative (including any actuaries or other representatives of the Securityholders' Representative) and the Actuarial Firm at reasonable times during the review by the Securityholders' Representative and the Actuarial Firm of, and the resolution of any Objections with respect to, the Closing Interim Large Losses Statement.

(f) Adjustments.

(i) If the Excess Large Losses for all Interim Large Losses Events as finally determined pursuant to Section 3.14(d) (the "Final Excess Large Losses") exceeds the Estimated Excess Large Losses for such Interim Large Losses Events (the amount of such excess, the "Additional Large Losses"), then within three (3) Business Days after the date on which the Final Excess Large Losses are finally determined, Parent and the Securityholders' Representative shall deliver joint written instructions to the Escrow Agent instructing the Escrow Agent to disburse from the Escrowed Large Losses (A) a

cash amount to Parent equal to the sum of (1) the Estimated Excess Large Losses plus (2) the Additional Large Losses, provided that if the foregoing sum is greater than the Escrowed Large Losses, the joint written instructions shall provide for the entire Escrowed Large Losses to be disbursed to Parent and (B) an amount to the Paying Agent (for distribution to the Company Equity Securityholders) equal to any remaining Escrowed Large Losses after making the disbursement contemplated by clause (A), it being understood and agreed that upon the release of the remaining portion of the Escrowed Large Losses to the Company Equity Securityholders, each such holder shall be entitled to receive in cash (x) the amount of such remaining portion of the Escrowed Large Losses multiplied by (y) such Company Equity Securityholders' Pro Rata Portion.

(ii) If the Final Excess Large Losses for all Interim Large Losses Events are less than the Estimated Large Losses for such Interim Large Losses Events (the amount of such deficiency, the "Large Losses Deficiency"), then within three (3) Business Days after the date on which the Final Excess Large Losses are finally determined, Parent and the Securityholders' Representative shall deliver joint written instructions to the Escrow Agent instructing the Escrow Agent to disburse from the Escrowed Large Losses (A) an amount to Parent equal to the difference between (1) the Estimated Excess Large Losses less (2) the Large Losses Deficiency, and (B) an amount to the Paying Agent (for distribution to the Company Equity Securityholders) equal to any remaining Escrowed Large Losses after making the disbursement contemplated by clause (A), it being understood and agreed that upon the release of the remaining portion of the Escrowed Large Losses to the Company Equity Securityholders, each such holder shall be entitled to receive in cash (x) the amount of such remaining portion of the Escrowed Large Losses multiplied by (y) such Company Equity Securityholders' Pro Rata Portion.

(g) Parent acknowledges and agrees that its recovery from the Escrowed Large Losses in the Escrow Account in accordance with this Section 3.14 shall be its sole and exclusive remedy with respect to any Interim Large Losses Events. Parent acknowledges that (i) it has reviewed information relating to the Excluded Large Losses Events and any events that have occurred prior to January 1, 2013 that may be potentially covered under the Insurance Agreements of the Group Companies (the "Pre-2013 Events"), and that it has fully considered such information and factored such information into its Purchase Price (including any potential adverse development in losses and reserves that may result from such Excluded Large Losses Events or Pre-2013 Events), (ii) it has had the opportunity to discuss such Excluded Large Losses Events and Pre-2013 Events with the Company's management (including its actuarial staff) and to fully review such Excluded Large Losses Events and Pre-2013 Events prior to the date hereof and (iii) except to the extent that Parent or any Parent Indemnitee expressly has any rights under this Agreement with respect thereto by reason of the Company's representations and warranties in Article IV hereof, Parent shall have no rights under this Agreement, including this Section 3.14, or otherwise with respect to any Excluded Large Losses Events or Pre-2013 Events or with respect to any adverse development in the losses or reserves relating to any such Excluded Large Losses Events or Pre-2013 Events.

Section 3.15 Founder Amalgamation Stock Consideration.

(a) The Founder Amalgamation Stock Consideration shall be in the form of voting ordinary shares, par value $1.00 per share, of Parent except, with respect to the Founder Amalgamation Stock Consideration issuable to First Reserve, to the extent otherwise provided for in this Section 3.15.

(b) In the event that the number of voting ordinary shares, par value $1.00 per share, of Parent deliverable to First Reserve at the Closing pursuant to Section 3.1 would cause First Reserve, as of immediately after the Closing, to beneficially own shares of Parent that constitute more than nine and one-half percent (9.5%) of the voting power of all shares of Parent (after giving effect to the transactions contemplated by this Agreement), Parent shall issue to First Reserve, at the Closing, the total number of shares of Parent Common Stock that First Reserve is entitled to pursuant to Section 3.1 in the form of (i) voting ordinary shares, par value $1.00 per share, of Parent, representing nine and one-half percent (9.5%) of the voting power of all shares of Parent as of immediately after the Closing (after giving effect to the transactions contemplated by this Agreement) and (ii) Parent Series B Non-Voting Preferred Stock, representing the remainder of the shares that First Reserve is entitled to pursuant to Section 3.1.

(c) In the event that First Reserve is issued shares of Parent Series B Non-Voting Preferred Stock at the Closing pursuant to Section 3.15(b), the Founder Escrow Stock Amount allocable to First Reserve (equal to First Reserve's "Founder Pro Rata Portion" (as defined in the Escrow Agreement) multiplied by the Founder Escrow Stock Amount) shall be solely in the form of Parent Series B Non-Voting Preferred Stock, and any release of the Founder Escrow Stock Amount to First Reserve pursuant to the Escrow Agreement shall be solely in the form of Parent Series B Non-Voting Preferred Stock (while any release of the Founder Escrow Stock Amount to Corsair pursuant to the Escrow Agreement shall be solely in the form of voting ordinary shares of Parent).

(d) In the event that First Reserve is not issued shares of Parent Series B Non-Voting Preferred Stock at the Closing pursuant to Section 3.15(b), but the aggregate number of shares of Parent Common Stock deliverable to First Reserve at the Closing pursuant to Section 3.1 and upon release of the Founder Escrow Stock Amount would cause First Reserve, as of immediately after the Closing, to beneficially own shares of Parent that constitute more than nine and one-half percent (9.5%) of the voting power of all shares of Parent (after giving effect to the transactions contemplated by this Agreement, and assuming the Founder Escrow Stock Amount were issued as of the Closing), the Founder Escrow Stock Amount allocable to First Reserve (equal to First Reserve's "Founder Pro Rata Portion" (as defined in the Escrow Agreement) multiplied by the Founder Escrow Stock Amount) shall be in the form of (i) voting ordinary shares, par value $1.00 per share, of Parent, such that the number of voting ordinary shares deliverable to First Reserve at the Closing pursuant to Section 3.1 and the number of voting ordinary shares allocable to First Reserve as part of the Founder Escrow Stock Amount represents nine and one-half percent (9.5%) of the voting power of all shares of Parent as of immediately after the Closing (after giving effect to the transactions contemplated by this Agreement, and assuming the Founder Escrow Stock Amount were issued as of the Closing) and (ii) Parent Series B Non-Voting Preferred Stock, representing the remainder of the shares that First Reserve is entitled to as its allocable portion of the Founder Escrow Stock Amount.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the Company Schedules, the Company hereby represents and warrants to Parent and Amalgamation Sub as follows:

Section 4.1 Organization and Qualification; Subsidiaries.

(a) The Company is an exempted company duly organized, validly existing and in good standing or similar concept under the Laws of Bermuda. Each Group Company (other than the Company) is an exempted company, corporation, limited liability company, limited partnership or other applicable business entity duly organized, validly existing and in good standing or similar concept (if applicable) under the Laws of its jurisdiction of formation, except for such failures to be in good standing that would not reasonably be expected to be material to the Group Companies taken as a whole. Each Group Company has the requisite company or corporate, limited liability company, limited partnership or other applicable business entity power and authority to own, lease and operate its properties and to carry on its businesses as presently conducted. The Company has delivered to Parent complete and correct copies of each Group Company's respective Governing Documents in effect as of the date of this Agreement, and no Group Company is in material violation of any of the provisions of its respective Governing Documents.

(b) Each Group Company is duly qualified or licensed to transact business and is in good standing or similar concept (if applicable) in each jurisdiction in which the property and assets owned, leased or operated by it, or the nature of the business conducted by it, makes such qualification or licensing necessary, except in such jurisdictions where the failure to be so duly qualified or licensed and in good standing or similar concept would not reasonably be expected to have a Company Material Adverse Effect.

(c) The Company conducts its insurance operations through its Subsidiaries set forth in Schedule 4.1(c) (which, for the avoidance of doubt, excludes service companies, holding companies and other intermediary companies) (collectively, the "Company Insurance Subsidiaries"). Each of the Company Insurance Subsidiaries is, where required, (i) duly licensed or authorized as an insurance company in its jurisdiction of incorporation, (ii) duly licensed or authorized as an insurance company or is an eligible excess or surplus lines insurer, in each other jurisdiction where it is required to be so licensed, authorized or eligible and (iii) duly authorized or eligible in its jurisdiction of incorporation and each other applicable jurisdiction to write each line of business reported as being written in the Company Statutory Financial Statements, except where the failure to be so licensed, authorized or eligible would not reasonably be expected to be material to the insurance operations of such Company Insurance Subsidiary.

Section 4.2 Capitalization of the Group Companies.

(a) The authorized capital shares of the Company consists of (i) 909,000,000 Company Common Shares of which 98,868,774 shares are issued and outstanding as of the date hereof, (ii) 11,000,000 Company Class B Shares of which 4,845,984 shares are issued and outstanding as of the date hereof, (iii) no Company Class C Shares of which no shares are issued

and outstanding as of the date hereof, (iv) 500 Series A Preferred Shares, of which 500 are issued and outstanding as of the date hereof and (v) 300 Series B Preferred Shares, of which 300 are issued and outstanding as of the date hereof. As of the date hereof, (i) no Company Common Shares, no Company Class B Shares and no Company Class C Shares are held in the Company's treasury and (ii) 6,500,000 Company Common Shares are available for issuance under the Company Incentive Plan, of which 2,928,866 Company Common Shares are subject to Company Options that have been granted under the Company Incentive Plan and 2,816,793 Company Common Shares are subject to Company RSUs that have been granted under the Company Incentive Plan. Schedule 4.2(a) sets forth a complete and correct list as of the date hereof of (i) each outstanding Company Option and Company RSU and (ii) each outstanding Company Warrant, including, as applicable, the holder, date of grant or issue, exercise price (to the extent applicable), vesting schedule and number and class of Company Capital Shares subject thereto. All of the outstanding Company Capital Shares are, and all Company Capital Shares that may be issued pursuant to any Company Employee Benefit Plan will be, when issued in accordance with the respective terms thereof, duly authorized, validly issued, fully paid and nonassessable and have been offered, issued, sold and delivered by the Company in compliance with all applicable securities Laws. Except as set forth above in this Section 4.2(a), and as set forth in Schedule 4.2(b), as of the date hereof, there are no outstanding (i) equity securities of the Company, (ii) securities of the Company convertible into or exchangeable for, at any time, equity securities of the Company, (iii) bonds, debentures, notes or other indebtedness having voting rights in the Company or (iv) options or other rights to acquire from the Company or obligations of the Company to issue, any equity securities or securities convertible into or exchangeable for equity securities of the Company. Except as set forth in Schedule 4.2(a), no Group Company is subject to any voting agreement with respect to the voting of any capital stock or voting securities of, or other equity interests in, any Group Company.

(b) Except as set forth in Schedule 4.2(b) or in connection with any action taken by the Company in accordance with Section 6.1, except for the Preferred Shares, Company RSUs, Company Options and Company Warrants and except as set forth in the Memorandum of Association and the Company Bye-laws, the Company has not granted and is not a party to or otherwise obligated by any agreements, options, warrants, calls, or rights relating to the issuance, sale, purchase or redemption of any capital shares or other equity interest of the Company, whether on conversion of other securities or otherwise, or obligating the Company to grant, extend or enter into any such agreement, option, warrant, call, or right, and there are no outstanding contractual rights to which the Company is a party the value of which is based on any Company Capital Shares. Except for the rights of the Preferred Shares or as set forth in Schedule 4.2(b), none of the issued and outstanding Company Capital Shares has been issued in violation of, or is subject to, any preemptive or subscription rights.

(c) Except as set forth on Schedule 4.2(c), no Group Company directly or indirectly owns any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for, at any time, any equity or similar interest in, any Person other than investment assets held in the ordinary course of business. All outstanding equity securities of each Subsidiary of the Company (except to the extent such concepts are not applicable under the applicable Law of such Subsidiary's jurisdiction of formation) have been duly authorized and validly issued, are free and clear of any preemptive rights (other than such rights as may be held by any Group Company), restrictions on transfer (other than restrictions under applicable federal,

state and other securities Laws), or Liens (other than Permitted Liens) and are wholly owned, beneficially and of record, by another Group Company. Except for any securities of a Group Company held by another Group Company, there are no outstanding (i) equity securities of any Subsidiary of the Company, (ii) securities of any Subsidiary of the Company convertible into or exchangeable for, at any time, equity securities of any Subsidiary of the Company, (iii) bonds, debentures, notes or other indebtedness having voting rights in any Subsidiary of the Company or (iv) options or other rights to acquire from any Subsidiary of the Company, and no obligation of any Subsidiary of the Company to issue, any equity securities or securities convertible into or exchangeable for, at any time, equity securities of any Subsidiary of the Company. No Subsidiary of the Company has granted or is a party to or otherwise obligated by any agreements, options, warrants, calls or rights relating to the issuance, sale, purchase or redemption of any capital shares or other equity interest of such Subsidiary, whether on conversion of other securities or otherwise, or obligating such Subsidiary to grant, extend or enter into any such agreement, option, warrant, call or right, and there are no outstanding contractual rights to which any such Subsidiary is a party the value of which is based on any capital shares or other equity interest of such Subsidiary. None of the issued and outstanding capital shares or other equity interest of any Subsidiary of the Company has been issued in violation of, or is subject to, any preemptive or subscription rights.

(d) Of the 4,845,984 Company Class B Shares issued and outstanding as of the date hereof, all of such Company Class B Shares are held by Ogier Nominee (Jersey) Limited (the "Employee Trust"). Of the Company Class B Shares held by the Employee Trust, (i) 3,845,984 of such Company Class B Shares have not been allocated or otherwise designated to any Person by the Company, the Employee Trust or the Ogier Employee Benefit Trustee Limited, which serves as trustee for the Employee Trust (the "Employee Trustee"), and no Person other than the Employee Trust and the Employee Trustee has any interest (financial or otherwise) in such Company Class B Shares (the "Unallocated Company Class B Shares"), and (ii) 1,000,000 of such Company Class B Shares have been allocated or otherwise designated (with the Employee Trust retaining joint ownership thereof) to certain individuals who are current or former officers or employees of the Company (the "Allocated Company Class B Shares"), of which (x) 400,000 have been structured in the form of restricted stock units and are being treated as Company RSUs for purposes of this Agreement and (y) 600,000 have been issued subject to the arrangements described below in subsection (g) (clause (y), the "Allocated Company Class B Share Interests").

(e) The Company intends to redeem and cancel the Unallocated Company Class B Shares prior to the Effective Time such that immediately prior to the Effective Time there shall be no Unallocated Company Class B Shares outstanding and, assuming such redemption occurs, no consideration under this Agreement or otherwise (other than the cancellation and forgiveness of the amount outstanding under the Loan Facility corresponding to such redeemed Unallocated Company Class B Shares) will be owed by Parent, Amalgamation Sub, the Amalgamated Company or any Group Company to any holder or purported holder of any interest in such Unallocated Company Class B Shares. As of the date hereof, the amount of the loan under the Loan Facility that corresponds to the Unallocated Company Class B Shares is greater than the amount of the Total Per Share Amalgamation Consideration payable under this Agreement in respect of such Unallocated Company Class B Shares.

(f) If at the Effective Time any Unallocated Company Class B Shares have not been redeemed, Parent and Amalgamation Sub shall be entitled pursuant to the terms of all applicable plans, awards, agreements, certificates and trust documents related to the Unallocated Company Class B Shares to pay the consideration provided for in this Agreement with respect to such Unallocated Company Class B Shares to the Company as contemplated by Section 3.1(a)(i)(C) and, following the Effective Time, such consideration then held by the Company shall be unrestricted and available for use by the Company for its general corporate purposes. At the Effective Time, the amount of the loan under the Loan Facility that corresponds to any unredeemed Unallocated Company Class B Shares will be greater than the Total Per Share Amalgamation Consideration payable under this Agreement in respect of such Unallocated Company Class B Shares. From and after the Effective Time, no holder or purported holder of any interest in any Unallocated Company Class B Share is or will be owed any consideration under this Agreement or otherwise.

(g) The terms and conditions upon which the Allocated Company Class B Share Interests were issued provide that the holder of any interest in such Allocated Company Class B Share Interests shall only be entitled to realize any value for such Allocated Company Class B Share Interests if their value exceeds certain specified threshold amounts. The Total Per Share Amalgamation Consideration will not exceed such threshold amount applicable to any Allocated Company Class B Share Interest, therefore, pursuant to the terms of all plans, awards, agreements, certificates and trust documents related to the Allocated Company Class B Share Interests, Parent and Amalgamation Sub are entitled to pay the consideration provided for in this Agreement with respect to such Allocated Company Class B Share Interests to the Company as contemplated by Section 3.1(a)(i)(C) and, following the Effective Time, such consideration then held by the Company shall be unrestricted and available for use by the Company for its general corporate purposes. From and after the Effective Time, no holder or purported holder of any interest in any Allocated Company Class B Share Interest is or will be owed any consideration under this Agreement or otherwise.

(h) The Employee Trustee is the borrower under the Loan Facility . No amount borrowed by the Employee Trustee for its own account or on behalf of the Employee Trust or the beneficiaries thereof has been recorded as a receivable or other asset in the Company Financial Statements. All loan amounts outstanding under the Loan Facility are valid, binding and collectible, and Parent and Amalgamation Sub shall be entitled to credit against such loan any and all consideration payable hereunder with respect to the Company Class B Shares (except the 400,000 Company Class B Shares treated as if they were Company RSUs under this Agreement), and neither Parent, Amalgamation Sub nor the Company shall be obligated to pay in cash any amounts to the Company, the Employee Trustee or the Employee Trust in respect of such Company Class B Shares, but shall instead be entitled to credit any and all such payments against the amount outstanding under the Loan Facility.

Section 4.3 Authority. The Company's board of directors has, by resolutions duly adopted and in effect as of the date hereof and the Closing Date, determined that the Amalgamation is advisable and fair to, and in the best interests of, the Company and approved and adopted this Agreement, the Amalgamation Agreement and the transactions contemplated hereby and thereby, including the Amalgamation. The Company has the requisite corporate power and authority to execute and deliver this Agreement and each other agreement, document,

instrument and/or certificate contemplated by this Agreement to be executed in connection with the transactions contemplated hereby (the "Ancillary Documents") and, subject to the receipt of the Company Shareholder Approval, to consummate the transactions contemplated hereby and thereby. Subject to the receipt of the Company Shareholder Approval, the execution and delivery of this Agreement and each Ancillary Document to which the Company is a party and the consummation of the transactions contemplated hereby and thereby have been, and the execution and delivery of each of the Ancillary Documents to which the Company is a party will be, duly and validly authorized by all necessary corporate action on the part of the Company and no other proceeding or action on the part of the Company is necessary to authorize this Agreement and the Ancillary Documents to which the Company is a party or to consummate the transactions contemplated hereby or thereby. This Agreement has been (and the Ancillary Documents to which the Company is a party will be) duly and validly executed and delivered by the Company and constitutes (and each Ancillary Document to which the Company is a party will constitute) a valid, legal and binding agreement of the Company (assuming that this Agreement has been and the Ancillary Documents to which the Company is a party will be duly and validly authorized, executed and delivered by Parent, Amalgamation Sub, the Securityholders' Representative, the Paying Agent and/or Escrow Agent), enforceable against the Company in accordance with their terms, except (i) to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting the enforcement of creditors' rights generally and (ii) that the availability of equitable remedies, including, specific performance, is subject to the discretion of the court before which any proceeding thereof may be brought.

Section 4.4 Financial Statements.

(a) The Company has furnished to Parent true and complete copies of the following financial statements (such financial statements, the "Company Financial Statements"):

(i) The audited consolidated balance sheet of the Company as of December 31, 2011 and 2012, and the related audited consolidated statements of income and cash flows for the fiscal years ended December 31, 2010, 2011 and 2012; and

(ii) The unaudited consolidated balance sheet of the Company as of March 31, 2013 (the "Latest Company Balance Sheet"), and the related unaudited consolidated statements of income for the three (3) month period then ended .

(b) (i) Except as set forth on Schedule 4.4(b), the audited Company Financial Statements (i) have been prepared in all material respects in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, except as may be indicated in the notes thereto and (ii) fairly present, in all material respects, the consolidated financial position of the Group Companies as of the dates thereof and their consolidated results of operations and cash flows for the periods then ended.

(ii) Except as set forth on Schedule 4.4(b), the unaudited Company Financial Statements (i) have been prepared from the management accounts of the Group Companies in accordance with accounting principles consistent with those used in the preparation of the fiscal year ended December 31, 2012 Company Financial Statements,

except as may be indicated in the notes thereto and subject to the absence of footnotes and normal year end adjustments and (ii) fairly present, in all material respects, the consolidated financial position of the Group Companies as of the dates thereof and their consolidated results of operations for the periods then ended, subject to the absence of footnotes and normal year end adjustments.

(c) The management of the Group Companies is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements of the Group Companies and to provide reasonable assurance against the possibility of misstatements that are material to the consolidated financial statements whether due to error or fraud. Management of the Group Companies has, based on its evaluation conducted in connection with the fiscal year ended December 31, 2012 Company Financial Statements, disclosed to the Group Companies' respective auditors and audit committees: (x) all deficiencies in the design or operation of internal control over financial reporting of which it is aware, which could adversely affect the Company's ability to initiate, authorize, record, process or report financial data and (y) all deficiencies that management believes to be significant deficiencies or material weaknesses in internal control over financial reporting, as those terms are defined in AU-C Section 265, Communicating Internal Control Related Matters Identified in an Audit.

(d) Neither the Company nor any Group Company is a party to, or has any commitment to become a party to, any joint venture, off balance sheet partnership or any similar contract (including any contract or arrangement relating to any transaction or relationship between or among the Company and any Group Company, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or person, on the other hand, or any "off balance sheet arrangements" (as defined in Item 303(a) of Regulation S-K under the Exchange Act), where the result, purpose or intended effect of such contract is to avoid disclosure of any transaction involving, or liabilities of, the Company or any Group Company in the Company's or such Group Company's financial statements.

(e) The Company has furnished to Parent true and complete copies of the statutory statements of each of the Company Insurance Subsidiaries as filed with the applicable insurance regulatory authorities in their respective jurisdictions of domicile (in the case of Bermuda, the Bermuda Monetary Authority) for the year ended December 31, 2012 and the quarterly period ended March 31, 2013, together with all exhibits, interrogatories, notes, schedules and actuarial opinions, affirmations or certificates related thereto or required in connection therewith (such statutory statements and materials, the "Company Statutory Financial Statements"), and all other material reports, registrations, statements and certifications, together with any amendments required to be made with respect thereto required by the Company and each Company Insurance Subsidiary to be filed with or submitted to any insurance regulatory authority (collectively, the "Other Regulatory Filings"). Each Company Insurance Subsidiary has filed or submitted all Company Statutory Financial Statements and Other Regulatory Filings required to be filed with or submitted to the appropriate insurance regulatory authorities of the jurisdiction in which it is domiciled on forms prescribed or permitted by such authority. The Company Statutory Financial Statements (i) have been prepared in all material respects in accordance with SAP applied on a consistent basis throughout the periods covered thereby, except as may be indicated in the notes thereto and (ii) fairly present, in all material respects, the

statutory financial position of the applicable Company Insurance Subsidiary as of the dates thereof and their results of operations for the periods then ended. Except as indicated therein, all assets that are reflected on the Company Statutory Financial Statements comply in all material respects with all applicable insurance Laws regulating the investments of the Company Insurance Subsidiaries, as applicable, and each Company Insurance Subsidiary maintains, as of the date of the Latest Company Balance Sheet, admitted assets in an amount at least equal to the minimum capital and surplus required by applicable insurance Laws. The financial statements included in the Company Statutory Statements accurately reflect in all material respects the extent to which, pursuant to applicable Laws and applicable SAP, each Company Insurance Subsidiary is entitled to take credit for reinsurance (or any local equivalent concept).

Section 4.5 Consents and Approvals; No Violations. Assuming the truth and accuracy of the representations and warranties of Parent and Amalgamation Sub set forth in Section 5.5, no material notices to, filings with, or authorizations, consents or approvals of any Person or Governmental Entity are necessary for the execution, delivery or performance by any Group Company of this Agreement or the Ancillary Documents to which such Group Company is a party or the consummation by the Company and the Founders of the transactions contemplated hereby (including the disposition by the Founders of their interests in the Group Companies and the receipt by the Founders of the Founder Amalgamation Stock Consideration), except for (i) the Company Shareholder Approval, (ii) the filing of the Amalgamation Application with the Registrar, (iii) compliance with and filings under the HSR Act and other Antitrust Laws, (iv) filings with, and approval of, the Bermuda Monetary Authority and the insurance regulatory authorities in the jurisdictions listed in Schedule 4.5 (the "Company Insurance Approvals"), and (v) those that may be required solely by reason of Parent's or Amalgamation Sub's (as opposed to any other third party's) participation in the transactions contemplated hereby. Neither the execution, delivery or performance by the Company of this Agreement or the Ancillary Documents to which the Company is a party nor the consummation by the Company of the transactions contemplated hereby or thereby, subject to the receipt of the Company Shareholder Approval, will (a) conflict with or result in any breach of any provision of any Group Company's Governing Documents, (b) except as set forth in Schedule 4.5, result in a violation or breach of, or cause acceleration, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, modification or acceleration) under any of the terms, conditions or provisions of any Company Material Contract, Material Company Real Property Lease or Company Material Permit, (c) violate in any material respect any Law, writ, injunction or decree of any Governmental Entity having jurisdiction over any Group Company or any of their respective properties or assets or (d) except as contemplated by this Agreement or with respect to Permitted Liens, result in the creation of any Lien upon any material assets of any Group Company.

Section 4.6 Material Contracts.

(a) Except for this Agreement and except for any Company Real Property Leases, Company Employee Benefit Plans and insurance policies or contracts pursuant to which any Group Company ceded or assumed insurance or reinsurance, as of the date of this Agreement, no Group Company is a party to or bound by any:

(i) agreements with Governmental Entities;

(ii) agreements that limit or purport to limit the ability of any Group Company to compete in any line of business or with any other Person or in any geographic area or during any period of time;

(iii) joint venture, partnership, strategic alliance and business acquisition or divestiture agreements;

(iv) agreements to which an Affiliate of any Group Company is a party (other than agreements solely among one Group Company and one or more other Group Companies);

(v) agreements relating to issuances of securities of any Group Company;

(vi) agreements or indentures relating to Indebtedness or undrawn letters of credit;

(vii) leases or agreements under which any Group Company is the lessee of or holds or operates any tangible property, owned by any other Person, except for any lease or agreement under which the aggregate annual rental payments do not exceed $500,000;

(viii) leases or agreements under which any Group Company is the lessor of or permits any third party to hold or operate any tangible property, owned or controlled by the Company, except for any lease or agreement under which the aggregate annual rental payments do not exceed $500,000;

(ix) contracts that relates to any material disposition or acquisition of assets or properties by any Group Company, or any merger, amalgamation or business combination with respect to any Group Company;

(x) material agreements containing most favored nations or most favored customer provisions or non-competition or non-solicitation covenants (other than employee non-competition and non-solicitation covenants);

(xi) contracts that provide for the guarantee of any liability of any Person (other than a Group Company);

(xii) other contracts that involves the expenditure, payment or receipt of more than $500,000 in the aggregate and is not terminable by the Company without penalty on notice of 90 days or less;

(xiii) any material capital maintenance or similar agreements pursuant to which any Group Company has agreed to contribute capital or surplus to any other Group Company or to any third party under specified circumstances and/or maintain such Group Company or third party's capital or surplus at specified levels; and

(xiv) contracts that grant binding authority to any insurance agent of a Group Company (collectively, with subsections (i) through (xiii), and together with Company Real Property Leases, Company Employee Benefit Plans, Group Company IP Agreements, Company Reinsurance Agreements and Company Agent Contracts, the "Company Material Contracts").

(b) The Company has provided to Parent correct and complete copies of all Company Material Contracts, including any amendments thereto. Each Company Material Contract is valid and binding on the applicable Group Company, in full force and effect and enforceable in accordance with its terms against such Group Company and, to the knowledge of the Company, each other party thereto (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting generally the enforcement of creditors' rights and subject to general principles of equity). During the past two (2) years, no Group Company has received written notice of any event or condition that constitutes, or, after notice or lapse of time or both, will constitute, any default under or any cancellation of any Company Material Contract, except for defaults that have not been or reasonably would not be expected to be material to any Group Company party to such Company Material Contract. To the knowledge of the Company, there are no events or conditions which constitute, or, after notice or lapse of time or both, will constitute, a default on the part of any party under any Company Material Contract or result in the termination of, or cause or permit the acceleration or other modification of any right or obligation or the loss of any benefit thereunder, and no Group Company or, to the knowledge of the Company, any third party has violated any provision of, or failed to perform any obligation required under the provisions of any Company Material Contract, except for defaults, violations or failures that have not been or reasonably would not be expected to be material to any Group Company party to such Company Material Contract. No Group Company that is party to any Company Material Contract and, to the knowledge of the Company, no counterparty under any Company Material Contract is insolvent or the subject of a rehabilitation, liquidation, conservatorship, receivership, bankruptcy or similar proceeding. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereunder shall constitute a default under, give rise to cancellation rights under, or otherwise adversely affect any of the material rights of any Group Company under any Company Material Contract.

Section 4.7 Absence of Changes; Undisclosed Liabilities.

(a) Since the date of the Latest Company Balance Sheet, except as expressly contemplated by this Agreement, (i) there has not been any event, change, occurrence or circumstance that has had or would reasonably be expected to have a Company Material Adverse Effect and (ii) each Group Company has conducted its business in the ordinary course of business. Since the date of the Latest Company Balance Sheet, there has not been any action taken by the Company or any other Group Company that, if taken during the period from the date of this Agreement through the Closing Date without Parent's consent, would constitute a breach of Section 6.1(a)(ii), (iv), (v), (vii), (xi), (xiii), (xix) or (xxv).

(b) No Group Company has any material liability or obligation of any kind whatsoever in existence, whether accrued, contingent, absolute or otherwise, of any nature that would be required under GAAP, as in effect on the date of this Agreement, to be reflected on the consolidated balance sheet of the Company (including in any of the notes thereto) except for: (i) liabilities and obligations as reflected or reserved against in the Latest Company Balance Sheet (including in any of the notes thereto) or (ii) liabilities and obligations that have arisen since the date of the Latest Company Balance Sheet in the ordinary course of business; provided, however,

that it is acknowledged and agreed by the Company, Parent and Amalgamation Sub that no Group Company is making any representation or warranty (express or implied) as to the adequacy or sufficiency of reserves for claims, losses (including incurred, but not reported, losses), loss adjustment expenses (whether allocated or unallocated) and unearned premiums as of any date.

Section 4.8 Litigation. As of the date of this Agreement, there is no suit, litigation, arbitration, claim, action or proceeding pending or, to the Company's knowledge, threatened or under investigation against any Group Company, any material property or material asset of any Group Company, or, to the Company's knowledge, any present or former officer or director of any Group Company before any Governmental Entity (relating to actions of such Person in his or her capacity as an officer or director of any Group Company), which (a) has had or would reasonably be expected to be material to any Group Company, (b) could, in any material respect, prohibit or restrict any Group Company from operating its business as currently operated or (c) that could reasonably be expected to prevent or materially delay the consummation of the transactions contemplated by this Agreement. No Group Company is subject to any outstanding order, writ, injunction or decree as of the date hereof (other than those applicable generally to insurers in one or more of the Group Companies' lines of business).

Section 4.9 Compliance with Applicable Law. The Group Companies hold all material permits, licenses, approvals, certificates and other authorizations of and from, and have made all declarations and filings with, all Governmental Entities necessary for the lawful conduct of their respective businesses as presently conducted (the "Company Material Permits"). No Group Company is in material default or violation of any Company Material Permit to which it is a party and no event has occurred that would reasonably be expected to cause a revocation, suspension, lapse or other limitation of any Company Material Permit. Since January 1, 2012, the business of the Group Companies has been operated in material compliance with all applicable Laws of all Governmental Entities. Without limitation of the foregoing, each of the Company Insurance Subsidiaries is marketing or selling insurance products in compliance with insurance Laws applicable to the business of such Company Insurance Subsidiary in the respective jurisdictions in which such products are being marketed or sold, except for such non-compliance that would not, individually or in the aggregate, reasonably be expected to be material to such Company Insurance Subsidiary.

Section 4.10 Employee Plans.

(a) Schedule 4.10(a) contains a correct and complete list of each Company Employee Benefit Plan. With respect to each Company Employee Benefit Plan, the Company has made available to Parent copies, to the extent applicable, of (i) the plan and trust documents and the most recent summary plan description, (ii) the most recent annual report (Form 5500 series), (iii) the most recent financial statements, (iv) the most recent Internal Revenue Service determination or opinion letter and (v) any material associated administrative agreements or insurance policies.

(b) No Company Employee Benefit Plan is a Multiemployer Plan and no Group Company has withdrawn at any time within the preceding six (6) years from any Multiemployer Plan, or incurred any withdrawal liability which remains unsatisfied, and to the

Company's knowledge, no events have occurred and no circumstances exist that could reasonably be expected to result in any such liability to any Group Company. No Company Employee Benefit Plan is subject to Title IV of ERISA or provides health or other welfare benefits to former employees of any Group Company, other than health continuation coverage mandated by applicable Law, including, without limitation, under COBRA or similar non-U.S. Law.

(c) Each Company Employee Benefit Plan has been maintained and administered in compliance in all material respects with the applicable requirements of ERISA, the Code and any other applicable Laws. Each Company Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination from the Internal Revenue Service or is the subject of a favorable opinion from the Internal Revenue Service on the form of such Company Employee Benefit Plan and, to the Company's knowledge, there are no facts or circumstances that would be reasonably likely to adversely affect the qualified status of any such Company Employee Benefit Plan.

(d) Except as set forth on Schedule 4.10(d), neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in combination with another event) result in the payment of any amount that would, individually or in combination with any other such payment, not be deductible as a result of Section 280G of the Code.

(e) All Company Employee Benefit Plans subject to the Laws of any jurisdiction outside of the United States (i) have been maintained in accordance in all material respects with all applicable requirements, (ii) if they are intended to qualify for special Tax treatment, meet all requirements for such treatment and (iii) if they are intended to be funded and/or book-reserved, are fully funded and/or book reserved, as appropriate, based upon reasonable actuarial assumptions.

(f) Schedule 4.10(f) sets forth a true and correct list, as of the date of this Agreement, of all employees of each Group Company, as well as the position, corporate and functional title, status as exempt or non-exempt, identification number, hire date, status as full-or part-time, status as active or on leave (and if on leave, the date leave commenced), geographic location and remuneration (including base salary, base wage, commission schedule, prior year's incentive award and current year's incentive opportunity, in each case, as applicable) of each such employee. Within fifteen (15) Business Days before the Closing, the Company shall update Schedule 4.10(f) to reflect any employees whose employment has terminated and any other change in the information on Schedule 4.10(f).

Section 4.11 Environmental Matters. The Group Companies are in material compliance with all Environmental Laws. Without limiting the generality of the foregoing, the Group Companies hold and are in material compliance with all permits, licenses and other authorizations that are required pursuant to Environmental Laws. No Group Company has received in the past two (2) years any currently unresolved written notice of any material violation of, or material liability (including any investigatory, corrective or remedial obligation) under, any Environmental Laws.

Section 4.12 Intellectual Property.

(a) The Group Companies own, license or otherwise have the right to use, free and clear of all Liens except for Permitted Liens, the Intellectual Property Rights necessary for the conduct of the business of the Group Companies as currently conducted (collectively, the "Group Company IP Rights"). Schedule 4.12(a) sets forth a complete and correct list of all (i) patents, trademarks and service marks, copyrights, internet domain names, registrations and applications for Group Company IP Rights owned or licensed by any Group Company, all of which are subsisting and, to the Company's knowledge, valid, and (ii) material software products owned or licensed by any Group Company.

(b) There is not pending or threatened in writing against any Group Company any claim by any third party contesting the use or ownership of any material Group Company IP Right owned by such Group Company, or alleging that any Group Company is infringing any Intellectual Property Rights of a third party, and there are no claims pending or threatened in writing that have been brought by any Group Company against any third party alleging infringement of any Intellectual Property Rights owned by such Group Company. The conduct of the business of the Group Companies as currently conducted does not infringe any Intellectual Property Rights of any third party and, to the Company's knowledge, no third party is infringing any material Group Company IP Rights.

(c) Schedule 4.12(c) sets forth a list of all material agreements pertaining to the Group Company IP Rights, other than (i) agreements for the use of commercially available software and (ii) customer agreements entered into by any Group Company in the ordinary course of business (collectively, the "Group Company IP Agreements"). During the past two (2) years, no Group Company has received written notice of any default under any Group Company IP Agreement, except for defaults that have not had or reasonably would not be expected to have a Company Material Adverse Effect.

(d) The Group Companies have taken commercially reasonable steps to maintain the confidentiality of their material trade secrets, including by maintaining a customary business practice requiring each employee, officer, consultant, or outside contractor having access to the Group Companies' confidential or proprietary information to execute confidentiality or similar agreements.

(e) The Group Companies have established and are in material compliance with commercially reasonably security programs that are intended to protect the security, confidentiality and integrity of transactions executed through their computer systems, including encryption and/or other security protocols and techniques when appropriate. No Group Company has suffered a material security breach with respect to their data or systems, and no Group Company has notified customers or employees of any material information security breach.

Section 4.13 Labor Matters.

(a) No Group Company is a party to any collective bargaining agreement or other labor union contract applicable to employees of such Group Company and, to the knowledge of the Company, there are not any activities or proceedings of any labor union to organize any such employees. During the last two (2) years, (i) there has been no unfair labor practice charge or complaint pending before any applicable Governmental Entity relating to any Group Company or any employee thereof; (ii) there has been no labor strike, material slowdown or material work stoppage or lockout pending or threatened against or affecting any Group Company, and no Group Company has experienced any strike, material slowdown or material work stoppage, lockout or other collective labor action by or with respect to its employees; (iii) there has been no representation claim or petition pending before any applicable Governmental Entity, and no question concerning representation exists relating to the employees of any Group Company; and (iv) there have been no charges with respect to or relating to any Group Company pending before any applicable Governmental Entity responsible for the prevention of unlawful employment practices.

(b) Each Group Company has been in compliance in all material respects with all applicable Laws relating to employment of labor, including all applicable Laws relating to wages, hours, collective bargaining, employment discrimination, civil rights, safety and health, workers' compensation, pay equity, classification of employees, and the collection and payment of withholding and/or social security Taxes.

Section 4.14 Insurance. Schedule 4.14 contains a complete and correct list of all policies of fire, liability, workers' compensation, property, casualty and other forms of insurance owned or held by the Group Companies as of the date of this Agreement. All such policies are in full force and effect and will remain in full force and effect after the Closing, all premiums with respect thereto covering all periods up to and including the Closing Date will have been paid, and no notice of cancellation or termination has been received by any Group Company with respect to any such policy. The nature and extent of such policies are reasonably sufficient for the Group Companies' businesses in all material respects. No Group Company has made any claim under any such policy during the two (2) year period prior to the date of this Agreement with respect to which an insurer has, in a written notice to a Group Company, questioned, denied or disputed or otherwise reserved its rights with respect to coverage and no insurer has threatened in writing to cancel any such policy.

Section 4.15 Tax Matters.

(a) Other than as disclosed in Schedule 4.15(a), each Group Company has prepared and duly filed with the appropriate domestic federal, state, local and foreign taxing authorities all income and other material Tax returns, information returns, statements, forms, filings, reports and any other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof (each, a "Tax Return" and, collectively, the "Tax Returns") required to be filed with respect to any Group Company and has timely paid all income and other material Taxes owed or payable by it (whether or not shown on any Tax Return), including Taxes which any Group Company is obligated to withhold. To the extent payment of any Taxes that have accrued is not yet due, the amount of such accrued Taxes is properly and fully reflected or otherwise taken into account in adequate reserves in the Company Financial Statements or, in the case of periods since the Latest Company Balance Sheet, on the Company's or the Subsidiaries' books and records. Since December 31, 2012, no Taxes have accrued with respect to any Group Company other than Taxes arising in the ordinary course of

business. Each Group Company has withheld each Tax required to have been withheld in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, shareholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(b) Except as disclosed in Schedule 4.15(b), no Group Company is currently the subject of an ongoing Tax audit, suit, proceeding, investigation, claim, examination or other administrative or judicial proceeding, nor, to the Company's knowledge, has any audit, suit, proceeding, investigation, claim, examination or other administrative or judicial proceeding been threatened.

(c) No Group Company has consented to waive or extend the time, or is the beneficiary of any waiver or extension of time, in which any Tax may be assessed or collected by any taxing authority.

(d) No Group Company has received from any taxing authority any written notice of any material proposed, asserted or assessed adjustment, deficiency or underpayment of Taxes.

(e) There are no Liens for Taxes against any of the assets of a Group Company, other than Permitted Liens.

(f) No Group Company is a party to, or bound by, any agreement or arrangement relating to the apportionment, sharing, indemnity, assignment or allocation of any Taxes pursuant to which it will have any obligation to make any payments after the Closing (other than a contract among members of a group the common parent of which is the Company or any agreement or arrangement pertaining to the sale or lease of assets of any Group Company or pursuant to commercial financing arrangements).

(g) No Group Company has been either a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for Tax-free treatment under Section 355 of the Code in the two (2) years prior to the date of this Agreement or in a distribution which could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) in conjunction with the transactions contemplated by this Agreement.

(h) To the Company's knowledge, no claim has been made in writing by any taxing authority of a jurisdiction where the Company or any of its Subsidiaries did not file Tax Returns, or a particular kind of Tax Return, that such Company or Subsidiary should have filed such Tax Return or Returns or is or may be subject to Tax in that jurisdiction.

(i) No Group Company has agreed to make, or is it required to make, any adjustment under Section 481(a) of the Code or any similar provision of state, local or foreign Tax law by reason of a change in accounting method or otherwise and there is no application pending with any taxing authority requesting permission for any change in any accounting method for Tax purposes and no taxing authority has proposed any such adjustment or change in accounting method.

(j) No Group Company has been a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011-4(b).

(k) Except as disclosed in Schedule 4.15(k), the Company has made available to Parent correct and complete copies of all federal, state and foreign income Tax Returns filed for the Company and its Subsidiaries for the taxable years 2009, 2010, 2011 and 2012.

(l) Except as disclosed in Schedule 4.15(l), no Group Company has requested a ruling in respect of Taxes during the past five (5) years from any Governmental Entity.

(m) Except as disclosed in Schedule 4.15(m), no closing agreement pursuant to Section 7121 of the Code (or any similar provision of state, local or foreign Law) or any ruling with respect to Taxes has been entered into by or issued with respect to the Company or any of its Subsidiaries, in each case, that will bind the Company or any of its Subsidiaries for any taxable period after the Closing.

(n) No Group Company, for as long as it has been a Group Company (i) has been a member of an affiliated or similar group filing a consolidated, combined, unitary or similar income Tax Return that includes an entity or entities other than the Group Companies, or (ii) except as disclosed in Schedule 4.15(n), has any liability for Taxes of any person (other than the Company or any of its Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by agreement or otherwise.

(o) No Group Company will be required to include in gross income of a taxable period ending on or after the Closing Date income or gain attributable to cash received, an account receivable that arose, or an installment sale or other transaction that was consummated, in a prior taxable period, or an election under Section 108(i) of the Code that was made with respect to a prior taxable period.

(p) Each Group Company has complied in all material respects with all statutes and regulations relating to the accounting for and paying over of unclaimed or abandoned funds or other property.

(q) As of December 31, 2012, the amounts of the net operating loss carryovers, general business credit carryovers and charitable contribution limitation carryovers of the Company and its Subsidiaries for federal income Tax purposes, and the unitary state net operating loss carryovers of the Company and its Subsidiaries, were as set forth on Schedule 4.15(q), and no such attribute is subject to a limitation under Section 382 of the Code or to a SRLY limitation or any similar limitation.

(r) No excess loss account, within the meaning of Treasury Regulations Section 1.1502-19, or similar account or amount under any state, local or foreign Tax law, exists with respect to any Subsidiary of the Company.

(s) No Group Company has any deferred gain or loss arising from a deferred intercompany transaction, within the meaning of Treasury Regulations Section 1.1502-13, or with respect to the stock or obligations of any member of an affiliated group, as provided for in Treasury Regulations Section 1.1502-13.

(t) No Group Company has engaged in any operations or activities that are subject to reporting obligations under Section 999 of the Code (relating to international boycotts).

Section 4.16 Brokers.

(a) No broker, finder, financial advisor or investment banker, other than Goldman Sachs (whose fees shall be included in the Company Transaction Expenses), is entitled to any broker's, finder's, financial advisor's, investment banker's fee or commission or similar payment in connection with the transactions contemplated by this Agreement or in connection with any similar transaction with any Person other than Parent based upon arrangements made by or on behalf of any Group Company or any of their respective Affiliates.

(b) When delivered by the Company in connection with the Closing, the Company Transaction Expenses Statement will include all amounts incurred by or on behalf of the Group Companies prior to and including the Closing Date that have not been paid by the Group Companies prior to December 31, 2012 or accrued by the Group Companies as of December 31, 2012 and recorded on the Company's consolidated balance sheet as of such date (i) for fees and expenses of any professionals (including investment bankers, attorneys, accountants and other consultants and advisors, including, without limitation, Willkie Farr & Gallagher LLP and Goldman Sachs) retained by any of the Group Companies in connection with the transactions contemplated by this Agreement or in connection with any similar transaction with any Person other than Parent, (ii) the aggregate amount of cash payable following the Closing in respect of all Unvested Company RSUs outstanding immediately prior to the Effective Time pursuant to and in accordance with the terms and conditions of Section 3.1(b)(ii), (iii) all amounts deposited in the Securityholders' Representative Fund, and (iv) all other Taxes (pursuant to Section 6.3(b)), fees, costs and expenses allocated to the Company pursuant to the terms of this Agreement.

Section 4.17 Real and Personal Property.

(a) Owned Real Property. No Group Company owns any real property.

(b) Company Leased Real Property.

(i) Schedule 4.17(b)(i) sets forth a list of each Company Real Property Lease in effect as of the date hereof pursuant to which the current annual rental payments exceed $250,000 (each, a "Material Company Real Property Lease"; the real property leased by the Group Companies pursuant to the Material Company Real Property Leases is hereinafter referred to as the "Company Leased Real Property"). The Company has delivered to Parent true, complete and correct copies of each Material Company Real Property Lease.

(ii) Except as would not reasonably be expected to be material to the Group Companies taken as a whole, and as disclosed in Schedule 4.17(b)(ii), each Material Company Real Property Lease is valid and binding on the Group Company party thereto, enforceable in accordance with its terms (assuming the due authorization and execution of such Material Company Real Property Lease by the other party(ies) thereto, and subject to applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting generally the enforcement of creditors' rights and subject to general principles of equity).

(iii) Except as would not reasonably be expected to be material to the Group Companies taken as a whole, neither any Group Company nor, to the Company's knowledge, any third party to a Material Company Real Property Lease is in default under or in breach of any Material Company Real Property Lease in any material respect.

(iv) No Group Company has entered into any material sublease granting to any Person other than a Group Company the right to use or occupy any material portion of the Company Leased Real Property.

(v) No Group Company has granted to any Person other than a Group Company any option or right of first refusal to purchase or acquire any material portion of the Company Leased Real Property.

(vi) Except as would not reasonably be expected to be material to the Group Companies taken as a whole, the use of the Company Leased Real Property does not violate any applicable Law, covenant, condition, restriction, easement, license, permit or agreement in effect with respect to such Company Leased Real Property. There is no condemnation or eminent domain proceeding affecting the Company Leased Real Property.

(c) Personal Property. The Group Companies collectively own or hold under valid leases all material machinery, equipment and other personal property (excluding, for the avoidance of doubt, Intellectual Property Rights) necessary for the conduct of their businesses as currently conducted, subject to no Lien except for Permitted Liens.

Section 4.18 Insurance Matters.

(a) Prior to the date of this Agreement, except as set forth on Schedule 4.18, the Company has made available to Parent a true and complete copy of all material annual and quarterly loss reserve actuarial reports presented to the board of directors of the applicable Company or Company Insurance Subsidiary prepared by actuaries, independent or otherwise, with a valuation date on or after January 1, 2011, with respect to the Company or any Company Insurance Subsidiary, and all material attachments, addenda, supplements and modifications thereto. To the Company's knowledge, the factual information and data furnished by the Company and each Company Insurance Subsidiary in writing to its actuaries expressly in connection with the preparation of such actuarial reports were accurate in all material respects for the periods covered in such reports as of the date delivered to such actuaries, subject in each case to any limitations and qualifications contained in the actuarial reports; provided that the

Company makes no representation or warranty with respect to such actuarial reports, any estimates, projections, predications, forecasts or assumptions in such actuarial reports or the assumptions on the basis of which such information was, or data were, prepared.

(b) All material reinsurance treaties or agreements, slips, binders, cover notes or other similar arrangements to which any Company Insurance Subsidiary is a party or otherwise bound or under which any Company Insurance Subsidiary has any existing rights, obligations or liabilities and under which any Company Insurance Subsidiary is ceding or retroceding risks to reinsurers as of the date of this Agreement (the "Company Reinsurance Agreements") are set forth in Schedule 4.18(b). No Group Company and, to the knowledge of the Company, no other party to a Company Reinsurance Agreement, is in default in any material respect as to any provision thereof or is insolvent or the subject of a rehabilitation, liquidation, conservatorship, receivership, bankruptcy or similar proceeding.

(c) With respect to each Company Reinsurance Agreement, (i) there has been no separate agreement between any Company Insurance Subsidiary and any other party to such Company Reinsurance Agreement that would under any circumstances reduce, limit, mitigate or otherwise affect any actual or potential loss to the parties under any such Company Reinsurance Agreement, other than inuring contracts that are explicitly defined in any such Company Reinsurance Agreement; (ii) for each such Company Reinsurance Agreement for which risk transfer is not reasonably considered to be self-evident to the extent required by any applicable provisions of Statement of Statutory Accounting Principal No. 62 or similar principal ("SSAP No. 62"), applicable SAP or any applicable Law, documentation concerning the economic intent of the transaction and the risk transfer analysis evidencing the proper accounting treatment is available for review by the relevant Governmental Entity for the Company Insurance Subsidiary; (iii) the Company Insurance Subsidiary that is a party thereto, and to the knowledge of the Company, any other party thereto, complies and has complied with all applicable requirements set forth in SSAP No. 62, applicable SAP and applicable Law with respect to such Company Reinsurance Agreement; and (iv) the Company Insurance Subsidiary has appropriate controls in place to monitor the use of reinsurance and comply with the provisions of SSAP No. 62, applicable SAP and applicable Law.

(d) All Insurance Agreements and Company Reinsurance Agreements have been issued, to the extent required by applicable Law, on forms filed with and approved by all applicable insurance regulatory authorities, or not objected to by any such insurance regulatory authorities within any period provided for objection, and all such forms comply in all material respects with applicable Laws. All premium rates with respect to the Insurance Agreements and Company Reinsurance Agreements, to the extent required by applicable Law, have in all material respects been filed with and approved by all applicable insurance regulatory authorities or were not objected to by any such insurance regulatory authority within any period provided for objection. Since January 1, 2012, all Insurance Agreements and Company Reinsurance Agreements issued by each Company Insurance Subsidiary have been marketed, sold and issued in compliance in all material respects with all applicable Laws, all applicable orders and directives of all applicable insurance regulatory authorities and all written recommendations resulting from market conduct or other examinations of insurance regulatory authorities in the respective jurisdictions in which such products have been marketed, issued or sold.

(e) Other than in the ordinary course of business, there are no unpaid claims or assessments made against any Company Insurance Subsidiary by any state insurance guaranty associations, funds or similar organizations.

(f) The Company has delivered or made available to Parent, to the extent permitted by applicable Law, true and complete copies of all examination reports (and has notified Parent of any pending examinations) of any insurance regulatory authority received by it on or after January 1, 2010 through the date of this Agreement, unless the most recent examination report for a given Company Insurance Subsidiary was received prior to that period, in which case true and complete copies of each such earlier report, relating to one or more of the Company Insurance Subsidiaries. All material deficiencies or violations noted in such examination reports have been cured or resolved to the satisfaction of the applicable insurance regulatory authority without imposition of any material penalty, condition or obligation.

(g) (a) Except as set forth in Schedule 4.18(g) and as required by applicable insurance Laws and the licenses maintained by the Group Companies, there is no contract or agreement, whether oral or in writing, binding on any Group Company, or order or directive by, or supervisory letter or cease-and-desist order from, any insurance regulatory authority issued to or binding on any Group Company and (b) none of the Group Companies has adopted any board resolution at the request of any insurance regulatory authority, in the case of each of clauses (a) and (b), that (i) limits in any material respect the ability of any Company Insurance Subsidiary to issue or enter into Insurance Agreements or Company Agent Contracts or similar agreement, (ii) requires the divestiture of any material investment of any Company Insurance Subsidiary, (iii) limits in any material respect the ability of any Group Company to pay dividends or distributions of any kind or character, (iv) requires any material investment of the Company Insurance Subsidiary to be treated as a non-admitted asset (or the local equivalent), (v) requires any Group Company to contribute assets to or make any investment in any Company Insurance Subsidiary, maintain the capital or surplus of any Company Insurance Subsidiary at minimum or predetermined levels (including "keep-well" or similar agreements), or to pay, guarantee or otherwise be responsible for the obligations of any Company Insurance Subsidiary (except for a Company Reinsurance Agreement entered into in the ordinary course of business); or (vi) could otherwise have a material adverse effect on the business or operations of any Group Company. No Group Company has been advised in writing by any insurance regulatory authority that such insurance regulatory authority is contemplating any undertakings related to any of the foregoing matters.

(h) Since January 1, 2012, salaried employees of each Group Company and, to the knowledge of the Company, each other Person who is performing the duties of insurance producer, agent, broker, managing general agent or general agent, intermediary, underwriter, adjuster or administrator for any of the Group Companies, whether as an employee, agent, subcontractor or otherwise (collectively, "Company Agents"), at the time such Company Agent wrote, sold, placed or produced business for or on behalf of any Group Company or engaged in any other activities that requires a license or permit, was duly licensed and appointed as required by applicable Law, in the particular jurisdiction in which such Company Agent wrote, sold, placed or produced business or engaged in such other activities, and to the knowledge of the Company, no Company Agent is in violation of (or with or without notice or lapse of time or both, would have violated) any term or provision of any Law applicable to the writing, sale,

production or solicitation, underwriting, adjusting or administration of insurance or other business for or on behalf of any Group Company, except for such failures to be so licensed or such violations that have been cured, otherwise resolved or settled through agreements with the applicable insurance regulatory authority, or that are barred by an applicable statute of limitations, or that would not constitute a Company Material Adverse Effect.

(i) Schedule 4.18(i) sets forth (i) a true and complete list of the all material agreements and contracts between or among each Group Company and the top five (5) insurance producer and agents of the Group Companies based on total gross premiums written by such producers and agents on behalf of the Group Companies during the fiscal year ended December 31, 2012 (collectively the "Company Agent Contracts") and each agreement or contract under which any Person is entitled to receive contingent compensation based on the profitability to the Company Insurance Subsidiary of any business produced, underwritten, managed, serviced or otherwise administered by such Person. Except as set forth on Schedule 4.18(i), all Company Agent Contracts, management, administration and similar agreements and contracts entered into by any Company Subsidiary are, to the extent required by Law, in forms acceptable to all applicable insurance regulatory authorities or have been filed with insurance regulatory authorities with which such agreements or contracts were required to be filed and have been either approved by such insurance regulatory authorities or not objected to by any such insurance regulatory authorities within any period provided for objection.

(j) Since January 1, 2013 and through the date hereof, no Group Company has received any written notice from any rating agency indicating that such rating agency has lowered or will lower any rating assigned to or covering any Company Insurance Subsidiary, or has placed or will place any Company Insurance Subsidiary on an "under review" status.

(k) The insurance reserves, including reserves for claims, losses (including incurred, but not reported, losses), loss adjustment expenses (whether allocated or unallocated) and unearned premiums of each Company Insurance Subsidiary reflected in the applicable Company Statutory Financial Statements (i) were, except as otherwise noted in the applicable Company Statutory Financial Statement and except for loss adjustment expenses (whether allocated or unallocated), determined in all material respects in accordance with generally accepted actuarial methodology consistently applied and (ii) satisfied the requirements of applicable SAP in all material respects; provided, however, that it is acknowledged and agreed by Parent, Amalgamation Sub and the Company that the Company is not making any representation or warranty (express or implied) as to the adequacy or sufficiency of reserves for claims, losses (including incurred, but not reported, losses), loss adjustment expenses (whether allocated or unallocated) and unearned premiums as of any date. For the avoidance of doubt, the Company makes no express or implied representation or warranty under this Agreement as to the future experience, success or profitability of the business of the Group Companies, whether or not conducted or administered in a manner similar to the manner in which such business was conducted prior to the Closing, that the insurance reserves held by or on behalf of the Group Companies or otherwise with respect to the assets supporting such reserves have been or will be adequate or sufficient for the purposes for which they were established, that the reinsurance recoverables taken into account in determining the amount of such insurance reserves will be collectible, or concerning any financing statement "line item" or asset, liability or equity amount that would be affected by any of the foregoing.

(l) Each Group Company has duly adopted investment guidelines governing the types of investment permitted for each such Group Company (the "Investment Guidelines"). Each Group Company is, as of the date of this Agreement, in compliance in all material respects with its respective Investment Guidelines. The Company has provided to Parent complete and correct copies of the Investment Guidelines for each Group Company as in effect as of the date of this Agreement.

Section 4.19 Transactions with Affiliates. Schedule 4.19 sets forth all contracts or arrangements between any Group Company, on the one hand, and Affiliates of the Company (other than any Group Company or any employee of any Group Company who is not an officer of any Group Company), on the other hand, that will not be terminated effective as of the Closing Date. Except as disclosed on Schedule 4.19, to the Company's knowledge, none of the Group Companies or their respective Affiliates, directors or officers: (i) possesses, directly or indirectly, any financial interest in, or is a director, officer or employee of, any Person (other than any Group Company), which is a material client, supplier, customer, lessor, lessee or competitor of any Group Company or (ii) owns any property right, tangible or intangible, which is used by a Group Company in the conduct of its business. Ownership of five (5) percent or less of any class of securities of a company whose securities are registered under the Exchange Act shall not be deemed to be a financial interest for purposes of this Section 4.19.

Section 4.20 Approval of Amalgamation by Shareholders. On the basis of the Memorandum of Association, the Company Bye-laws and the Companies Act (in the case of the Companies Act, as in effect on the date hereof), the sole required approval of the Company Securityholders of this Agreement and the Amalgamation is the affirmative vote of a majority of the issued and outstanding Company Capital Shares, voting together as a single class (the "Company Shareholder Approval"). The execution and delivery of the Written Consent satisfies the Company Shareholder Approval.

Section 4.21 Investigation; No Other Representations.

(a) The Company (i) has conducted its own independent review and analysis of, and, based thereon, has formed an independent judgment concerning, the business, assets, condition, operations and prospects of the Parent Group Companies, and (ii) has been furnished with or given adequate access to such documents and information about the Parent Group Companies and their respective businesses and operations as it and its representatives and advisors have deemed necessary to enable it to make an informed decision with respect to the execution, delivery and performance of this Agreement and the transactions contemplated hereby.

(b) In entering into this Agreement, the Company has relied solely upon its own investigation and analysis and the representations and warranties of Parent and Amalgamation Sub expressly contained in Article 5 and the Company acknowledges that, other than as set forth in this Agreement and in the certificates or other instruments delivered pursuant hereto, none of the Parent Group Companies or any of their respective directors, officers, employees, Affiliates, shareholders, agents or representatives makes or has made any representation or warranty, either express or implied, (i) as to the accuracy or completeness of any of the information provided or made available to the Company or any of its agents,

representatives, lenders or Affiliates prior to the execution of this Agreement or (ii) with respect to any projections, forecasts, estimates, plans or budgets of future revenues, expenses or expenditures, future results of operations (or any component thereof), future cash flows (or any component thereof) or future financial condition (or any component thereof) of any Parent Group Company heretofore or hereafter delivered to or made available to the Company or any of its agents, representatives, lenders or Affiliates. Without limiting the generality of the foregoing, none of the Parent Group Companies or any of their respective directors, officers, employees, Affiliates, shareholders, agents or representatives has made, and shall not be deemed to have made, any representations or warranties in the materials (other than as set forth in this Agreement or any certificate or instrument delivered pursuant hereto) relating to the business, assets or liabilities of the Parent Group Companies made available to the Company or any of its agents, representatives, lenders or Affiliates, and no statement contained in any such materials or made in any such presentation shall be deemed a representation or warranty hereunder or otherwise or deemed to be relied upon by the Company in executing, delivering and performing this Agreement and the transactions contemplated hereby.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF PARENT AND AMALGAMATION SUB

Except as set forth in the Parent Schedules or in any Parent SEC Report filed with or furnished to the SEC at least two (2) Business Days prior to the date of this Agreement (excluding disclosure contained in any "risk factor" or "forward-looking" section of any such report), Parent and Amalgamation Sub, jointly and severally, hereby represent and warrant to the Company as follows:

Section 5.1 Organization and Qualification; Subsidiaries.

(a) Parent is an exempted company, duly organized, validly existing and in good standing or similar concept under the Laws of Bermuda. Amalgamation Sub is a Bermuda exempted company, duly organized, validly existing and in good standing or similar concept under the Laws of Bermuda. Each Parent Group Company (other than Parent and Amalgamation Sub) is an exempted company, corporation, limited liability company, limited partnership or other applicable business entity duly organized, validly existing and in good standing or similar concept (if applicable) under the Laws of its jurisdiction of formation, except for such failures to be in good standing that would not reasonably be expected to be material to the Parent Group Companies taken as a whole. Each Parent Group Company has the requisite company or corporate, limited liability company, limited partnership or other applicable business entity power and authority to own, lease and operate its properties and to carry on its businesses as presently conducted. Amalgamation Sub has not engaged in any business since it was incorporated which is not in connection with this Agreement. All of the outstanding shares of Amalgamation Sub are validly issued, fully paid and nonassessable and owned of record and beneficially by Bayshore Holdings Ltd., free and clear of all Liens. Parent has delivered to the Company complete and correct copies of Parent's and Amalgamation Sub's respective Governing Documents in effect as of the date of this Agreement, and neither Parent nor Amalgamation Sub is in material violation of any of the provisions of its respective Governing Documents.

(b) Each Parent Group Company is duly qualified or licensed to transact business and is in good standing or similar concept (if applicable) in each jurisdiction in which the property and assets owned, leased or operated by it, or the nature of the business conducted by it, makes such qualification or licensing necessary, except in such jurisdictions where the failure to be so duly qualified or licensed and in good standing or similar concept would not reasonably be expected to have a Parent Material Adverse Effect.

(c) Parent conducts its insurance operations through its Subsidiaries set forth in Schedule 5.1(c) (which, for the avoidance of doubt, excludes service companies, holding companies and other intermediary companies) (collectively, the "Parent Insurance Subsidiaries"). Each of the Parent Insurance Subsidiaries is, where required, (i) duly licensed or authorized as an insurance company in its jurisdiction of incorporation, (ii) duly licensed or authorized as an insurance company or is an eligible excess or surplus lines insurer, in each other jurisdiction where it is required to be so licensed, authorized or eligible and (iii) duly authorized or eligible in its jurisdiction of incorporation and each other applicable jurisdiction to write each line of business reported as being written in the Parent Statutory Financial Statements, except where the failure to be so licensed, authorized or eligible would not reasonably be expected to be material to the Parent Insurance Subsidiaries taken as a whole.

Section 5.2 Capitalization.

(a) The authorized capital shares of Parent consists of (i) 90,000,000 voting ordinary shares, par value $1.00 per share, 21,000,000 non-voting convertible ordinary shares, par value $1.00 per share, and 45,000,000 preference shares, par value $1.00 per share, of which 13,900,434 voting ordinary shares, 2,725,637 non-voting convertible ordinary shares and no preference shares are issued and outstanding as of the date hereof (collectively, the "Parent Capital Shares"). As of the date hereof, (i) no voting ordinary shares and 2,972,892 non-voting convertible ordinary shares are held in treasury and (ii) 1,200,000 voting ordinary shares are authorized for issuance under the Parent Incentive Plan, of which 770,828 voting ordinary shares remain available for issuance and 115,159 shares of voting ordinary shares are subject to options, restricted stock, share units or RSUs, 100,000 voting ordinary shares are authorized for issuance under the Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors, of which 70,764 voting ordinary shares remain available for issuance and 18,521 voting ordinary shares are subject to deferred units and 200,000 voting ordinary shares are authorized for issuance under the Amended and Restated Enstar Group Limited Employee Share Purchase Plan, of which 172,656 voting ordinary shares remain available for issuance and 27,344 voting ordinary shares have been purchased. All of the outstanding Parent Capital Shares are duly authorized, validly issued, fully paid and nonassessable and have been offered, issued, sold and delivered by Parent in compliance with all applicable securities Laws. Except as set forth above in this Section 5.2(a), as of the date hereof, there are no outstanding (i) equity securities of Parent, (ii) securities of Parent convertible into or exchangeable for, at any time, equity securities of Parent, (iii) bonds, debentures, notes or other indebtedness having voting rights in Parent or (iv) options or other rights to acquire from Parent or obligations of Parent to issue, any equity securities or securities convertible into or exchangeable for equity securities of Parent. Parent is not subject to any voting agreement with respect to the voting of any shares of capital stock or voting securities of, or other equity interests in, Parent.

(b) Except as set forth in Schedule 5.2(b), Parent has not granted and is not a party to or otherwise obligated by any agreements, options, warrants, calls, or rights relating to the issuance, sale, purchase or redemption of any shares of capital stock or other equity interest of Parent, whether on conversion of other securities or otherwise, or obligating Parent to grant, extend or enter into any such agreement, option, warrant, call, or right, and there are no outstanding contractual rights to which Parent is a party the value of which is based on any Parent Capital Shares. None of the issued and outstanding Parent Capital Shares has been issued in violation of, or is subject to, any preemptive or subscription rights.

(c) Except as set forth on Schedule 5.2(c), no Parent Group Company directly or indirectly owns any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for, at any time, any equity or similar interest in, any Person other than investment assets held in the ordinary course of business. All outstanding equity securities of each Subsidiary of Parent (except to the extent such concepts are not applicable under the applicable Law of such Subsidiary's jurisdiction of formation) have been duly authorized and validly issued, are free and clear of any preemptive rights (other than such rights as may be held by any Parent Group Company), restrictions on transfer (other than restrictions under applicable federal, state and other securities Laws), or Liens (other than Permitted Liens) and are wholly owned, beneficially and of record, by another Parent Group Company. Except for any securities of a Parent Group Company held by another Parent Group Company, there are no outstanding (i) equity securities of any Subsidiary of Parent, (ii) securities of any Subsidiary of Parent convertible into or exchangeable for, at any time, equity securities of any Subsidiary of Parent, (iii) bonds, debentures, notes or other indebtedness having voting rights in any Subsidiary of Parent or (iv) options or other rights to acquire from any Subsidiary of Parent, and no obligation of any Subsidiary of Parent to issue, any equity securities or securities convertible into or exchangeable for, at any time, equity securities of any Subsidiary of Parent.

(d) The shares of Parent Common Stock comprising the Founder Amalgamation Stock Consideration, when issued by Parent in accordance with the terms of this Agreement will be duly authorized, validly issued, fully paid and nonassessable and will be offered, issued, sold and delivered by Parent in material compliance with all applicable federal and state securities laws.

Section 5.3 Authority. Each of Parent and Amalgamation Sub has the requisite corporate power and authority to execute and deliver this Agreement and the Ancillary Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Ancillary Documents to which Parent and/or Amalgamation Sub is a party and the consummation of the transactions contemplated hereby and thereby have been, and the execution and delivery of the Ancillary Documents to which Parent and/or Amalgamation Sub is a party will be, duly and validly authorized by all necessary corporate action on the part of Parent and/or Amalgamation Sub and no other proceeding or action (including by its equityholders) on the part of Parent or Amalgamation Sub is necessary to authorize this Agreement and the Ancillary Documents to which Parent and/or Amalgamation Sub is a party or to consummate the transactions contemplated hereby and thereby. No vote of Parent's equityholders is required to approve this Agreement or for Parent to consummate the transactions contemplated hereby (including the issuance of the Founder Amalgamation Stock Consideration) and Bayshore Holdings Ltd., acting

as the sole shareholder of Amalgamation Sub, has approved this Agreement. This Agreement has been (and the Ancillary Documents to which Parent and/or Amalgamation Sub is a party will be) duly and validly executed and delivered by Parent and/or Amalgamation Sub and constitutes (and each Ancillary Document to which Parent or Amalgamation Sub is a party will constitute) a valid, legal and binding agreement of Parent and/or Amalgamation Sub (assuming that this Agreement has been and the Ancillary Documents to which Parent and/or Amalgamation Sub is a party will be duly and validly authorized, executed and delivered by the Company, the Securityholders' Representative, the Paying Agent and/or Escrow Agent), enforceable against Parent and/or Amalgamation Sub in accordance with their terms, except (i) to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting the enforcement of creditors' rights generally and (ii) that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding thereof may be brought.

Section 5.4 Financial Statements; SEC Filings.

(a) Parent has furnished to the Company true and complete copies of the following financial statements (such financial statements, the "Parent Financial Statements"):

(i) the audited consolidated balance sheet of Parent as of December 31, 2011 and 2012, and the related audited consolidated statements of income and cash flows for the fiscal years ended December 31, 2010, 2011 and 2012; and

(ii) the unaudited consolidated balance sheet of Parent as of March 31, 2013 (the "Latest Parent Balance Sheet"), and the related unaudited consolidated statements of income and cash flows for the three (3) month period then ended.

(b) The Parent Financial Statements (i) have been prepared in all material respects in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, except as may be indicated in the notes thereto and subject, in the case of unaudited Parent Financial Statements, to the absence of footnotes and normal year end adjustments and (ii) fairly present, in all material respects, the consolidated financial position of the Group Companies as of the dates thereof and their consolidated results of operations and cash flows for the periods then ended (subject, in the case of unaudited Parent Financial Statements, to the absence of footnotes and normal year end adjustments).

(c) Parent maintains a system of internal control over financial reporting that, in all material respects, is sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Management of Parent has, based on its most recent evaluation prior to the date of this Agreement, disclosed to Parent's auditor and audit committee: (x) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect Parent's ability to record, process, summarize and report financial information and (y) any fraud that involves management or other employees who have a significant role in Parent's internal control over financial reporting.

(d) Parent is not a party to, and does not have any commitment to become a party to, any joint venture, off balance sheet partnership or any similar contract (including any contract or arrangement relating to any transaction or relationship between or among the Parent, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or person, on the other hand, or any "off balance sheet arrangements" (as defined in Item 303(a) of Regulation S-K under the Exchange Act), where the result, purpose or intended effect of such contract is to avoid disclosure of any transaction involving, or liabilities of, Parent in Parent's financial statements.

(e) Parent has furnished or made available to the Company true and complete copies of the statutory statements of each of the Parent Insurance Subsidiaries as filed with the applicable insurance regulatory authorities in their respective jurisdictions of domicile (in the case of Bermuda, the Bermuda Monetary Authority) for the year ended December 31, 2012 and the quarterly period ended March 31, 2013, together with all exhibits, interrogatories, notes, schedules and actuarial opinions, affirmations or certificates related thereto or required in connection therewith (such statutory statements and materials, the "Parent Statutory Financial Statements"). Each Parent Insurance Subsidiary has filed or submitted all Parent Statutory Financial Statements required to be filed with or submitted to the appropriate insurance regulatory authorities of the jurisdiction in which it is domiciled on forms prescribed or permitted by such authority, except for such failures to file that would not reasonably be expected to be material to the Parent Insurance Subsidiaries taken as a whole. The Parent Statutory Financial Statements (i) have been prepared in all material respects in accordance with SAP applied on a consistent basis throughout the periods covered thereby, except as may be indicated in the notes thereto and (ii) fairly present, in all material respects, the statutory financial position of the applicable Parent Insurance Subsidiary as of the dates thereof and their results of operations for the periods then ended. Except as indicated therein, all assets that are reflected on the Parent Statutory Financial Statements comply in all material respects with all applicable insurance Laws regulating the investments of the Parent Insurance Subsidiaries, as applicable, and each Parent Insurance Subsidiary maintains, as of the date of the Latest Parent Balance Sheet, admitted assets in an amount at least equal to the minimum capital and surplus required by applicable insurance Laws. The financial statements included in the Parent Statutory Financial Statements accurately reflect in all material respects the extent to which, pursuant to applicable Laws and applicable SAP, each Parent Insurance Subsidiary is entitled to take credit for reinsurance (or any local equivalent concept).

(f) Parent and its Subsidiaries have filed each report and definitive proxy statement (together with all amendments thereof and supplements thereto) required to be filed by Parent or any of its Subsidiaries pursuant to the Exchange Act with the SEC since January 1, 2010 (as such documents have since the time of their filing been amended or supplemented, the "Parent SEC Reports"). As of their respective dates, after giving effect to any amendments or supplements thereto filed prior to the date hereof, the Parent SEC Reports (i) complied as to form in all material respects with the requirements of the Exchange Act, and (ii) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 5.5 Consents and Approvals; No Violations. Assuming the truth and accuracy of the Company's representations and warranties contained in Section 4.5, no material notices to, filings with, or authorizations, consents or approvals of any Person or Governmental Entity are necessary for the execution, delivery or performance by Parent or Amalgamation Sub of this Agreement or the Ancillary Documents to which Parent and/or Amalgamation Sub is a party or the consummation by Parent and/or Amalgamation Sub of the transactions contemplated hereby, except for (i) compliance with and filings under the HSR Act and other Antitrust Laws, (ii) the filing of the Amalgamation Application with the Registrar and (iii) filings with, and approval of, the Bermuda Monetary Authority and the insurance regulatory authorities in the jurisdictions listed in Schedule 5.5 of the Parent Disclosure Schedule (the "Parent Insurance Approvals", and together with the Company Insurance Approvals, the "Transaction Approvals"). Neither the execution, delivery or performance by Parent or Amalgamation Sub of this Agreement or the Ancillary Documents to which Parent and/or Amalgamation Sub is a party nor the consummation by Parent or Amalgamation Sub of the transactions contemplated hereby or thereby will (a) conflict with or result in any breach of any provision of Parent's or Amalgamation Sub's Governing Documents, (b) except as set forth on Schedule 5.5, result in a violation or breach of, or cause acceleration, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, modification or acceleration) under any of the terms, conditions or provisions of any Parent Material Contract, Parent Real Property Lease or Parent Material Permit, (c) violate any Law, writ, injunction or decree of any Governmental Entity having jurisdiction over any of Parent or Amalgamation Sub or any of Parent's or Amalgamation Sub's Subsidiaries or any of their respective properties or assets or (d) except as contemplated by this Agreement or with respect to Permitted Liens, result in the creation of any Lien upon any of the assets of any of Parent, Amalgamation Sub or any of Parent's or Amalgamation Sub's Subsidiaries, which in the case of any of clauses (b), (c) and (d) above, would constitute a Parent Material Adverse Effect.

Section 5.6 Material Contracts.

(a) Except for this Agreement and except for any Parent Real Property Leases, Parent Employee Benefit Plans, contracts relating to the acquisition or disposition of investment assets in the ordinary course of business, and insurance policies or contracts pursuant to which any Parent Group Company ceded or assumed insurance or reinsurance, as of the date of this Agreement, no Parent Group Company is a party to or bound by any:

(i) agreements that limit or purport to limit the ability of any Parent Group Company to compete in any line of business or with any other Person or in any geographic area or during any period of time;

(ii) agreements to which an Affiliate of any Parent Group Company is a party (other than agreements solely among one Parent Group Company and one or more other Parent Group Companies);

(iii) agreements relating to issuances of securities of any Parent Group Company;

(iv) agreements or indentures relating to Indebtedness;

(v) leases or agreements under which any Parent Group Company is the lessee of or holds or operates any tangible property, owned by any other Person, except for any lease or agreement under which the aggregate annual rental payments do not exceed $1,500,000;

(vi) leases or agreements under which any Parent Group Company is the lessor of or permits any third party to hold or operate any tangible property, owned or controlled by Parent, except for any lease or agreement under which the aggregate annual rental payments do not exceed $1,500,000;

(vii) other contracts that involve the expenditure, payment or receipt of more than $1,500,000 in the aggregate and is not terminable by Parent without penalty on notice of 90 days or less; and

(viii) any material capital maintenance or similar agreements pursuant to which any Parent Group Company has agreed to contribute capital or surplus to any other Parent Group Company or to any third party under specified circumstances and/or maintain such Parent Group Company or third party's capital or surplus at specified levels (collectively, with subsections (i) through (viii), and together with Parent Real Property Leases, Parent Employee Benefit Plans, the "Parent Material Contracts").

(b) Parent has provided or made available to the Company correct and complete copies of all Parent Material Contracts, including any amendments thereto. Each Parent Material Contract is valid and binding on the applicable Parent Group Company, in full force and effect and enforceable in accordance with its terms against such Parent Group Company and, to the knowledge of Parent, each other party thereto (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting generally the enforcement of creditors' rights and subject to general principles of equity). During the past two (2) years, no Parent Group Company has received written notice of any event or condition that constitutes, or, after notice or lapse of time or both, will constitute, any default under or any cancellation of any Parent Material Contract, except for defaults that have not been or reasonably would not be expected to be material to the Parent Group Companies taken as a whole. To the knowledge of Parent, there are no events or conditions which constitute, or, after notice or lapse of time or both, will constitute, a default on the part of any party under any Parent Material Contract or result in the termination of, or cause or permit the acceleration or other modification of any right or obligation or the loss of any benefit thereunder, and no Parent Group Company or, to the knowledge of Parent, any third party has violated any provision of, or failed to perform any obligation required under the provisions of any Parent Material Contract, except for defaults, violations or failures that have not been or reasonably would not be expected to be material to the Parent Group Companies taken as a whole. Except as would not reasonably be expected to be material to the Parent Group Companies taken as a whole, no Parent Group Company that is party to any Parent Material Contract and, to the knowledge of Parent, no counterparty under any

Parent Material Contract is insolvent or the subject of a rehabilitation, liquidation, conservatorship, receivership, bankruptcy or similar proceeding. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereunder shall constitute a default under, give rise to cancellation rights under, or otherwise adversely affect any of the material rights of any Parent Group Company under any Parent Material Contract.

Section 5.7 Absence of Changes; Undisclosed Liabilities.

(a) Since the date of the Latest Parent Balance Sheet, except as expressly contemplated by this Agreement, (i) there has not been any event, change, occurrence or circumstance that has had or would reasonably be expected to have a Parent Material Adverse Effect and (ii) each Parent Group Company has conducted its business in the ordinary course of business. Since the date of the Latest Parent Balance Sheet, there has not been any action taken by Parent or any other Parent Group Company that, if taken during the period from the date of this Agreement through the Closing Date without the Company's consent, would constitute a breach of Section 6.1.

(b) No Parent Group Company has any material liability or obligation of any kind whatsoever in existence, whether accrued, contingent, absolute or otherwise, of any nature that would be required under GAAP, as in effect on the date of this Agreement, to be reflected on the consolidated balance sheet of Parent (including in any of the notes thereto) except for: (i) liabilities and obligations as reflected or reserved against in the Latest Parent Balance Sheet (including in any of the notes thereto) or (ii) liabilities and obligations that have arisen since the date of the Latest Parent Balance Sheet in the ordinary course of business; provided, however, that it is acknowledged and agreed by the Company, Parent and Amalgamation Sub that Parent and Amalgamation Sub are not making any representation or warranty (express or implied) as to the adequacy or sufficiency of reserves for claims, losses (including incurred, but not reported, losses), loss adjustment expenses (whether allocated or unallocated) and unearned premiums as of any date.

Section 5.8 Litigation.

(a) As of the date of this Agreement, there is no suit, litigation, arbitration, claim, action or proceeding pending or, to Parent's knowledge, threatened or under investigation against any Parent Group Company, any material property or material asset of any Parent Group Company, or, to Parent's knowledge, any present or former officer of director of any Parent Group Company before any Governmental Entity (relating to actions of such Person in his or her capacity as an officer or director of any Parent Group Company), which (a) has had or would reasonably be expected to have a Parent Material Adverse Effect, or (b) that could reasonably be expected to prevent or materially delay the consummation of the transactions contemplated by this Agreement. No Parent Group Company is subject to any outstanding order, writ, injunction or decree as of the date hereof (other than those applicable generally to insurers in one or more of Parent Group Companies' lines of business).

Section 5.9 Compliance with Applicable Law.

(a) The Parent Group Companies hold all material permits, licenses, approvals, certificates and other authorizations of and from, and have made all declarations and filings with, all Governmental Entities necessary for the lawful conduct of their respective businesses as presently conducted (the "Parent Material Permits"). No Parent Group Company is in material default or violation of any Parent Material Permit to which it is a party and no event has occurred that would reasonably be expected to cause a revocation, suspension, lapse or other limitation of any Parent Material Permit. Since January 1, 2012, the business of the Parent Group Companies has been operated in material compliance with all applicable Laws of all Governmental Entities. Without limitation of the foregoing, each of the Parent Insurance Subsidiaries is marketing or selling insurance products in compliance with insurance Laws applicable to the business of such Parent Insurance Subsidiary in the respective jurisdictions in which such products are being marketed or sold, except for such non-compliance that would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

Section 5.10 Employee Plans.

(a) With respect to each Parent Employee Benefit Plan, Parent has made available to the Company copies, to the extent applicable, of (i) the plan and trust documents and the most recent summary plan description, (ii) the most recent annual report (Form 5500 series), (iii) the most recent financial statements, (iv) the most recent Internal Revenue Service determination or opinion letter and (v) any material associated administrative agreements or insurance policies.

(b) No Parent Employee Benefit Plan is a Multiemployer Plan and no Parent Group Company has withdrawn at any time within the preceding six (6) years from any Multiemployer Plan, or incurred any withdrawal liability which remains unsatisfied, and to Parent's knowledge, no events have occurred and no circumstances exist that could reasonably be expected to result in any such liability to any Parent Group Company. No Parent Employee Benefit Plan is subject to Title IV of ERISA or provides health or other welfare benefits to former employees of any Parent Group Company, other than health continuation coverage mandated by applicable Law, including, without limitation, under COBRA or similar non-U.S. Law.

(c) Each Parent Employee Benefit Plan has been maintained and administered in compliance in all material respects with the applicable requirements of ERISA, the Code and any other applicable Laws. Each Parent Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination from the Internal Revenue Service or is the subject of a favorable opinion from the Internal Revenue Service on the form of such Parent Employee Benefit Plan and, to Parent's knowledge, there are no facts or circumstances that would be reasonably likely to adversely affect the qualified status of any such Parent Employee Benefit Plan.

(d) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in combination with another event) result in the payment to any current or former employee of Parent or Amalgamation Sub of any amount that would, individually or in combination with any other such payment, not be deductible as a result of Section 280G of the Code.

(e) All Parent Employee Benefit Plans subject to the Laws of any jurisdiction outside of the United States (i) have been maintained in accordance in all material respects with all applicable requirements, (ii) if they are intended to qualify for special Tax treatment, meet all requirements for such treatment and (iii) if they are intended to be funded and/or book-reserved, are fully funded and/or book reserved, as appropriate, based upon reasonable actuarial assumptions.

Section 5.11 Environmental Matters. The Parent Group Companies are in material compliance with all Environmental Laws. Without limiting the generality of the foregoing, the Parent Group Companies hold and are in material compliance with all permits, licenses and other authorizations that are required pursuant to Environmental Laws. No Parent Group Company has received in the past two (2) years any currently unresolved written notice of any material violation of, or material liability (including any investigatory, corrective or remedial obligation) under, any Environmental Laws.

Section 5.12 Intellectual Property.

(a) Parent owns, licenses or otherwise has the right to use, free and clear of all Liens except for Permitted Liens, the Intellectual Property Rights necessary for the conduct of the business of the Parent Group Companies as currently conducted (collectively, the "Parent Group Company IP Rights").

(b) There is not pending or threatened in writing against any Parent Group Company any claim by any third party contesting the use or ownership of any material Parent Group Company IP Right owned by such Parent Group Company, or alleging that any Parent Group Company is infringing any Intellectual Property Rights of a third party, and there are no claims pending or threatened in writing that have been brought by any Parent Group Company against any third party alleging infringement of any Intellectual Property Rights owned by such Parent Group Company. The conduct of the business of the Parent Group Companies as currently conducted does not infringe any Intellectual Property Rights of any third party and, to Parent's knowledge, no third party is infringing any material Parent Group Company IP Rights.

Section 5.13 Labor Matters.

(a) No Parent Group Company is a party to any collective bargaining agreement or other labor union contract applicable to employees of such Parent Group Company and, to the knowledge of Parent, there are not any activities or proceedings of any labor union to organize any such employees. During the last two (2) years, (i) there has been no unfair labor practice charge or complaint pending before any applicable Governmental Entity relating to any Parent Group Company or any employee thereof; (ii) there has been no labor strike, material slowdown or material work stoppage or lockout pending or threatened against or affecting any Parent Group Company, and no Parent Group Company has experienced any strike, material slowdown or material work stoppage, lockout or other collective labor action by or with respect to its employees; (iii) there has been no representation claim or petition pending before any

applicable Governmental Entity, and no question concerning representation exists relating to the employees of any Parent Group Company; and (iv) there have been no charges with respect to or relating to any Parent Group Company pending before any applicable Governmental Entity responsible for the prevention of unlawful employment practices.

(b) Each Parent Group Company has been in compliance in all material respects with all applicable Laws relating to employment of labor, including all applicable Laws relating to wages, hours, collective bargaining, employment discrimination, civil rights, safety and health, workers' compensation, pay equity, classification of employees, and the collection and payment of withholding and/or social security Taxes.

Section 5.14 Insurance. Parent maintains policies of fire, liability, workers' compensation, property, casualty and other forms of insurance that are reasonably sufficient for the Parent Group Companies' businesses in all material respects.

Section 5.15 Tax Matters.

(a) Each Parent Group Company has prepared and duly filed with the appropriate domestic federal, state, local and foreign taxing authorities all material Tax Returns required to be filed with respect to any Parent Group Company and has timely paid all income and other material Taxes owed or payable by it (whether or not shown on any Tax Return), including Taxes which any Parent Group Company is obligated to withhold. To the extent payment of any Taxes that have accrued is not yet due, the amount of such accrued Taxes is properly and fully reflected or otherwise taken into account in adequate reserves in the Parent Financial Statements or, in the case of periods since the Latest Parent Balance Sheet, on the Parent's or the Subsidiaries' books and records. Since December 31, 2012, no Taxes have accrued with respect to any Parent Group Company other than Taxes arising in the ordinary course of business. Each Parent Group Company has withheld each Tax required to have been withheld in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, shareholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(b) No Parent Group Company is currently the subject of an ongoing Tax audit, suit, proceeding, investigation, claim, examination or other administrative or judicial proceeding, nor, to Parent's knowledge, has any audit, suit, proceeding, investigation, claim, examination or other administrative or judicial proceeding been threatened.

(c) No Parent Group Company has consented to waive or extend the time, or is the beneficiary of any waiver or extension of time, in which any Tax may be assessed or collected by any taxing authority.

(d) No Parent Group Company has received from any taxing authority any written notice of any material proposed, asserted or assessed adjustment, deficiency or underpayment of Taxes.

(e) There are no Liens for Taxes against any of the assets of a Parent Group Company, other than Permitted Liens.

(f) No Parent Group Company is a party to, or bound by, any agreement or arrangement relating to the apportionment, sharing, indemnity, assignment or allocation of any Taxes pursuant to which it will have any obligation to make any payments after the Closing (other than a contract among members of a group the common parent of which is Parent or any agreement or arrangement pertaining to the sale or lease of assets of any Parent Group Company or pursuant to commercial financing arrangements).

(g) No Parent Group Company has been either a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for Tax-free treatment under Section 355 of the Code in the two (2) years prior to the date of this Agreement or in a distribution which could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) in conjunction with the transactions contemplated by this Agreement.

(h) To Parent's knowledge, no claim has been made in writing by any taxing authority of a jurisdiction where Parent or any of its Subsidiaries did not file Tax Returns, or a particular kind of Tax Return, that such Parent or Subsidiary should have filed such Tax Return or Returns or is or may be subject to Tax in that jurisdiction.

(i) No Parent Group Company has agreed to make, or is it required to make, any adjustment under Section 481(a) of the Code or any similar provision of state, local or foreign Tax law by reason of a change in accounting method or otherwise and there is no application pending with any taxing authority requesting permission for any change in any accounting method for Tax purposes and no taxing authority has proposed any such adjustment or change in accounting method.

(j) No Parent Group Company has been a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011-4(b).

(k) No Parent Group Company has requested a ruling in respect of Taxes during the past five (5) years from any Governmental Entity.

(l) No closing agreement pursuant to Section 7121 of the Code (or any similar provision of state, local or foreign Law) or any ruling with respect to Taxes has been entered into by or issued with respect to Parent or any of its Subsidiaries, in each case, that will bind Parent or any of its Subsidiaries for any taxable period after the Closing.

(m) No Parent Group Company (i) has been a member of an affiliated or similar group filing a consolidated, combined, unitary or similar income Tax Return that includes an entity or entities other than the Parent Group Companies, or (ii) has any liability for Taxes of any person (other than Parent or any of its Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by agreement or otherwise.

(n) No Parent Group Company will be required to include in gross income of a taxable period ending on or after the Closing Date income or gain attributable to cash received, an account receivable that arose, or an installment sale or other transaction that was consummated, in a prior taxable period, or an election under Section 108(i) of the Code that was made with respect to a prior taxable period.

Section 5.16 Brokers. No broker, finder, financial advisor or investment banker is entitled to any broker's, finder's, financial advisor's or investment banker's fee or commission or similar payment in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Parent, Amalgamation Sub or any of their respective Affiliates.

Section 5.17 Real and Personal Property.

(a) Owned Real Property. No Parent Group Company owns any real property.

(b) Leased Real Property.

(i) Schedule 5.17(b)(i) sets forth a list of each Parent Real Property Lease in effect as of the date hereof pursuant to which the current annual rental payments exceed $1,500,000 (each, a "Material Parent Real Property Lease"; the real property leased by the Parent Group Companies pursuant to the Material Parent Real Property Leases is hereinafter referred to as the "Parent Leased Real Property").

(ii) Except as would not reasonably be expected to be material to the Parent Group Companies taken as a whole, each Material Parent Real Property Lease is valid and binding on the Parent Group Company party thereto, enforceable in accordance with its terms (assuming the due authorization and execution of such Material Parent Real Property Lease by the other party(ies) thereto, and subject to applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting generally the enforcement of creditors' rights and subject to general principles of equity).

(iii) Except as would not reasonably be expected to be material to the Parent Group Companies taken as a whole, neither any Parent Group Company, nor, to Parent's knowledge, any third party to a Material Parent Real Property Lease is in default under or in breach of any Material Parent Real Property Lease in any material respect.

(iv) No Parent Group Company has entered into any material sublease granting to any Person other than a Parent Group Company the right to use or occupy any material portion of the Parent Leased Real Property.

(v) No Parent Group Company has granted to any Person other than a Parent Group Company any option or right of first refusal to purchase or acquire any material portion of the Parent Leased Real Property.

(vi) Except as would not reasonably be expected to be material to the Parent Group Companies taken as a whole, the use of the Parent Leased Real Property does not violate any applicable Law, covenant, condition, restriction, easement, license, permit or agreement in effect with respect to such Parent Leased Real Property. There is no condemnation or eminent domain proceeding affecting the Parent Leased Real Property.

(c) Personal Property. The Parent Group Companies collectively own or hold under valid leases all material machinery, equipment and other personal property (excluding, for the avoidance of doubt, Intellectual Property Rights) necessary for the conduct of their businesses as currently conducted, subject to no Lien except for Permitted Liens.

Section 5.18 Insurance Matters.

(a) Prior to the date of this Agreement, Parent has made available to the Company a true and complete copy of all material actuarial reports prepared by actuaries, independent or otherwise, on or after January 1, 2012, with respect to Parent or any Parent Insurance Subsidiary and all material attachments, addenda, supplements and modifications thereto. To Parent's knowledge, the factual information and data furnished by Parent and each Parent Insurance Subsidiary in writing to its actuaries expressly in connection with the preparation of such actuarial reports were accurate in all material respects for the periods covered in such reports as of the date delivered to such actuaries, subject in each case to any limitations and qualifications contained in the actuarial reports; provided that Parent makes no representation or warranty with respect to such actuarial reports, any estimates, projections, predications, forecasts or assumptions in such actuarial reports or the assumptions on the basis of which such information was, or data were, prepared.

(b) Each Parent Group Company has duly adopted investment guidelines and is, as of the date of this Agreement, in compliance in all material respects with its respective investment guidelines.

Section 5.19 Transactions with Affiliates. Schedule 5.19 sets forth all contracts or arrangements between any Parent Group Company, on the one hand, and Affiliates of Parent (other than any Parent Group Company or any employee of any Parent Group Company who is not an officer of any Parent Group Company), on the other hand, that will not be terminated effective as of the Closing Date. Except as disclosed on Schedule 5.19, to Parent's knowledge, none of the Parent Group Companies or their respective Affiliates, directors or officers: (i) possesses, directly or indirectly, any financial interest in, or is a director, officer or employee of, any Person (other than any Parent Group Company), which is a material client, supplier, customer, lessor, lessee or competitor of any Parent Group Company or (ii) owns any property right, tangible or intangible, which is used by a Parent Group Company in the conduct of its business. Ownership of five (5) percent or less of any class of securities of a company whose securities are registered under the Exchange Act, shall not be deemed to be a financial interest for purposes of this Section 5.19.

Section 5.20 Sufficiency of Funds. At the Effective Time, Parent will have sufficient funds to consummate the transactions contemplated by this Agreement on the terms and subject to the conditions set forth herein and to pay all associated fees, costs and expenses incurred by it in connection therewith.

Section 5.21 Solvency. Assuming the conditions set forth in Section 7.1 and Section 7.3 have been satisfied or waived as of the Closing Date, immediately after giving effect to the transactions contemplated by this Agreement, the Amalgamated Company and each of its Subsidiaries shall be able to pay their respective debts as they become due and shall own

property which has a fair saleable value greater than the amounts required to pay their respective debts (including a reasonable estimate of the amount of all contingent liabilities). Assuming the conditions set forth in Section 7.1 and Section 7.3 have been satisfied or waived as of the Closing Date, immediately after giving effect to the transactions contemplated by this Agreement, the Amalgamated Company and each of its Subsidiaries shall have adequate capital to carry on their respective businesses. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of any Group Company.

Section 5.22 Investigation; No Other Representations.

(a) Each of Parent and Amalgamation Sub (i) has conducted its own independent review and analysis of, and, based thereon, has formed an independent judgment concerning, the business, assets, condition, operations and prospects of the Group Companies, and (ii) has been furnished with or given adequate access to such documents and information about the Group Companies and their respective businesses and operations as it and its representatives and advisors have deemed necessary to enable it to make an informed decision with respect to the execution, delivery and performance of this Agreement and the transactions contemplated hereby.

(b) In entering into this Agreement, each of Parent and Amalgamation Sub has relied solely upon its own investigation and analysis and the representations and warranties of the Company expressly contained in Article 4 and each of Parent and Amalgamation Sub acknowledges that, other than as set forth in this Agreement and in the certificates or other instruments delivered pursuant hereto, none of the Group Companies or any of their respective directors, officers, employees, Affiliates, shareholders, agents or representatives makes or has made any representation or warranty, either express or implied, (i) as to the accuracy or completeness of any of the information provided or made available to Parent, Amalgamation Sub or any of their respective agents, representatives, lenders or Affiliates prior to the execution of this Agreement or (ii) with respect to any projections, forecasts, estimates, plans or budgets of future revenues, expenses or expenditures, future results of operations (or any component thereof), future cash flows (or any component thereof) or future financial condition (or any component thereof) of any Group Company heretofore or hereafter delivered to or made available to Parent, Amalgamation Sub or any of their respective agents, representatives, lenders or Affiliates. Without limiting the generality of the foregoing, none of the Group Companies or any of their respective directors, officers, employees, Affiliates, shareholders, agents or representatives has made, and shall not be deemed to have made, any representations or warranties in the materials (other than as set forth in this Agreement or any certificate or instrument delivered pursuant hereto) relating to the business, assets or liabilities of the Group Companies made available to Parent, Amalgamation Sub or any of their respective agents, representatives, lenders or Affiliates, and no statement contained in any such materials or made in any such presentation shall be deemed a representation or warranty hereunder or otherwise or deemed to be relied upon by Parent or Amalgamation Sub in executing, delivering and performing this Agreement and the transactions contemplated hereby.

ARTICLE VI
COVENANTS

Section 6.1 Conduct of Business.

(a) Conduct of Business of the Company. Except as expressly permitted by this Agreement, as required by Law, as set forth on Schedule 6.1(a) or as consented to in writing by Parent (which consent shall not be unreasonably withheld, conditioned or delayed), from and after the date hereof until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, the Company shall, and shall cause each other Group Company to, (a) conduct its business in the ordinary and regular course in substantially the same manner heretofore conducted (including any conduct that is reasonably related, complementary or incidental thereto), (b) use commercially reasonable efforts to preserve substantially intact its business organization and to preserve the present commercial relationships with key Persons with whom it does business (*provided*, *however*, that in no event shall the Group Companies be under any obligation to put in place any new retention programs or similar arrangements or be responsible for retaining the services of any employee who, as a result of the transactions contemplated by this Agreement (or the announcement hereof), voluntarily terminates his or her employment with the Group Companies) and (c) not do any of the following:

(i) enter into, materially amend or terminate any Company Material Contract (excluding any Company Employee Benefit Plan, Company Reinsurance Agreement or Company Agent Agreement), or waive, release or assign any material rights or claims thereunder;

(ii) declare, set aside or pay a dividend on, or make any other distribution (whether securities or property) in respect of, its equity securities except dividends and distributions by any of the Subsidiaries of the Company to any of the other Group Companies that are wholly owned, directly or indirectly, by the Company;

(iii) (A) issue, sell, transfer, pledge, grant, dispose of, encumber or deliver, or authorize the issuance, sale, transfer, pledge, grant, disposal of or encumbrance of, any equity securities of any class, any securities convertible into or exercisable or exchangeable for voting or equity securities of any class or rights of any kind related to any of the foregoing (except for the issuance of equity securities upon the exercise or conversion of Company Options or Company Warrants, or upon the vesting of Company RSUs, in each case that are issued and outstanding as of the date hereof) or (B) adjust, split, combine or reclassify any of its equity securities;

(iv) redeem, purchase or otherwise acquire any outstanding capital shares or other equity securities of the Company or any of the Group Companies which are not wholly owned, directly or indirectly, by the Company (except for the purchase, repurchase, redemption or other acquisition by the Company of Company Common Shares, Company RSUs or Company Options in connection with (x) the forfeiture of Company Common Shares, Company RSUs or Company Options outstanding as of the date hereof by any Person pursuant to the terms of the Company Incentive Plan or any Share Agreement or (y) the net exercise of any Company Options that are outstanding as of the date hereof pursuant to the terms of the Company Incentive Plan or any Share Agreement);

(v) acquire or agree to acquire in any manner (whether by merger, amalgamation or consolidation, the purchase of an equity interest in or a material portion of the assets of or otherwise) any business or any corporation, partnership, association or other business organization or division thereof of any other Person or make any loans, advances or capital contributions to or investments in any Person (other than another Group Company), other than the acquisition of assets (including, subject to Section 6.1(a)(xviii), investment assets) in the ordinary course of business;

(vi) adopt or propose to adopt any amendments of their respective Governing Documents;

(vii) adopt a plan to or merge, consolidate, amalgamate or reorganize with or into any other Person or adopt a plan of complete or partial dissolution or liquidation, completely or partially dissolve or liquidate, or commence or consent to any complete or partial dissolution, liquidation, receivership or similar proceeding;

(viii) except as required by Law or the terms of any Company Employee Benefit Plan as in effect on the date hereof: (A) grant or announce any incentive awards, bonus or similar compensation or any increase in the salaries, bonuses or other compensation and benefits payable by a Group Company to any of the current or former directors, managers, officers or employees, or other service providers of such Group Company (other than non-material increases in benefits resulting from routine changes to welfare benefit programs); (B) increase the benefits under any Company Employee Benefit Plan; (C) establish, adopt, enter into, terminate or amend any Company Employee Benefit Plan; or (D) grant any retention, severance or termination pay to, or enter into any employment, change of control or severance agreement with, any director, manager, officer, employee or other Person;

(ix) hire any employee, enter into or amend any transaction, contract or agreement with any of its officers, directors, managers, employees or Affiliates (or any directors, managers, officers or employees of any such Affiliate) or promote any officers or other employees to an officer-level position;

(x) mortgage, pledge or subject to any Lien, other than Permitted Liens, any of its material assets or Company Leased Real Property, except for transfers and pledges of assets in connection with the conduct of the insurance business, including pursuant to reinsurance, coinsurance, ceding of insurance, assumption of insurance or indemnification with respect to insurance and similar arrangements, that are in the ordinary course of business consistent with past practice and that do not exceed $500,000 in the aggregate;

(xi) sell or otherwise dispose of any assets outside the ordinary course of business, except for assets with a purchase price, in the aggregate, of less than $500,000;

(xii) except for a transaction which is settled through a London Market settlement bureau where any Group Company is not the recognized lead, commence or settle any claim, action or proceeding, unless either (y) in the ordinary course of business consistent with past practice and when the amount sought or settled does not exceed $100,000, or (z) after giving written notice to Parent no objection from Parent is received by the end of the second Business Day after the day in which such notice was given;

(xiii) except as required by GAAP or applicable SAP, change in any material respect any of the accounting principles or practices used by a Group Company;

(xiv) make, change or revoke any election related to Taxes, settle or compromise any Tax liability, enter into any closing agreement related to Tax, consent to any extension or waiver of the limitations period applicable to any Tax claim or assessment, or change any taxable period or any Tax accounting method;

(xv) repurchase, repay, incur or assume any Indebtedness, guarantee any Indebtedness of another Person, issue or sell any debt securities or options, warrants, calls or other rights to acquire any debt securities of the Company or any of the Group Companies, guarantee any debt securities of another Person, enter into or amend any "keep well" or other contract or arrangement to maintain any financial condition of any other Person or enter into or amend any arrangement having the economic effect of any of the foregoing, other than (x) letters of credit issued in the ordinary course of business consistent with past practice under existing Indebtedness, and (y) any other Indebtedness incurred in the ordinary course of business consistent with past practice having an aggregate principal amount outstanding that is not in excess of $500,000;

(xvi) enter into any swap or hedging transaction or other derivative agreements other than in the ordinary course of business consistent with past practice and consistent with the Investment Guidelines;

(xvii) amend, modify or otherwise change the Investment Guidelines in any respect;

(xviii) acquire or dispose of any investment assets other than in compliance with the Investment Guidelines;

(xix) adopt or implement any shareholders' rights plan or similar arrangement;

(xx) make or authorize any capital expenditure in excess of $100,000 individually or $500,000 in the aggregate;

(xxi) except as set forth in Section 6.1(a)(xii), and subject to Section 6.1(a)(xxii), and unless the consent of Parent has been requested in writing and no objection from Parent has been received by the end of the second Business Day after the day in which such consent request was received by Parent, commence, settle or compromise, or provide authority to any other Person to commence, settle or compromise, any claim, action or proceeding pending or threatened before any arbitrator, court or other Governmental Entity involving the payment of monetary damages by any

of the Group Companies of any amount exceeding $500,000 in the aggregate or which settlement imposes or concedes any fault on the part of any of the Group Companies, provided that none of the Group Companies shall settle or agree to settle any such claim, action or proceeding when the settlement involves a remedy other than for monetary damages, including injunctive or similar relief or has a restrictive impact on the business of any of the Group Companies;

(xxii) compromise, commute or buy back, or provide authority to any other Person to compromise, commute or buy back, any ceded or assumed Company Reinsurance Agreement or any claim under or with respect to any ceded or assumed Company Reinsurance Agreement, involving payments or the removal of gross or ceded reserves in an amount in excess of $500,000;

(xxiii) (A) enter into any new ceded or assumed Company Reinsurance Agreement or transaction, or any loss portfolio transfer or similar transfer or transaction or (B) amend or modify any existing ceded or assumed Company Reinsurance Agreement or transaction;

(xxiv) enter into or renew any Insurance Agreement with coverage limits in excess of the amounts set forth on Schedule 6.1 or enter into or engage in (through acquisition, product extension, renewal or otherwise) the business of selling any products or services materially different from existing products or services of any of the Group Companies;

(xxv) enter into or engage in new lines of business (as such term is defined in the National Association of Insurance Commissioners instructions for the preparation of the annual statement form);

(xxvi) except in the ordinary course of business, alter or amend in any material respect any existing underwriting, claim handling, loss control, investment, actuarial practice guideline or policy or any material assumption underlying an actuarial practice or policy, except as may be required by GAAP, applicable SAP or applicable Law;

(xxvii) amend, terminate or non-renew any insurance agreement or similar undertaking in force and effect on the date of this Agreement that provides coverage to any of the Group Companies; or

(xxviii) enter into a binding agreement to do anything contained in this clause (a).

(b) Except as expressly permitted by this Agreement, as required by Law, as set forth on Schedule 6.1(b), or as consented to in writing by the Company (which consent shall not be unreasonably withheld, conditioned or delayed), from and after the date hereof until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, Parent shall not do any of the following:

(i) adopt a plan to or merge, consolidate, amalgamate or reorganize with or into any other Person or adopt a plan of complete or partial dissolution or liquidation, completely or partially dissolve or liquidate, or commence or consent to any complete or partial dissolution, liquidation, receivership or similar proceeding;

(ii) adopt or propose to adopt any amendments of its Governing Documents;

(iii) declare, set aside or pay any dividend or other distribution (whether securities or property) in respect of Parent Common Stock;

(iv) redeem, purchase or otherwise acquire any outstanding capital shares or other equity securities of the Parent or any of the Parent Group Companies which are not wholly owned, directly or indirectly, by the Parent, except in connection with the vesting of any outstanding restricted shares; or

(v) enter into a binding agreement to do any of the foregoing.

Section 6.2 No Control of the Company's Business. Nothing contained in this Agreement shall give Parent or Amalgamation Sub, directly or indirectly, the right to control or direct the Company's or any of the Group Companies' operations prior to the Closing in any manner that would violate applicable Law.

Section 6.3 Tax Matters.

(a) Parent, the Company and the Securityholders' Representative shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the preparation, filing and execution of Tax Returns and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information that are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder or to testify at any such proceeding. The Securityholders' Representative and Parent agree to (and, after the Closing, Parent will cause the Group Companies to) retain all books and records with respect to Tax matters pertinent to any Group Company for a period of seven (7) years. The Securityholders' Representative shall have the right to consent to any settlement or compromise, or the right to control the litigation or settlement (in accordance with the principles set forth in Section 9.3 and Section 9.8, assuming the Securityholders' Representative is the responsible party with respect thereto), of any matter described above in this subsection (a) that could give rise to an indemnification obligation out of the Escrow Account pursuant to this Agreement, subject to Section 9.3 and Section 9.8. Parent, the Company and the Securityholders' Representative further agree, upon request, to use their commercially reasonable efforts to obtain any certificate or other document from any taxing authority or any other Person or take any other action as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed on any Party (including with respect to the transactions contemplated by this Agreement).

(b) All transfer Taxes, recording fees and other similar Taxes that are imposed on any of the Parties by any Governmental Entity in connection with the transactions contemplated by this Agreement shall be borne equally by Parent and the Company. Parent will file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other Taxes and fees, with such filing expenses to be borne equally by Parent and the Company.

Section 6.4 Access to Information. From and after the date hereof until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, upon reasonable advance notice, and subject to restrictions contained in the confidentiality agreements to which the Group Companies are subject, the Company shall provide to Parent and its authorized representatives reasonable access to all books and records of the Group Companies and all officers, directors, employees and other personnel of the Group Companies, in each case, during normal business hours (in a manner so as to not interfere with the normal business operations of any Group Company). From and after the date immediately following the expiration or termination of the waiting period under the HSR Act (or any other Antitrust Law), (a) the Company shall permit a limited number of authorized representatives of Parent to attend any and all meetings of the Company Executive Committee (or any sub-committee thereof) and meetings of the board of directors and any committee thereof (or similar governing body) of each Group Company and to receive all written materials and communications related to such meetings at the same time as (or promptly thereafter) management or the board or committee (or similar governing body) receives such materials or communications, provided that the Group Companies shall be entitled to require that any representative(s) of Parent recuse themselves from any portion of any such meeting, and the Group Companies shall be entitled to redact or withhold any such materials or communications, to the extent that the representative(s)' participation in the portion of such meeting, or the provision of such materials or communications to the representative(s), would be reasonably likely to (x) jeopardize any attorney-client or other legal privilege, (y) contravene any applicable Laws or (z) breach any confidentiality obligations of the Group Companies under contracts with third parties and (b) solely to the extent permitted by applicable Law, Parent and its authorized representatives shall be permitted to offer advice and guidance to the Group Companies on their business operations, which the Group Companies shall consider in their respective sole discretion, provided that, for the avoidance of doubt, in no event shall the Group Companies be obligated to follow or implement any such advice or guidance. All of such information shall be treated as confidential information pursuant to the terms of the Confidentiality Agreement, the provisions of which are by this reference hereby incorporated herein. Notwithstanding anything to the contrary in this Agreement, the Company shall not be required to disclose any information to Parent (including pursuant to Section 6.1) if such disclosure would be reasonably likely to (x) jeopardize any attorney-client or other legal privilege, (y) contravene any applicable Laws or (z) breach any confidentiality obligations of the Group Companies under contracts with third parties; provided, however, that the Company shall notify Parent in writing with a general description of each item not disclosed pursuant to this clause.

Section 6.5 Efforts to Consummate.

(a) Subject to the terms and conditions herein provided, each of Parent, Amalgamation Sub and the Company shall use reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things reasonably necessary to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement (including the satisfaction, but not waiver, of the closing conditions set forth in Article 7). Each of Parent, Amalgamation Sub and the Company shall use reasonable best efforts to obtain

consents of all Governmental Entities necessary to consummate the transactions contemplated by this Agreement. All costs incurred in connection with obtaining such consents, including the filing fees under the HSR Act and other Antitrust Laws, shall be borne equally by Parent and the Company. Each Party shall make an appropriate filing, if necessary, pursuant to the HSR Act and all other filings required by applicable Antitrust Laws with respect to the transactions contemplated by this Agreement promptly (and in any event, within fifteen (15) Business Days in the case of filings pursuant to the HSR Act, and within twenty (20) Business Days in the case of all other filings required by applicable Antitrust Laws) after the date of this Agreement and shall supply as promptly as practicable to the appropriate Governmental Entities any additional information and documentary material that may be requested pursuant to the HSR Act or other Antitrust Laws. Without limiting the foregoing, (i) Parent, Amalgamation Sub and the Company and their respective Affiliates shall not extend any waiting period or comparable period under the HSR Act or other Antitrust Laws or enter into any agreement with any Governmental Entity not to consummate the transactions contemplated hereby, except with the prior written consent of the other Parties, and (ii) each Party shall, and shall cause its Affiliates to, take all actions that are reasonably necessary or as may be required by any Governmental Entity to expeditiously consummate the transactions contemplated by this Agreement.

(b) In furtherance and not in limitation of Section 6.5(a), (i) as soon as reasonably practicable following the date of this Agreement (and in any event, within twenty (20) Business Days), the Company and Parent shall cooperate in all respects with each other and use (and shall cause their respective Affiliates to use) their respective reasonable best efforts to prepare and file with the relevant insurance regulators requests for approval of the transactions contemplated by this Agreement (and amend filings, re-file and/or make new filings, if and when necessary, as soon as reasonably practicable) and shall use reasonable best efforts to have such insurance regulators approve the transactions contemplated by this Agreement to the extent approval is required under applicable Law, (ii) within a reasonable time prior to furnishing the same to any insurance regulator, each Party shall provide all applications with the insurance regulators to the other Parties in advance for their approval (such approval not to be unreasonably withheld, conditioned or delayed) and each Party shall have a reasonable opportunity to provide comments thereon, (iii) the Company and Parent shall give the other party prompt written notice if it receives any material notice or other communication from any insurance regulator in connection with the transactions contemplated by this Agreement, and, in the case of any such written notice or communication, shall promptly furnish the other party with a copy thereof, and (iv) to the extent reasonably practicable, each Party shall provide all substantive correspondence with the insurance regulators to the other Parties in advance for their approval (such approval not to be unreasonably withheld, conditioned or delayed). The Company and Parent shall have the right to participate in and shall, to the extent reasonably practicable, receive reasonable prior notice of, all meetings (telephonic or otherwise) of the other party with any insurance regulators in respect of the transactions contemplated by this Agreement; provided, however, that nothing in this Section 6.5 shall require either Parent or Company to provide or cause to be provided to the other confidential information submitted to any Governmental Entity or the portions of notices or other communications received from or with Governmental Entities relating or referring to confidential information.

(c) In the event any claim, action, suit, investigation or other proceeding by any Governmental Entity or other Person is commenced which questions the validity or legality of the transactions contemplated hereby or seeks damages in connection therewith, Parent, Amalgamation Sub and the Company agree to cooperate and use reasonable best efforts to defend against such claim, action, suit, investigation or other proceeding and, if an injunction or other order is issued in any such action, suit or other proceeding, to use reasonable best efforts to have such injunction or other order lifted, and to cooperate reasonably regarding any other impediment to the consummation of the transactions contemplated hereby.

(d) Notwithstanding anything to the contrary set forth in this Section 6.5 or any other section of this Agreement, none of Parent, Amalgamation Sub or any of their Affiliates shall be required to, and the Company may not, without the prior written consent of Parent, become subject to, consent to, or offer or agree to, or otherwise take any action or refrain from taking any action or agree or commit to any condition, limitation, restriction or requirement of any Governmental Entity (except as set forth in Schedule 6.5) that would materially adversely affect the economic benefits reasonably expected to be derived by Parent under this Agreement or in connection with the consummation of the transactions contemplated hereunder (a "Burdensome Condition"); provided that, in the event that a Governmental Entity requires that the terms of this Agreement be changed or altered in a manner that adversely affects any such benefits reasonably expected to be derived hereunder, each of the Parties shall use its reasonable best efforts and cooperate and negotiate in good faith to agree to alternative terms to this Agreement that are acceptable to such Governmental Entity and provide benefits substantially similar to the benefits provided under the original terms thereof.

Section 6.6 Public Announcements. No press release or public announcement related to this Agreement or the transactions contemplated herein, or prior to the Closing, any other announcement or communication to the employees, clients or suppliers of the Company, shall be issued or made by any Party without the joint approval of Parent, on one hand, and the Securityholders' Representative, on the other, unless required by Law (in the reasonable opinion of counsel) in which case Parent or the Securityholders' Representative, as applicable, shall have the right to review such press release, announcement or communication prior to its issuance, distribution or publication; provided, however, that the foregoing shall not restrict or prohibit the Company from making any announcement to its employees, equityholders, customers and other business relations to the extent the Company reasonably determines in good faith that such announcement is necessary or advisable.

Section 6.7 Indemnification; Directors' and Officers' Insurance.

(a) Parent agrees that all rights to indemnification or exculpation now existing in favor of the directors, officers, employees and agents of each Group Company, as provided in such Group Company's Governing Documents or otherwise in effect as of the date hereof with respect to any matters occurring prior to the Closing Date, shall survive the transactions contemplated by this Agreement and shall continue in full force and effect and that Parent and the Group Companies on their own behalf, will perform and discharge the Group Companies' obligations to provide such indemnity and exculpation. To the maximum extent permitted by applicable Law, such indemnification shall be mandatory rather than permissive, and Parent shall, and shall cause the Amalgamated Company to, advance expenses in connection with such indemnification as provided in such Group Company's Governing Documents or other applicable agreements. The indemnification and liability limitation or exculpation provisions of

the Group Companies' Governing Documents shall not be amended, repealed or otherwise modified after the Closing Date in any manner that would adversely affect the rights thereunder of individuals who, as of the Closing Date or at any time prior to the Closing Date, were directors, officers, employees or agents of any Group Company, unless such modification is required by applicable Law.

(b) Contemporaneously with the Closing, Parent shall, at its expense, and shall cause the Amalgamated Company to, purchase and maintain in effect, without any lapses in coverage, a "tail" policy providing directors' and officers' liability insurance coverage for the benefit of those Persons who are covered by any Group Company's directors' and officers' liability insurance policies as of the date hereof or at the Closing, for a period of six (6) years following the Closing Date with respect to matters occurring prior to the Closing that is at least equal to the coverage provided under the Group Companies' current directors' and officers' liability insurance policies; provided, however, that the Amalgamated Company may substitute therefor policies of at least the same coverage containing terms and conditions which are no less advantageous to the beneficiaries thereof so long as such substitution does not result in gaps or lapses in coverage with respect to matters occurring prior to the Closing Date and provided further that in no event shall Parent be required to pay more than 250% of the current annual premium payable by the Group Companies for such insurance.

(c) The directors, officers, employees and agents of each Group Company entitled to the indemnification, liability limitation, exculpation and insurance set forth in this Section 6.7 are intended to be third party beneficiaries of this Section 6.7. This Section 6.7 shall survive the consummation of the transactions contemplated by this Agreement and shall be binding on all successors and assigns of Parent and the Company.

Section 6.8 Exclusive Dealing. During the period from the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, the Company shall not take, or permit any Group Company or any of their respective Affiliates, officers, directors, employees, representatives, consultants, financial advisors, attorneys, accountants or other agents to take, any action to solicit, encourage, initiate or engage in discussions or negotiations with, or provide any information to or enter into any agreement with any Person (other than Parent and/or its respective Affiliates) concerning any purchase of any of the Company's equity securities or any merger, amalgamation, sale of substantial assets or similar transaction involving any Group Company, other than assets sold in the ordinary course of business in accordance with Section 6.1 (each such acquisition transaction, an "Acquisition Transaction"); provided, however, that Parent hereby acknowledges that prior to the date of this Agreement, the Company has provided information relating to the Group Companies and has afforded access to, and engaged in discussions with, other Persons in connection with a proposed Acquisition Transaction and that such information, access and discussions could reasonably enable another Person to form a basis for an Acquisition Transaction without any breach by the Company of this Section 6.8.

Section 6.9 Documents and Information. After the Closing Date, Parent shall, and shall cause the Amalgamated Company and the Group Companies, until the seventh (7th) anniversary of the Closing Date, retain all books, records and other documents pertaining to the business of the Group Companies in existence on the Closing Date and make the same available

for inspection and copying by the Securityholders' Representative (at the Securityholders' Representative's expense) during normal business hours of the Amalgamated Company or any of its Subsidiaries, as applicable, upon reasonable request and upon reasonable notice.

Section 6.10 Contact with Customers, Suppliers and Other Business Relations. During the period from the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, Parent hereby agrees that it is not authorized to, and shall not (and shall not permit any of its employees, agents, representatives or Affiliates to), contact any employee (excluding executive officers), insured, insurance broker, reinsurance intermediary, customer, supplier, vendor, distributor or other material business relation of any Group Company regarding any Group Company, its business or the transactions contemplated by this Agreement without the prior consent of the Company, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 6.11 Employee Benefit Matters.

(a) During the period beginning on the Closing Date and ending on the first (1st) anniversary of the Closing Date, Parent shall provide, or shall cause the Amalgamated Company to provide, employees of each Group Company who continue to be employed by a Group Company (collectively, "Continuing Employees") with the same salary or hourly wage rate as provided to such Continuing Employees immediately prior to the Closing Date and with employee benefits that are substantially similar in the aggregate to the employee benefits provided under the Company Employee Benefit Plans in which such Continuing Employees participated as of the date of this Agreement. Parent further agrees that, from and after the Closing Date, Parent shall, and shall cause each Group Company to, grant all Continuing Employees credit for any service with such Group Company earned prior to the Closing Date (i) for eligibility and vesting purposes, and (ii) for purposes of vacation accrual and severance benefit determinations under any benefit or compensation plan, program, agreement or arrangement that may be established or maintained by Parent or any Group Company on or after the Closing Date (collectively, the "New Plans"), except as would result in duplication of benefits. In addition, Parent shall use commercially reasonable efforts to (x) cause to be waived all pre-existing condition exclusions and actively at work requirements and similar limitations, eligibility waiting periods and evidence of insurability requirements under any New Plans to the extent waived or satisfied by a Continuing Employee under any Company Employee Benefit Plan as of the Closing Date, and (y) cause any deductible, co-insurance and covered out-of-pocket expenses paid during the calendar year of the Closing and on or before the Closing Date by any employee (or covered dependent thereof) of any Group Company to be taken into account for purposes of satisfying the corresponding deductible, coinsurance and maximum out of pocket provisions after the Closing Date under any applicable New Plan in the year of initial participation.

(b) Parent agrees that Parent, through a Parent Group Company or a Group Company group health plan (as defined in Section 4980B of the Code), shall be responsible for satisfying the continuation coverage requirements of Section 4980B of the Code for all individuals who are "M&A qualified beneficiaries" as such term is defined in Treasury Regulation Section 54.4980B-9.

(c) Nothing contained in this Section 6.11, express or implied, is intended to confer upon any employee of any Group Company any right to continued employment for any period or continued receipt of any specific employee benefit, or shall constitute an amendment to or any other modification of any New Plan or Company Employee Benefit Plan. Further, this Section 6.11 shall be binding upon and inure solely to the benefit of each of the Parties to this Agreement, and nothing in this Section 6.11, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Section 6.11.

Section 6.12 Schedule Supplements. From time to time commencing on the date of this Agreement and until the Closing Date, (i) the Company shall deliver to Parent written notice of any event or development that would render any representation or warranty of the Company in this Agreement (including the Company Schedules) inaccurate or incomplete due to the events or circumstances occurring after the date hereof and (ii) Parent shall deliver to the Company written notice of any event or development that would render any representation or warranty of Parent in this Agreement (including the Parent Schedules) inaccurate or incomplete due to the events or circumstances occurring after the date hereof (each of (i) or (ii), a "Schedule Supplement"); provided, however, that no such Schedule Supplement shall (a) affect Parent's right to terminate this Agreement in accordance with Section 8.1(b) or the Company's right to terminate this Agreement in accordance with Section 8.1(c), (b) be given effect for purposes of determining whether the condition set forth in Section 7.2(a) or Section 7.3(a) has been satisfied, or (c) the Parties' indemnification rights under Article 9.

Section 6.13 Written Consent. Within twenty four (24) hours following the execution and delivery of this Agreement, the Company shall deliver to Parent the Written Consent (which may be delivered to Parent's representatives via PDF attached to an email).

Section 6.14 Registration Rights Agreement; Shareholder Rights Agreement. Parent shall enter into, at the Closing, (i) the registration rights agreement substantially in the form attached as Exhibit D hereto (the "Registration Rights Agreement") and (ii) the shareholder rights agreement substantially in the form attached as Exhibit E hereto (the "Shareholder Rights Agreement").

Section 6.15 Bermuda Required Actions.

(a) Prior to the Closing, the Company shall procure that the statutory declaration required by Section 108(3) of the Companies Act is duly sworn by one of its officers.

(b) Prior to the Closing, Amalgamation Sub shall (and Parent, as the sole shareholder of Amalgamation Sub shall cause Amalgamation Sub to) (i) procure that the statutory declarations required by Section 108(3) of the Companies Act are duly sworn by one of Amalgamation Sub's officers; (ii) prepare a duly certified copy of the shareholder resolutions evidencing the approval of Bayshore Holdings Ltd., as the sole shareholder of the Amalgamation Sub, of the Amalgamation; (iii) obtain the approval of the Registrar to the proposed name of the Amalgamated Company; and (iv) prepare a notice advising the Registrar of the registered office of the Amalgamated Company.

Section 6.16 Redemption of Preferred Shares. The Company shall provide notices of redemption to the holders of Preferred Shares, to the extent required under the Company Bye-laws or under any agreements or instruments applicable to the Preferred Shares, in order to permit the redemption of the Preferred Shares at the Effective Time in accordance with Section 3.1(a).

Section 6.17 Stock Exchange Listing. Parent shall use its reasonable best efforts to cause the Founder Amalgamation Stock Consideration (or, in the case of the Parent Series B Non-Voting Preferred Stock, the voting ordinary shares, par value $1.00 per share, of Parent issuable upon the conversion thereof upon transfer to a third party) to be approved for listing on the NASDAQ Stock Market, subject to official notice of issuance, prior to the Closing Date.

Section 6.18 Class B Shares.

(a) The Company shall use its reasonable best efforts to redeem all Unallocated Company Class B Shares prior to the Effective Time, provided that no Group Company shall pay any amount to any holder of such Unallocated Company Class B Shares without the prior written consent of Parent, and any such amounts so paid shall be included within the definition of "Company Transaction Expenses" for all purposes under this Agreement. The Company shall keep Parent reasonably apprised of its efforts to redeem the Unallocated Company Class B Shares.

(b) In the event the representations and warranties of the Company set forth in Section 4.2(e) – (h) are not true and correct in all respects (except to the extent de minimis) on and as of the Closing Date (as though made on and as of the Closing Date), the Company shall agree to amend the terms of this Agreement immediately prior to the Closing Date to decrease the Purchase Price by an amount equal to the Losses that Parent would suffer due to the failure of such representations and warranties to be so true and correct.

ARTICLE VII
CONDITIONS TO CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT

Section 7.1 Conditions to the Obligations of Parent, Amalgamation Sub and the Company. The obligations of Parent, Amalgamation Sub and the Company to consummate the transactions contemplated by this Agreement are subject to the satisfaction (or, if permitted by applicable Law, waiver by the Party for whose benefit such condition exists) of the following conditions:

(a) the Company shall have obtained the Company Shareholder Approval;

(b) any applicable waiting period under the HSR Act relating to the transactions contemplated by this Agreement shall have expired or been terminated;

(c) the Transaction Approvals shall have been obtained, free of any condition that could reasonably be expected to have a Company Material Adverse Effect and shall not include, require, result in or have the effect of any Burdensome Condition with respect to Parent or any of its Affiliates (including the Group Companies after the Closing), and the waiting periods applicable thereto shall have terminated or expired;

(d) the Founder Amalgamation Stock Consideration (or, in the case of the Parent Series B Non-Voting Preferred Stock, the voting ordinary shares, par value $1.00 per share, of Parent issuable upon the conversion thereof upon transfer to a third party) shall have been authorized for listing on the NASDAQ Stock Market, upon official notice of issuance; and

(e) no statute, rule, regulation, executive order, decree, temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other Governmental Entity or other legal restraint or prohibition preventing the consummation of the transactions contemplated by this Agreement shall be in effect; provided, however, that each of Parent, Amalgamation Sub and the Company shall have used reasonable best efforts to prevent the entry of any such injunction or other order or the commencement of any such proceeding or lawsuit and to appeal as promptly as possible any injunction or other order that may be entered.

Section 7.2 Other Conditions to the Obligations of Parent and Amalgamation Sub. The obligations of Parent and Amalgamation Sub to consummate the transactions contemplated by this Agreement are subject to the satisfaction or, if permitted by applicable Law, waiver by Parent and Amalgamation Sub of the following further conditions:

(a) the representations and warranties of the Company (i) set forth in Section 4.1, Section 4.2(a) – (d), Section 4.3, Section 4.16 and Section 4.20 shall be true and correct in all respects (except with respect to the representations and warranties set forth in Section 4.2, to the extent de minimis) on the date of this Agreement and on and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties are made on and as of a specified date, in which case the same shall be true and correct as of the specified date) and (ii) set forth in this Agreement, other than those sections specifically identified in clause (i) of this Section 7.2(a), shall be true and correct in all respects (without giving effect to any limitation indicated by the words "Company Material Adverse Effect," "in all material respects," "in any material respect," "material" or "materiality") on the date of this Agreement and on and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties are made on and as of a specified date, in which case the same shall be true and correct as of the specified date), except, in the case of clause (ii) only, to the extent that the facts, events and circumstances that cause such representations and warranties to not be true and correct as of such dates have not had and would not reasonably be expected to have a Company Material Adverse Effect;

(b) the Company shall have performed and complied in all material respects with all covenants required to be performed or complied with by the Company under this Agreement on or prior to the Closing Date;

(c) since the date of this Agreement, there shall not have been any Company Material Adverse Effect or any event, change or effect that would, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect;

(d) prior to or at the Closing, the Company shall have delivered, in form and substance reasonably acceptable to Parent, a certificate of an authorized officer of the Company, dated as of the Closing Date, to the effect that the conditions specified in Section 7.2(a), Section 7.2(b) and Section 7.2(c) have been satisfied by the Company;

(e) prior to or at the Closing, the Company shall have delivered, in form and substance reasonably acceptable to Parent, written evidence that all Company Transaction Expenses required to be paid have been, or at the Closing will be, paid in full, and that any Person entitled to receive any Company Transaction Expenses has accepted the amount received or to be received by them as payment in full for all services rendered; and

(f) the Escrow Agreement shall have been executed by the Securityholders' Representative.

Section 7.3 Other Conditions to the Obligations of the Company. The obligations of the Company to consummate the transactions contemplated by this Agreement are subject to the satisfaction or, if permitted by applicable Law, waiver by the Company of the following further conditions:

(a) the representations and warranties of the Parent and Amalgamation Sub (i) set forth in Section 5.1, Section 5.2, Section 5.3, Section 5.16 and Section 5.20 shall be true and correct in all respects (except with respect to the representations and warranties set forth in Section 5.2, to the extent de minimis) on the date of this Agreement and on and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties are made on and as of a specified date, in which case the same shall be true and correct as of the specified date) and (ii) set forth in this Agreement, other than those sections specifically identified in clause (i) of this Section 7.3(a), shall be true and correct in all respects (without giving effect to any limitation indicated by the words "Parent Material Adverse Effect," "in all material respects," "in any material respect," "material" or "materiality") on the date of this Agreement and on and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties are made on and as of a specified date, in which case the same shall continue be true and correct as of the specified date), except in the case of clause (ii) only to the extent that the facts, events and circumstances that cause such representations and warranties to not be true and correct as of such dates have not had and would not reasonably be expected to have a Parent Material Adverse Effect;

(b) Parent and Amalgamation Sub shall have performed and complied in all material respects with all covenants required to be performed or complied with by them under this Agreement on or prior to the Closing Date;

(c) since the date of this Agreement, there shall not have been any Parent Material Adverse Effect or any event, change or effect that would, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect;

(d) prior to or at the Closing, Parent and Amalgamation Sub shall have delivered, in form and substance reasonably acceptable to the Company, a certificate of an authorized officer of Parent and Amalgamation Sub, respectively, dated as of the Closing Date, to the effect that the conditions specified in Section 7.3(a), Section 7.3(b) and Section 7.3(c) with respect to such entity have been satisfied;

(e) prior to or at the Closing, Parent and Amalgamation Sub shall have delivered, in form and substance reasonably acceptable to the Company, written evidence that all amounts and consideration required to be paid or deposited by Parent pursuant to this Agreement have been so paid or deposited at or prior to the Effective Time;

(f) the Registration Rights Agreement shall have been executed by Parent;

(g) the Shareholder Rights Agreement shall have been executed by Parent; and

(h) the Escrow Agreement shall have been executed by Parent.

Section 7.4 Frustration of Closing Conditions. No Party may rely on the failure of any condition set forth in this Article 7 to be satisfied if such failure was caused by such Party's failure to use reasonable best efforts to cause the Closing to occur, as required by Section 6.5.

ARTICLE VIII
TERMINATION; AMENDMENT; WAIVER

Section 8.1 Termination. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing:

(a) by mutual written consent of Parent, Amalgamation Sub and the Company;

(b) by Parent, if any of the representations or warranties of the Company set forth in Article 4 shall not be true and correct or if the Company has failed to perform any covenant or agreement on the part of the Company set forth in this Agreement (including an obligation to consummate the Closing) such that the condition to Closing set forth in either Section 7.2(a) or Section 7.2(b) would not be satisfied and the breach or breaches causing such representations or warranties not to be true and correct, or the failures to perform any covenant or agreement, as applicable, are not cured within twenty (20) days after written notice thereof is delivered to the Company; provided, however, that Parent and/or Amalgamation Sub is not then in breach of this Agreement, which breach is a cause of the condition to Closing set forth in either Section 7.3(a) or Section 7.3(b) not being satisfied;

(c) by the Company, if any of the representations or warranties of Parent or Amalgamation Sub set forth in Article 5 shall not be true and correct or if Parent or Amalgamation Sub has failed to perform any covenant or agreement on the part of Parent or Amalgamation Sub, respectively, set forth in this Agreement (including an obligation to consummate the Closing) such that the condition to Closing set forth in either Section 7.3(a) or Section 7.3(b) would not be satisfied and the breach or breaches causing such representations or warranties not to be true and correct, or the failures to perform any covenant or agreement, as applicable, are not cured within twenty (20) days after written notice thereof is delivered to

Parent or Amalgamation Sub; provided, however, that the Company is not then in breach of this Agreement, which breach is a cause of the condition to Closing set forth in Section 7.2(a) or Section 7.2(b) not being satisfied, and the Founders are not then in breach of their respective Investor Certificates in any material respect;

(d) by Parent or the Company, if the transactions contemplated by this Agreement shall not have been consummated on or prior to April 8, 2014 (as it may be extended the "Termination Date") and the Party seeking to terminate this Agreement pursuant to this Section 8.1(d) shall not have breached in any material respect its obligations under this Agreement (and, in the case of the Company, the Founders shall not have breached in any material respect their respective obligations under the Investor Certificates) in any manner that shall have proximately caused the failure to consummate the transactions contemplated by this Agreement on or before the Termination Date; provided, however, that if on April 8, 2014 the condition set forth in Section 7.1(c) is the only condition to Closing that has not been satisfied as of the Termination Date, then upon the written notice of the Company to Parent, the Termination Date shall be extended to a date and time that is not later than 5:00 p.m. New York City time on July 8, 2014;

(e) by Parent, if the Company fails to deliver the executed Written Consent to Parent within twenty (20) days from the date hereof;

(f) by Parent or the Company, if there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited, or if any Governmental Entity shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree or ruling or other action shall have become final and nonappealable; provided that the Party seeking to terminate this Agreement pursuant to this Section 8.1(f) shall have used reasonable best efforts to remove such order, decree, ruling, judgment or injunction and shall have complied with all of the other terms of this Agreement;

(g) By Parent, if any Company Material Adverse Effect shall have occurred; or

(h) By the Company, if any Parent Material Adverse Effect shall have occurred.

Section 8.2 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 8.1, this entire Agreement shall forthwith become void (and there shall be no liability or obligation on the part of any Party or their respective officers, directors or equityholders) with the exception of the provisions of this Section 8.2, Section 6.6, Article 10, Article 11 and the penultimate sentence of Section 6.4, each of which provisions shall survive such termination and remain valid and binding obligations of the Parties. Notwithstanding the foregoing, termination of this Agreement shall not in any way terminate, limit or restrict the rights and remedies of any Party hereto against any other Party for fraud, any intentional misrepresentation, any breach of any representation or warranty or any breach of any covenant or obligation contained in this Agreement prior to the time of termination.

Section 8.3 Amendment. Except as set forth in Section 6.12, this Agreement may be amended or modified only by a written agreement executed and delivered by duly authorized officers of the respective Parties. Subject to Section 6.12, this Agreement may not be modified or amended except as provided in the immediately preceding sentence and any purported amendment by any Party or Parties effected in a manner which does not comply with this Section 8.3 shall be void.

Section 8.4 Extension; Waiver. Subject to Section 8.1(d), at any time prior to the Closing, the Company may (a) extend the time for the performance of any of the obligations or other acts of Parent or Amalgamation Sub contained herein, (b) waive any inaccuracies in the representations and warranties of Parent or Amalgamation Sub contained herein or in any document, certificate or writing delivered by Parent or Amalgamation Sub pursuant hereto or (c) unless prohibited by applicable Law, waive compliance by Parent or Amalgamation Sub with any of the agreements or conditions contained herein. Subject to Section 8.1(d), at any time prior to the Closing, Parent may (i) extend the time for the performance of any of the obligations or other acts of the Company contained herein, (ii) waive any inaccuracies in the representations and warranties of the Company contained herein or in any document, certificate or writing delivered by the Company pursuant hereto or (iii) unless prohibited by applicable Law, waive compliance by the Company with any of the agreements or conditions contained herein. Any agreement on the part of any Party to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such Party. The failure or delay of any Party to assert any of its rights hereunder shall not constitute a waiver of such rights, nor shall any single or partial exercise of any such right preclude any other or further or exercise thereof.

ARTICLE IX
SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS; INDEMNIFICATION

Section 9.1 Survival of Representations, Warranties and Covenants. The representations and warranties of the Company contained in Article 4 shall survive the Closing until the twelve (12) month anniversary of the Closing Date, except for the representations and warranties contained in Section 4.1(a), Section 4.3 and Section 4.16 (such sections, the "Company Fundamental Representations"), which shall survive the Closing indefinitely and the representations and warranties in Section 4.15 which shall survive the Closing until the twenty-four (24) month anniversary of the Closing Date. The representations and warranties of Parent and Amalgamation Sub contained in Article 5 shall survive the Closing until the twelve (12) month anniversary of the Closing Date, except for the representations and warranties contained in Section 5.1(a), Section 5.3 and Section 5.16 (such sections, the "Parent Fundamental Representations") which shall survive the Closing indefinitely and the representations and warranties in Section 5.15 which shall survive the Closing until the twenty-four (24) month anniversary of the Closing Date. The covenants contained in Article 6 shall terminate on the Closing Date unless a specific covenant contained in Article 6 requires performance after the Closing Date, in which case such covenant shall survive for a period of ninety (90) days following the date on which the performance of such covenant is required to be completed. The agreements and covenants set forth in Article 2, Article 3, Article 9, Article 10 and Article 11 shall survive in accordance with the terms thereof.

Section 9.2 Indemnification.

(a) Subject to the other provisions of this Article 9, from and after the Closing, Parent and/or its respective officers, directors, employees, Affiliates and/or agents (each a "Parent Indemnitee") shall be indemnified, defended and held harmless solely out of the Escrow Amount from any actual damages, losses, liabilities, obligations, claims of any kind, interest or reasonable out-of-pocket expenses (including reasonable attorneys' fees and expenses) (each, a "Loss") suffered or paid, directly or indirectly, as a result of, in connection with, or arising out of (i) any breach of any representation or warranty made by the Company contained in Article 4 or in any certificate, instrument or agreement delivered by or on behalf of the Company pursuant to this Agreement, and (ii) any breach by the Securityholders' Representative of any of the covenants contained herein which are to be performed by the Securityholders' Representative after the Closing.

(b) From and after the Closing, each Parent Indemnitee and each Group Company shall be indemnified, defended and held harmless solely out of the Escrow Amount from and against the following Taxes including any reasonable out-of-pocket costs or expenses (including reasonable attorneys' fees and expenses) incurred in connection therewith: (i) any Taxes arising from or related to a breach of any of the covenants and agreements contained in Article 6; (ii) any Taxes imposed on any Group Company with respect to taxable periods ending on or before December 31, 2012; (iii) with respect to taxable periods beginning before December 31, 2012 and ending after December 31, 2012, any Taxes imposed on any Group Company which are allocable, pursuant to this Section 9.2(b), to the portion of such period ending on December 31, 2012; (iv) any Taxes of any member of an affiliated, consolidated, combined or unitary group (other than the Company or any of its Subsidiaries) of which any Group Company was a member on or prior to December 31, 2012 imposed on any Group Company by reason of Treasury Regulation Section 1.1502-6 (or any comparable provision under state, local or foreign law); and (v) any Taxes of any Person imposed on any Group Company arising under the principles of transferee or successor liability or by contract, relating to an event or transaction occurring before December 31, 2012. In the case of Taxes that are payable with respect to a taxable period that begins before December 31, 2012 and ends after December 31, 2012, the portion of any such Tax that is allocable to the portion of the period ending on December 31, 2012 shall be:

(i) in the case of Taxes that are either (A) based upon or related to income or receipts (other than premiums), or (B) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible), deemed equal to the amount which would be payable if the taxable period ended on December 31, 2012 (based upon an interim closing of the books as of December 31, 2012); and

(ii) in the case of Taxes imposed on a periodic basis with respect to the assets of any Group Company, or otherwise measured by the level of any item, deemed to be the amount of such Taxes for the entire period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period), multiplied by a fraction the numerator of which is the number of calendar days in the period ending on December 31, 2012 and the denominator of which is the number of calendar days in the entire period; and

(iii) in the case of Taxes imposed on the basis of gross premiums, deemed equal to the amount of Taxes that would be payable based upon the amount of premium written as of December 31, 2012.

(c) Subject to the other provisions of this Article 9, Parent shall, and shall, after the Closing, cause the Amalgamated Company, to indemnify, defend and hold harmless the Company Securityholders and/or their respective officers, directors, employees, Affiliates and/or agents (each a "Securityholder Indemnitee") from any Loss suffered or paid, directly or indirectly, as a result of, in connection with, or arising out of (i) any breach of any representation or warranty made by Parent or Amalgamation Sub contained in Article 5 or in any certificate, instrument or agreement delivered by or on behalf of Parent or Amalgamation Sub pursuant to this Agreement, and (ii) any breach by Parent or the Amalgamated Company of any of the covenants or agreements contained herein which are to be performed by Parent or the Amalgamated Company after the Closing Date.

(d) The obligations to indemnify, defend and hold harmless pursuant to this Section 9.2 shall survive the consummation of the transactions contemplated hereby for the applicable period set forth in Section 9.1, except for claims for indemnification asserted prior to the end of such applicable period (which claims shall survive until final resolution thereof). No Parent Indemnitee shall be entitled to be indemnified from, defended or held harmless against any Loss pursuant to the terms of this Section 9.2 unless such Parent Indemnitee delivers written notice of its claim for indemnification to the Securityholders' Representative pursuant to Section 11.2 on or prior to the applicable survival date set forth in Section 9.1. No Securityholder Indemnitee shall be entitled to be indemnified from, defended or held harmless against any Loss pursuant to the terms of this Section 9.2 unless such Securityholder Indemnitee delivers written notice of its claim for indemnification to Parent pursuant to Section 11.2 on or prior to the applicable survival date set forth in Section 9.1.

Section 9.3 Indemnification Procedures.

(a) In order for a party (the "Indemnified Party") to be entitled to any indemnification provided for under this Agreement in respect of, arising out of or involving a claim or demand made by, or an action, proceeding or investigation instituted by, any Person not a party to this Agreement (a "Third Party Claim"), such Indemnified Party must notify the other party (the "Indemnifying Party") in writing, and in reasonable detail, of the Third Party Claim promptly, and in any event within ten (10) Business Days, after such Indemnified Party learns of the Third Party Claim; provided, however, that any delay or failure to give such notification shall not affect the indemnification provided hereunder except and only to the extent that the Indemnifying Party is prejudiced as a result of such failure. Thereafter, the Indemnified Party shall deliver to the Indemnifying Party, promptly and in any event within ten (10) days after the Indemnified Party's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim.

(b) If a Third Party Claim is made against an Indemnified Party, the Indemnifying Party will be entitled to participate in the defense thereof and, if it so chooses, to assume the defense thereof at its own expense with counsel selected by the Indemnifying Party (not reasonably objected to by the Indemnified Party). Any such assumption of the defense

thereof shall not be deemed an admission by the Indemnifying Party that the Third Party Claim is within the scope of the Indemnifying Party's indemnification obligations under this Agreement. Should the Indemnifying Party so elect to assume the defense of a Third Party Claim, the Indemnifying Party will not as long as it conducts such defense be liable to the Indemnified Party for legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof, except as otherwise set forth herein. If the Indemnifying Party assumes such defense, the Indemnified Party shall have the right to participate in the defense thereof and to employ counsel (not reasonably objected to by the Indemnifying Party), at its own expense, separate from the counsel employed by the Indemnifying Party, it being understood that the Indemnifying Party shall control such defense; provided, however, that if in the reasonable opinion of counsel to the Indemnified Party, (i) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party or (ii) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party, the Indemnifying Party shall be liable for the reasonable fees and expenses of one law firm to represent the Indemnified Party and, if applicable, local counsel in the jurisdiction in which an action is held. The Indemnifying Party shall be liable for the fees and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has not assumed the defense thereof.

(c) Whether or not the Indemnifying Party shall have assumed the defense of a Third Party Claim, the Indemnified Party shall not admit any liability with respect to, or settle, compromise or discharge, such Third Party Claim without the Indemnifying Party's prior written consent, which consent shall not be unreasonably withheld. The Indemnifying Party shall not settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any action giving rise to a Third Party Claim unless the Indemnifying Party obtains the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld.

(d) All of the Parties shall reasonably cooperate in the defense or prosecution of any Third Party Claim in respect of which indemnity may be sought hereunder and each of Parent and the Securityholders' Representative (or a duly authorized representative of such Party) shall (and shall cause the Group Companies to) furnish such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials and appeals, as may be reasonably requested in connection therewith.

Section 9.4 Limitations on Indemnification.

(a) The rights of the Parent Indemnitees to indemnification pursuant to the provisions of Section 9.2(a) are subject to the following limitations:

(i) except for Losses arising from any breach or inaccuracy of any Company Fundamental Representation or the representations or warranties in Section 4.2 (which shall not be subject to the following limitation), the Parent Indemnitees shall not be entitled to recover Losses pursuant to Section 9.2(a)(i) until the total amount of Losses which the Parent Indemnitees would recover under Section 9.2(a)(i), but for this Section 9.4(a), exceeds $7,000,000, in which case, the Parent Indemnitees shall only be entitled to recover Losses in excess of such amount;

(ii) except for Losses arising from any breach or inaccuracy of any Company Fundamental Representation or the representations or warranties in Section 4.2 (which shall not be subject to the following limitation), the Parent Indemnitees shall not be entitled to recover for any particular Loss (including any series of related Losses) pursuant to Section 9.2(a)(i) unless such Loss (including any series of related Losses) equals or exceeds $100,000; and

(iii) the maximum Losses indemnifiable pursuant to Section 9.2(a) and Section 9.2(b) shall be the Escrow Amount, and the Escrow Amount shall be the sole and exclusive source of recovery with respect to such Losses.

Notwithstanding anything to the contrary in this Agreement, the limitations contained in Section 9.4(a)(i) and Section 9.4(a)(ii) above shall not apply to any claims made pursuant to Section 9.2(b). Any claim reasonably identified by a Parent Indemnitee or a Group Company as a claim made pursuant to Section 9.2(b) shall not be treated as a claim made pursuant to Section 9.2(a).

(b) The rights of the Securityholder Indemnitees to indemnification pursuant to the provisions of Section 9.2(c) are subject to the following limitations:

(i) except for Losses arising from any breach or inaccuracy of any Parent Fundamental Representation (which shall not be subject to the following limitation), the Securityholder Indemnitees shall not be entitled to recover Losses pursuant to Section 9.2(c)(i) until the total amount of Losses which the Securityholder Indemnitees would recover under Section 9.2(c)(i), but for this Section 9.4(b), exceeds $7,000,000, in which case, the Securityholder Indemnitees shall only be entitled to recover Losses in excess of such amount;

(ii) except for Losses arising from any breach or inaccuracy of any Parent Fundamental Representation (which shall not be subject to the following limitation), the Securityholder Indemnitees shall not be entitled to recover for any particular Loss (including any series of related Losses) pursuant to Section 9.2(c)(i) unless such Loss (including any series of related Losses) equals or exceeds $100,000; and

(iii) the maximum Losses indemnifiable pursuant to Section 9.2(c) shall be $46,000,000.

(c) The rights of the Parent Indemnitees or the Securityholder Indemnitees to indemnification pursuant to the provisions of Section 9.2 are subject to the following limitations:

(i) the amount of any and all Losses shall be determined net of any amounts actually received by the Parent Indemnitees or Securityholder Indemnitees, as applicable, under insurance policies or from other collateral sources (such as contractual indemnities of any Person which are contained outside of this Agreement) with respect to such Losses;

(ii) neither the Parent Indemnitees nor the Securityholder Indemnitees, respectively, shall be entitled to indemnification pursuant to Section 9.2(a) or Section 9.2(c), respectively, for any Loss to the extent that prior to the date hereof the Group Companies or the Parent Group Companies, respectively, recorded a reserve in their consolidated books and records with respect to such Loss; and

(iii) neither the Parent Indemnitees nor the Securityholder Indemnitees shall be entitled to recover or make a claim for any amounts in respect of any consequential damages (including loss of revenue, income or profits, loss or diminution in value of assets or securities or punitive damages and, in particular, consequential damages calculated by "multiple of profits" or "multiple of cash flow" or other valuation methodology, and in no case shall any such valuation methodology be used in calculating the amount of any Losses) or punitive, special or exemplary damages.

Notwithstanding anything contained herein to the contrary, on the date that the Escrow Amount is reduced to zero (0), the Parent Indemnitees shall have no further rights to indemnification under Section 9.2(a) and Section 9.2(b). Notwithstanding anything contained herein to the contrary, on the date that the aggregate amount paid to all Securityholder Indemnitees pursuant to this Article 9 equals the Escrow Amount, the Securityholder Indemnitees shall have no further rights to indemnification under Section 9.2(c). The Parent Indemnitees and the Securityholder Indemnitees shall use their commercially reasonable efforts to collect any amounts available under any insurance coverage or from any collateral source as referred to in Section 9.4(c)(i). In any case where a Parent Indemnitee recovers, under insurance policies or from other collateral sources, any amount in respect of a matter for which such Parent Indemnitee was indemnified pursuant to Section 9.2(a) or Section 9.2(b), such Parent Indemnitee shall promptly pay over to the Escrow Agent for re-inclusion in the Escrow Amount the amount so recovered (after deducting therefrom the amount of the expenses incurred by such Parent Indemnitee in procuring such recovery), but not in excess of the sum of (i) any amount previously so paid out of the Escrow Amount to or on behalf of such Parent Indemnitee in respect of such matter and (ii) any amount expended by the Securityholders' Representative or any Securityholder Indemnitee in pursuing or defending any claim arising out of such matter.

Section 9.5 Treatment of Indemnity Payments. All payments made out of the Escrow Amount to or for the benefit of Parent Indemnitees pursuant to this Article 9 shall be treated as adjustments to the Company Equity Consideration for Tax purposes, unless otherwise required by Law, and such agreed treatment shall govern for purposes of this Agreement.

Section 9.6 Exclusive Remedy. Except in the case where a Party seeks to obtain specific performance and/or other equitable relief pursuant to Section 11.15, from and after the Closing the rights of the parties to indemnification pursuant to the provisions of this Article 9 shall be the sole and exclusive remedy for such parties with respect to any matter in any way arising from or relating to (i) this Agreement or its subject matter or (ii) any other matter relating to any of the Group Companies or Parent Group Companies prior to the Closing, the operation of their respective businesses prior to the Closing, or any other transaction or state of facts involving any of the Group Companies or Parent Group Companies prior to the Closing (including any common law or statutory rights or remedies for environmental, health, or safety matters), in each case regardless of the legal theory under which such liability or obligation may be sought to be imposed, whether sounding in contract or tort, or whether at law or in equity, or otherwise, and that the Parent Indemnitees and Securityholder Indemnitees shall have no other remedy or recourse with respect to any of the foregoing other than pursuant to, and subject to the

terms and conditions of, Section 9.2. Parent acknowledges and agrees that the Parent Indemnitees, and the Securityholders' Representative acknowledges and agrees that the Securityholder Indemnitees, may not avoid such limitation on liability by (x) seeking damages for breach of contract, tort or pursuant to any other theory of liability, all of which are hereby waived or (y) asserting or threatening any claim against any Person that is not a party hereto (or a successor to a party hereto) for breaches of the representations, warranties and covenants contained in this Agreement. The Parties agree that the provisions in this Agreement relating to indemnification (including this Article 9), and the limits imposed on Parent's, the Parent Indemnitees' and the Securityholder Indemnitees' remedies with respect to this Agreement and the transactions contemplated hereby (including Section 9.1 and Section 9.2) were specifically bargained for between sophisticated parties and were specifically taken into account in the determination of the amounts to be paid to the Company Equity Securityholders hereunder. Subject to the foregoing and Section 11.15, to the maximum extent permitted by Law, the parties hereby waive all other rights and remedies with respect to any matter in any way relating to this Agreement or arising in connection herewith, whether under any Laws at common law, in equity or otherwise (including with respect to any environmental, health or safety matters, including those arising under any Environmental Laws).

Section 9.7 Manner of Payment; Escrow Release.

(a) Any amounts owing to the Parent Indemnitees pursuant to this Article 9 shall be made solely by disbursement of a portion of the Escrow Amount in accordance with the terms of the Escrow Agreement. In no event shall the Parent Indemnitees be entitled to recover an aggregate amount pursuant to this Article 9 in excess of the available portion of the Escrow Amount at any given time.

(b) Any portion of the Escrow Amount released by the Escrow Agent for payment to the Company Equity Securityholders shall be released in accordance with and subject to the terms of the Escrow Agreement.

(c) Parent and the Securityholders Representative shall deliver joint written instructions to the Escrow Agent as necessary to make any distribution from the Escrow Account as necessary to effectuate the release of the Escrow Amount as contemplated by and in accordance with the Escrow Agreement.

Section 9.8 Tax Contests.

(a) After the Closing, Parent Indemnitee or Group Company shall promptly notify the Securityholders' Representative in writing of the commencement of any Tax audit or administrative or judicial proceeding or of any demand or claim on Parent or Group Company which, if determined adversely to the taxpayer, would be grounds for indemnification under this Article 9 (a "Tax Contest"); provided, that any delay or failure to give such prompt notification shall not affect Parent Indemnitee or Group Company's right to indemnification pursuant to Section 9.1(b) with respect to such Tax Contest. Such notice shall contain factual information (to the extent known to Parent Indemnitee or Group Company) describing the asserted Tax liability in reasonable detail and shall include copies of any notice or other document received from any taxing authority in respect of any such asserted Tax liability.

(b) In the case of a Tax Contest that relates to (i) a taxable period ending on or before, or that includes, December 31, 2012, or (ii) any matter which could increase any Parent Indemnitee's right to be indemnified for Taxes (including pursuant to Section 9.2(b) of this Agreement), the Securityholders' Representative shall have the right to control such Tax Contest; provided, however, that (i) such right to control such Tax Contest shall revert to the Parent Indemnitee if the reasonably expected cost of any settlement or other resolution of such Tax Contest would exceed the available portion of the Escrow Amount, provided that in such case the Parent shall not settle or otherwise resolve such Tax contest without the prior express written consent of the Securityholders' Representative (which consent shall not be unreasonably withheld, conditioned or delayed), and (ii) regardless of such right to control such Tax Contest, no settlement or other resolution of such Tax Contest shall be agreed by the Securityholders' Representative without the prior express written consent of the Parent Indemnitee (which consent should not be unreasonably withheld, conditioned or delayed) if such settlement or other resolution would reasonably be expected to materially adversely affect any Parent Indemnitee's or a Group Company's future tax position.

ARTICLE X
SECURITYHOLDERS' REPRESENTATIVE

Section 10.1 Appointment of the Securityholders' Representative.

(a) By virtue of the adoption of this Agreement and the approval of the Amalgamation by the Company Shareholders, each Company Equity Securityholder (regardless of whether or not such Company Equity Securityholder votes in favor of the adoption of this Agreement and the approval of the Amalgamation, whether at a meeting or by written consent in lieu thereof) hereby initially appoints, as of the date of this Agreement, the Securityholders' Representative, as his, her or its true and lawful agent and attorney-in-fact to act on behalf of each Company Equity Securityholder, and authorizes the Securityholders' Representative to take any and all actions specified in or contemplated by this Agreement, the Escrow Agreement or the Paying Agency Agreement and take all actions necessary or appropriate in the reasonable judgment of the Securityholders' Representative for the accomplishment of the foregoing. Subject to the terms of this Article 10, the Securityholders' Representative shall take any and all actions that it reasonably believes are necessary or appropriate under this Agreement, the Escrow Agreement or the Paying Agency Agreement for and on behalf of the Company Equity Securityholders, as fully as such Company Equity Securityholders were acting on their own behalf, including in connection with the determination of the Final Excess Large Losses pursuant to Section 3.14 and the investigation, defense and/or settlement of any claims for which any Parent Indemnitee seeks indemnification pursuant to Article 9.

(b) All decisions made and actions taken by the Securityholders' Representative under this Agreement, the Escrow Agreement or the Paying Agency Agreement, including any agreement between the Securityholders' Representative and any Parent Indemnitee relating to determination of the Final Excess Large Losses pursuant to Section 3.14 or the defense or settlement of any claims for which any Parent Indemnitee seeks indemnification pursuant to Article 9, shall be binding upon all of the Company Equity Securityholders and their successors as if expressly confirmed and ratified in writing by each of them, and no Company Equity Securityholder shall have the right to object, dissent, protest or otherwise contest the

same. Notwithstanding the foregoing, the Securityholders' Representative will not consent to the entry of any judgment or enter into any settlement that (i) imposes any material non-monetary obligation on (A) all or substantially all of the Company Equity Securityholders except with the written consent of a majority in interest of the Company Equity Securityholders (based on the number of Company Common Shares on a Fully Diluted Basis held by them), provided that any judgment or settlement that imposes injunctive or other equitable relief on any of the Company Equity Securityholders shall require the consent of the Company Equity Securityholders holding at least ninety percent (90%) of the Company Equity Shares (based on the number of Company Common Shares on a Fully Diluted Basis held by them), or (B) any specific Company Equity Securityholder or group of related Company Equity Securityholders except with the written consent of such Company Equity Securityholder or Company Equity Securityholders; provided, however, that in the case of either clauses (A) or (B) above, neither the Securityholders' Representative, Parent nor the Amalgamated Company shall be responsible for any loss of rights under this Agreement or other losses that result from the failure by the Securityholders' Representative to consent to the entry of any such judgment or enter into any such settlement or (ii) adversely affects in any material respect a particular Company Equity Securityholder on a discriminatory basis as compared to the treatment afforded to all other Company Equity Securityholders without such Company Equity Securityholder's consent.

(c) The Securityholders' Representative shall not have any liability to any of the Parties hereto or to the Company Equity Securityholders for any act done or omitted hereunder or otherwise in connection with the performance of its duties hereunder as the Securityholders' Representative while acting in good faith and in the exercise of reasonable judgment. The Securityholders' Representative shall be entitled to rely on the advice of counsel, public accountants or other independent experts that it reasonably determines to be experienced in the matter at issue, and will not be liable to any of the Parties hereto or to the Company Equity Securityholders for any action taken or omitted to be taken in good faith based on such advice. The Company Equity Securityholders shall severally and not jointly, and pro rata in proportion to the number of Company Common Shares on a Fully Diluted Basis held by them, indemnify the Securityholders' Representative and hold him, her or it harmless against any loss, liability or expense incurred without gross negligence or bad faith on the part of the Securityholders' Representative and arising out of or in connection with the acceptance or administration of its duties hereunder, including any out of pocket costs and expenses and legal fees and other legal costs incurred by the Securityholders' Representative; provided that any finding of gross negligence or bad faith shall only be effective if determined in a final and non-appealable judgment of a court of competent jurisdiction. The Securityholders' Representative may receive reimbursement directly from the Company Equity Securityholders for such losses, liabilities or expenses; provided, that the Securityholders' Representative Fund deposited by Parent pursuant to Section 3.13 shall be used in full by the Securityholders' Representative before the Securityholders' Representative requests any such reimbursement.

(d) The Securityholders' Representative shall have full power and authority on behalf of the Securityholder Indemnitees to execute and deliver the Escrow Agreement and the Paying Agency Agreement and to take any and all actions on behalf of, receive and give all notices on behalf of, execute and deliver any and all instruments on behalf of, and execute and deliver or waive any and all rights of, the Securityholder Indemnitees under this Agreement, the Escrow Agreement and the Paying Agency Agreement. Without limiting the generality or effect

of this Section 10.1(d), any claims or disputes between or among any Parent Indemnitee, the Securityholders' Representative and/or any one or more Company Equity Securityholders relating to this Agreement or the transactions contemplated hereby or thereby shall in the case of any claim or dispute asserted by or against or involving any such Company Equity Securityholder (other than any claim against or disputed with the Securityholders' Representative), be asserted or otherwise addressed solely by the Securityholders' Representative on behalf of such Company Equity Securityholder (and not by such Company Equity Securityholder acting on its own behalf).

(e) By his, her or its adoption or approval of the Amalgamation, this Agreement, the Escrow Agreement and the Paying Agency Agreement, as the case may be, each Company Equity Securityholder agrees, in addition to the foregoing, that:

(i) Any Person, including Parent, Amalgamation Sub, the Amalgamated Company and the Escrow Agent, shall be entitled to rely conclusively on the instructions and decisions of the Securityholders' Representative as to (x) the determination of, or settlement of any dispute with respect to, the Final Excess Large Losses pursuant to Section 3.14, (y) the settlement of any claims for indemnification by such Person pursuant to Article 9, or (z) any other actions required or permitted to be taken by the Securityholders' Representative hereunder or under the Escrow Agreement or the Paying Agency Agreement, and no Company Equity Securityholder shall have any cause of action against such Person for any action taken by such Person in reliance upon the instructions or decisions of the Securityholders' Representative;

(ii) all actions, decisions and instructions of the Securityholders' Representative shall be conclusive and binding upon all of the Company Equity Securityholders and no Company Equity Securityholder shall have any cause of action against the Securityholders' Representative for any action taken, decision made or instruction given by the Securityholders' Representative under this Agreement, the Escrow Agreement or the Paying Agency Agreement, except for fraud or willful misconduct by the Securityholders' Representative in connection with the matters described in this Section 10.1; and

(iii) the provisions of this Section 10.1 are independent and severable, are irrevocable and coupled with an interest and shall be enforceable notwithstanding any rights or remedies that any Person may have in connection with the transactions contemplated by this Agreement.

(iv) The Person serving as the Securityholders' Representative may resign upon not less than ten (10) days' prior notice to Parent, the Escrow Agent and each Company Equity Securityholder. If the then acting Securityholders' Representative shall give notice of intent to resign, the holders of a majority in interest of the Company Equity Securityholders (based on the number of Company Common Shares on a Fully Diluted Basis held by them) shall, by written notice to Parent and the Escrow Agent, appoint a successor Securityholders' Representative as soon as practicable, and in no event later than thirty (30) days following such notice of intent to resign. In addition, the Person then serving as the Securityholders' Representative may be replaced from time to time by

the holders of a majority in interest of the Company Equity Securityholders (based on the number of Company Common Shares on a Fully Diluted Basis held by them) upon not less than ten (10) days' prior written notice to Parent, the Escrow Agent and each Company Equity Securityholder. Each successor Securityholders' Representative shall have all of the power, authority, rights and privileges conferred by this Agreement upon the original Securityholders' Representative, and the term "Securityholders' Representative" as used herein shall be deemed to include any such successor Securityholders' Representatives.

ARTICLE XI
MISCELLANEOUS

Section 11.1 Entire Agreement; Assignment. This Agreement (including the Schedules and exhibits hereto), the Escrow Agreement and the Paying Agency Agreement constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all other prior and contemporaneous agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned by any Party (whether by operation of Law or otherwise), without the prior written consent of Parent and the Company prior to the Closing or Parent and the Securityholders' Representative on or following the Closing; provided, (i) Parent may assign this Agreement to any controlled Affiliate of Parent; provided, however, that no assignment to any such controlled Affiliate shall in any way affect Parent's obligations or liabilities under this Agreement, (ii) after the Closing, the Amalgamated Company may assign this Agreement to any of its beneficial owners or successors by operation of law (provided such beneficial owner or successor has sufficient assets to perform the Amalgamated Company's obligations hereunder) and (iii) this Agreement may be assigned to a successor Securityholders' Representative in accordance with Section 10.1(e)(iv). Any attempted assignment of this Agreement not in accordance with the terms of this Section 11.1 shall be void.

Section 11.2 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed to have been given (a) when personally delivered, (b) when transmitted via facsimile to the number set out below, if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), (c) the day following the day (except if not a Business Day then the next Business Day) on which the same has been delivered prepaid to a reputable national overnight air courier service, (d) when transmitted via e-mail (including via attached pdf document) to the e-mail address set out below, if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid) or (e) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case to the respective Parties as applicable, at the address, facsimile number or e-mail address set forth below:

To Parent or to the Amalgamated Company:

Enstar Group Limited
P.O. Box HM 2267
Windsor Place, 3rd Floor, 22 Queen Street
Hamilton HM JX
Bermuda
Attention: Richard J. Harris
Facsimile: (441) 296-7319
E-mail: richard.harris@enstargroup.com

with a copy (which shall not constitute notice to Parent or the Amalgamated Company) to:

Drinker Biddle & Reath LLP
One Logan Square, Suite 2000
Philadelphia, PA 19103
Attention: Robert C. Juelke
Facsimile: (215) 988-2757
E-mail: robert.juelke@dbr.com

To the Company:

Torus Insurance Holdings Limited
Clarendon House
Church Street
Hamilton, HM 11, Bermuda
Attention: José Ramón González
Facsimile: (201) 830-2576
E-mail: jgonzalez@torus.com

with a copy (which shall not constitute notice to the Company) to:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019
Attention: Michael Groll
Facsimile: (212) 728-9616
E-mail: mgroll@willkie.com

To the Securityholders' Representative:

Hudson Securityholders Representative LLC
c/o First Reserve
One Lafayette Place,
Greenwich, CT 06830
Attention: Alan Schwartz
Facsimile: (203) 625-8579
E-mail: aschwartz@firstreserve.com

with a copy (which shall not constitute notice to the Securityholders' Representative) to:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019
Attention: Michael Groll
Facsimile: (212) 728-9616
E-mail: mgroll@willkie.com

or to such other address as the Party to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

Section 11.3 Governing Law. This Agreement and any claim, controversy or dispute arising under or related to this Agreement shall be governed by and construed in accordance with the Laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the Law of any jurisdiction other than the State of New York.

Section 11.4 Fees and Expenses. Except as otherwise set forth in this Agreement, all fees and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement, including the fees and disbursements of counsel, financial advisors and accountants, shall be paid by the Party incurring such fees or expenses, whether or not the transactions contemplated by this Agreement are consummated; provided, however, that (i) in the event that the transactions contemplated by this Agreement are consummated, Parent shall pay all the Company Transaction Expenses pursuant to Section 3.12, (ii) Parent and the Company shall share equally all filing fees required under the HSR Act and other Antitrust Laws and in connection with the Transaction Approvals, (iii) Parent and the Company shall share equally all fees and expenses of the Escrow Agent and the Paying Agent, (iv) the Securityholders' Representative shall be entitled to reimbursement of its expenses in the manner contemplated by Section 10.1(c).

Section 11.5 Construction; Interpretation. The term "this Agreement" means this Agreement and Plan of Amalgamation together with the Schedules and exhibits hereto, as the same may from time to time be amended, modified, supplemented or restated in accordance with the terms hereof. The headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement. No Party, nor its respective counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions hereof, and all provisions of this Agreement shall be construed according to their fair meaning and not strictly for or against any Party. Unless otherwise indicated to the contrary herein by the context or use thereof: (i) the words, "herein," "hereto," "hereof" and words of similar import refer to this Agreement as a whole, including the Schedules and exhibits, and not to any particular section, subsection, paragraph, subparagraph or clause contained in this Agreement; (ii) masculine gender shall also include the feminine and neutral genders, and vice versa; (iii) words importing the singular shall also include the plural, and vice versa; (iv) "$" and "dollar" shall refer to U.S. dollars and (v) the words "include," "includes" or "including" shall be deemed to be followed by the words "without limitation."

Section 11.6 Exhibits and Schedules. All exhibits and Schedules, or documents expressly incorporated into this Agreement, are hereby incorporated into this Agreement and are hereby made a part hereof as if set out in full in this Agreement. Any item disclosed in any Schedule referenced by a particular section in this Agreement shall be deemed to have been disclosed with respect to every other section in this Agreement if the relevance of such disclosure to such other section is reasonably apparent on the face of such item or if such other section is identified by an appropriate cross-reference to such item. The specification of any dollar amount in the representations or warranties contained in this Agreement or the inclusion of any specific item in any Schedule is not intended to imply that such amounts, or higher or lower amounts or the items so included or other items, are or are not material, and no Party shall use the fact of the setting of such amounts or the inclusion of any such item in any dispute or controversy as to whether any obligation, items or matter not described herein or included in a Schedule is or is not material for purposes of this Agreement.

Section 11.7 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each Party and its successors and permitted assigns and, except (i) as provided in Section 6.7 and Article 9, (ii) with respect to any Company Securityholder, the rights set forth in Section 11.12 and the rights of such Company Securityholders to receive the consideration set forth in Section 3.1 and any additional amounts and consideration payable thereto under this Agreement and (iii) with respect to Willkie Farr & Gallagher LLP, the rights set forth in Section 11.16, nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

Section 11.8 Severability. Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any term or other provision of this Agreement is held to be invalid, illegal or unenforceable under applicable Law, all other provisions of this Agreement shall remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party.

Section 11.9 Counterparts; Facsimile Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or scanned pages via electronic mail shall be effective as delivery of a manually executed counterpart to this Agreement.

Section 11.10 Knowledge.

(a) For all purposes of this Agreement, the phrase "to the Company's knowledge" and "known by the Company" and any derivations thereof shall mean as of the applicable date, the actual or constructive knowledge, after conducting a reasonable investigation, of Clive Tobin, Naveen Anand, Dermot O'Donohoe, José González and Tim Harris, none of whom shall have any personal liability or obligations regarding such knowledge.

(b) For all purposes of this Agreement, the phrase "to Parent's knowledge" and "known by Parent" and any derivations thereof shall mean as of the applicable date, the actual or constructive knowledge, after conducting a reasonable investigation, of Dominic Silvester, Paul O'Shea, Nicholas Packer and Richard Harris, none of whom shall have any personal liability or obligations regarding such knowledge.

Section 11.11 Limitation on Damages and Remedies. Notwithstanding anything to the contrary set forth herein, no Party shall be liable for any consequential damages (including loss of revenue, income or profits, loss or diminution in value of assets or securities or punitive damages and, in particular, consequential damages calculated by "multiple of profits" or "multiple of cash flow" or other valuation methodology) or punitive, special or exemplary damages, relating to any breach of representation, warranty or covenant contained in this Agreement or in any certificate delivered pursuant to this Agreement. No breach of any representation, warranty or covenant contained herein or in any certificate delivered pursuant to this Agreement shall give rise to any right on the part of any Party, after the consummation of the transactions contemplated hereby, to rescind this Agreement or any of the transactions contemplated hereby.

Section 11.12 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, this Agreement may only be enforced against, and any claim, action, suit or other legal proceeding based upon, arising out of, or related to this Agreement, or the negotiation, execution or performance of this Agreement, may only be brought against the entities that are expressly named as parties hereto and then only with respect to the specific obligations set forth herein with respect to such party. No past, present or future director, officer, agent, employee, member, partner, stockholder or Affiliate of any party hereto or of any Affiliate of any party hereto, or any of their successors or permitted assigns, shall have any liability for any obligations or liabilities of any party hereto under this Agreement or for any claim, action, suit or other legal proceeding based on, in respect of or by reason of the transactions contemplated hereby.

Section 11.13 WAIVER OF JURY TRIAL. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, CONTROVERSY, DEMAND, ACTION, OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. EACH PARTY HEREBY FURTHER AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES MAY FILE A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 11.14 Jurisdiction and Venue.

(a) Each of the Parties (i) submits to the exclusive jurisdiction of any state or federal court sitting in New York, New York, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (ii) agrees that all claims in respect of such action or proceeding may be heard and determined in any such court and (iii)

agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other Party with respect thereto. Each Party agrees that service of summons and complaint or any other process that might be served in any action or proceeding may be made on such Party by sending or delivering a copy of the process to the Party to be served at the address of the Party and in the manner provided for the giving of notices in Section 11.2. Nothing in this Section 11.14 shall affect the right of any Party to serve legal process in any other manner permitted by Law. Each Party agrees that a final, non-appealable judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by Law.

(b) PARENT AND AMALGAMATION SUB HEREBY IRREVOCABLY DESIGNATE CORPORATION SERVICE COMPANY , WITH AN OFFICE AT 80 STATE STREET ALBANY, NEW YORK 12207-2543, AND THE COMPANY HEREBY IRREVOCABLY DESIGNATES TORUS US HOLDINGS INC., WITH AN OFFICE AT 1209 ORANGE STREET, CITY OF WILMINGTON, COUNTY OF NEW CASTLE, DELAWARE 19801, AS ITS DESIGNEE, APPOINTEE AND AGENT TO RECEIVE, FOR AND ON ITS BEHALF SERVICE OF PROCESS IN SUCH JURISDICTION IN ANY LEGAL ACTION OR PROCEEDINGS WITH RESPECT TO THIS AGREEMENT OR ANY OTHER AGREEMENT EXECUTED IN CONNECTION WITH THIS AGREEMENT, AND SUCH SERVICE SHALL BE DEEMED COMPLETE UPON DELIVERY THEREOF TO SUCH DESIGNEE; PROVIDED THAT IN THE CASE OF ANY SUCH SERVICE UPON SUCH DESIGNEE, THE PARTY EFFECTING SUCH SERVICE SHALL ALSO DELIVER A COPY THEREOF TO EACH OTHER SUCH PARTY IN THE MANNER PROVIDED IN SECTION 11.2 OF THIS AGREEMENT. EACH PARTY SHALL TAKE ALL SUCH ACTION AS MAY BE NECESSARY TO CONTINUE SUCH APPOINTMENT IN FULL FORCE AND EFFECT OR TO APPOINT ANOTHER AGENT SO THAT SUCH PARTY WILL AT ALL TIMES HAVE AN AGENT FOR SERVICE OF PROCESS FOR THE ABOVE PURPOSES IN NEW YORK. NOTHING HEREIN SHALL AFFECT THE RIGHT OF ANY PARTY TO SERVE PROCESS IN ANY MANNER PERMITTED BY APPLICABLE LAW. EACH PARTY EXPRESSLY ACKNOWLEDGES THAT THE FOREGOING DESIGNATION IS INTENDED TO BE IRREVOCABLE UNDER THE LAWS OF THE STATE OF NEW YORK AND OF THE UNITED STATES OF AMERICA.

Section 11.15 Remedies. Except as otherwise expressly provided herein, any and all remedies provided herein will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by Law or equity upon any Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy. The Parties agree that irreparable damage for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that the Parties do not perform their respective obligations under the provisions of this Agreement (including failing take such actions as are required of them hereunder to consummate the transactions contemplated by this Agreement) in accordance with their specific terms or otherwise breach such provisions. It is accordingly agreed that prior to the valid termination of this Agreement pursuant to Section 8.1, on the understanding that termination pursuant to Section 8.1(d) shall not be deemed "valid" for purposes of this Section 11.15 if the failure of the Closing to occur prior to the date set forth in Section 8.1(d) is solely the

result of the failure by the Party seeking termination to perform its obligations under this Agreement, the Parties shall be entitled to an injunction or injunctions, specific performance and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement (including Parent's and Amalgamation Sub's obligation to consummate the transactions contemplated by this Agreement if it is required to do so hereunder), in each case without posting a bond or undertaking, this being in addition to any other remedy to which they are entitled at Law or in equity. Each of the Parties agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief when expressly available pursuant to the terms of this Agreement on the basis that the other Parties have an adequate remedy at Law or an award of specific performance is not an appropriate remedy for any reason at Law or equity.

Section 11.16 Waiver of Conflicts. Recognizing that Willkie Farr & Gallagher LLP has acted as legal counsel to certain of the Company Securityholders (including First Reserve and its Affiliates) and the Company, its Affiliates and the Group Companies prior to the Closing, and that Willkie Farr & Gallagher LLP intends to act as legal counsel to certain of the Company Securityholders (including First Reserve and its Affiliates) after the Closing, each of Parent and the Amalgamated Company (including on behalf of the Group Companies) hereby waives, on its own behalf and agrees to cause its Affiliates to waive, any conflicts that may arise in connection with Willkie Farr & Gallagher LLP representing any of the Company Securityholders (including First Reserve and/or its Affiliates) after the Closing as such representation may relate to the transactions contemplated herein. In addition, all communications involving attorney-client confidences between any Company Securityholders (including First Reserve and its Affiliates) in the course of the negotiation, documentation and consummation of the transactions contemplated hereby shall be deemed to be attorney-client confidences that belong solely to such Company Securityholders and their Affiliates (and not the Group Companies). Accordingly, the Group Companies shall not have access to any such communications, or to the files of Willkie Farr & Gallagher LLP relating to its engagement with respect to the transactions contemplated herein, whether or not the Closing shall have occurred. Without limiting the generality of the foregoing, upon and after the Closing, (i) the applicable Company Securityholders and their Affiliates (and not the Group Companies) shall be the sole holders of the attorney-client privilege with respect to such engagement, and none of the Group Companies shall be a holder thereof, (ii) to the extent that files of Willkie Farr & Gallagher LLP in respect of such engagement constitute property of the client, only the applicable Company Securityholders and their Affiliates (and not the Group Companies) shall hold such property rights and (iii) Willkie Farr & Gallagher LLP shall have no duty whatsoever to reveal or disclose any such attorney-client communications or files to any of the Group Companies by reason of any attorney-client relationship between Willkie Farr & Gallagher LLP and any of the Group Companies or otherwise.

Section 11.17 USD Equivalent. To the extent computation of any amounts contemplated by this Agreement (including the Company Equity Consideration and any of the thresholds or other amounts contemplated by Article 9) include a currency other than U.S. dollars, such amounts shall be converted to U.S. dollars using the USD Equivalent.

Section 11.18 Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement and Plan of Amalgamation to be duly executed on its behalf as of the day and year first above written.

ENSTAR GROUP LIMITED

By: /s/ Paul O'Shea
Name: Paul O'Shea
Title: Director

VERANDA HOLDINGS LTD.

By: /s/ Richard J. Harris
Name: Richard J. Harris
Title: Director

TORUS INSURANCE HOLDINGS LIMITED

By: /s/ Kenneth Moore
Name: Kenneth Moore
Title: Chairman

SECURITYHOLDERS' REPRESENTATIVE:

HUDSON SECURITYHOLDERS REPRESENTATIVE, LLC

By: FR XI Offshore AIV, L.P., its managing member
By: FR XI Offshore GP, L.P.
By: FR XI Offshore GP Limited

By: /s/ Ryan Zafereo
Name: Ryan Zafereo
Title: Director

EXHIBIT A

FORM OF ESCROW AGREEMENT

EXHIBIT B

FORM OF WRITTEN CONSENT

EXHIBIT C

AMALGAMATION AGREEMENT

EXHIBIT D

FORM OF REGISTRATION RIGHTS AGREEMENT

EXHIBIT E

FORM OF SHAREHOLDER RIGHTS AGREEMENT

EXHIBIT F

CERTIFICATE OF DESIGNATIONS OF SERIES B CONVERTIBLE PARTICIPATING
NON-VOTING PERPETUAL PREFERRED STOCK OF ENSTAR GROUP LIMITED

Exhibit 10.1

EXECUTION VERSION

US$375,000,000 Revolving Credit Facility Agreement

Restatement Agreement

National Australia Bank Limited

and

Barclays Bank PLC

as Mandated Lead Arrangers

and

National Australia Bank Limited
as Agent and Security Agent

relating to a facility agreement dated 14 June 2011 (as amended pursuant to an amendment letter dated 30 June 2011 and an amendment letter dated 25 July 2012)

8 July 2013

CONTENTS

THIS RESTATEMENT AGREEMENT is made on 8 July 2013

BETWEEN:

(1) **ENSTAR GROUP LIMITED** (a company under the laws of Bermuda with registered number EC30916) (the **"Parent"**);

(2) **THE COMPANIES** listed in part 1 of schedule 2 (Obligors) as borrowers (the **"Borrowers"**);

(3) **THE COMPANY** listed in part 2 of schedule 2 (Obligors) as an additional borrower (the **"New Borrower"**);

(4) **THE COMPANIES** listed in part 3 of schedule 2 (Obligors) as guarantors (the **"Guarantors"**);

(5) **THE COMPANIES** listed in part 3 of schedule 2 (Obligors) as additional guarantors;

(6) **NATIONAL AUSTRALIA BANK LIMITED** and **BARCLAYS BANK PLC** as bookrunners and mandated lead arrangers (the **"Mandated Lead Arrangers"**);

(7) **THE FINANCIAL INSTITUTIONS** listed in schedule 1 as lenders (the **"Lenders"**);

(8) **NATIONAL AUSTRALIA BANK LIMITED** in its capacity as agent for the Lenders under the Facility Agreement (the **"Agent"**); and

(9) **NATIONAL AUSTRALIA BANK LIMITED** in its capacity as agent and trustee for the Finance Parties under the Transaction Security Documents (the **"Security Agent"**).

WHEREAS:

(A) Certain parties to this agreement entered into a facility agreement dated 14 June 2011 (as amended pursuant to an amendment letter dated 30 June 2011 and an amendment letter dated 25 July 2012) under which certain of the Lenders made available to the Parent a US$250,000,000 revolving credit facility (the **"Facility Agreement"**).

(B) The Parent has agreed to transfer on the date of this agreement and prior to the Effective Date US$116,000,000 of the Loan (the **"Novated Portion"**) to the New Borrower together with all rights, privileges, duties, obligations and liabilities in connection with the Novated Portion and the Finance Parties each agree to such transfer.

(C) By entering into this agreement, with effect from the Effective Date Royal Bank of Canada will become a Lender in accordance with the terms of this agreement.

(D) National Australia Bank Limited and Barclays Bank PLC have agreed to transfer to Royal Bank of Canada immediately prior to the Effective Date a pro rata portion of their respective Commitments and participations in Loans (a **"Pro Rata Portion"**) so that with effect from the Effective Date the Lenders shall each hold an equal amount of Commitments and participations in Loans.

(E) Pursuant to the terms of this agreement, the parties have agreed to amend the terms of the Facility Agreement to *inter alia* increase the amount of the facility up to US$375,000,000.

(F) The parties to this agreement have agreed to enter into this agreement in order to amend and restate the terms of the Facility Agreement in the manner set out below.

THE PARTIES AGREE AS FOLLOWS:

1. **INTERPRETATION**

1.1 **Definitions**

Unless a contrary intention appears in this agreement, any word or expression defined in the Facility Agreement will have the same meaning when it is used in this agreement.

In this agreement:

"Effective Date" means the date on which the Agent notifies the Parent that all the conditions precedent listed in schedule 3 (Conditions Precedent) have been fulfilled to its satisfaction;

"Harper Share Pledge" means the Transaction Security Document listed in paragraph 5.1(b) of schedule 3 (Conditions Precedent);

"New Guarantors" means the party listed in part 3 of schedule 2 (Obligors) as a New Guarantor and any person which accedes to this agreement as a New Guarantor;

"Obligors" means the Borrowers, the New Borrower, the Guarantors and the New Guarantors;

"Pro Rata Transfers" means the transfers of the Pro Rata Portions together with all related rights and obligations under the Finance Documents pursuant to clause 4 (Transfer of Commitments and Loans); and

"Restated Facility Agreement" means the Facility Agreement as amended and restated in accordance with this agreement in the form set out in schedule 4.

1.2 **Construction**

Clause 1.2 (Construction) of the Facility Agreement will be deemed to be set out in full in this agreement, but as if references in that clause to the Facility Agreement were references to this agreement.

2. **ACCESSION OF ADDITIONAL OBLIGORS**

2.1 The parties intend and agree that the provisions of this clause 2 shall take effect as an Accession Letter for the purposes of the Facility Agreement.

2.2 On or immediately prior to the Effective Date (subject to clause 6.2 below):

(a) the New Borrower agrees to become an Additional Borrower and to be bound by the terms of the Facility Agreement and the other Finance Documents as an Additional Borrower pursuant to clause 26.2 (Additional Borrowers) of the Facility Agreement; and

(b) each of the New Guarantors agrees to become an Additional Guarantor and to be bound by the terms of the Facility Agreement and the other Finance Documents as an Additional Guarantor pursuant to clause 26.3 (Additional Guarantors) of the Facility Agreement.

2.3 The administrative details for the New Borrower and the New Guarantors are as follows:

Address: Windsor Place
18 Queen Street
Hamilton
Bermuda HM 11

Fax: 001 441 296 0895

Attention: Richard Harris

3. **NOVATION OF LOANS**

Upon the accession of the New Borrower as an Additional Borrower pursuant to clause 2 (Accession of Additional Obligors) on or immediately prior to the Effective Date (subject to clause 6.2 below):

3.1 Each Finance Party and the Parent shall be released from all further obligations to each other in relation to the Novated Portion under the Facility Agreement and their respective rights against each other under the Facility Agreement in relation to the Novated Portion shall be cancelled (all such rights and obligations referred to in this clause 3.1 being the **"discharged rights and obligations"**).

3.2 Each Finance Party and the New Borrower shall assume obligations towards the other and/or acquire rights and benefits against each other which differ from the discharged rights and obligations only insofar as that Finance Party or the New Borrower have assumed and/or acquired the same in place of that Finance Party.

3.3 The Finance Parties and the New Borrower shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Borrower been the Parent with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Finance Parties and the Parent shall each be released from further obligations to each other in relation to the Novated Portion under the Facility Agreement.

4. **TRANSFER OF COMMITMENTS AND LOANS**

4.1 The parties to this agreement intend and agree that the provisions of this clause 4 shall take effect as a Transfer Certificate for the purposes of the Facility Agreement and the Restated Facility Agreement, receipt of which is hereby acknowledged and consented to by the Parent.

4.2 Each of National Australia Bank Limited and Barclays Bank PLC (each, an **"Existing Lenders"**), Royal Bank of Canada (the **"New Lender"**) and the Agent agree to the transfer by each Existing Lender of their respective Pro Rata Portions to the New Lender pursuant to clause 4.3 below.

4.3 Subject to clause 6.1 (Effective Date), with effect immediately prior to the Effective Date:

(a) each Existing Lender transfers to the New Lender its Pro Rata Portion; and

(b) the New Lender undertakes with each Existing Lender and each of the other parties to the Restated Facility Agreement that it will perform all those obligations which, by the terms of the Restated Facility Agreement, will be assumed by it following the Pro Rata Transfers.

4.4 The New Lender acknowledges and agrees that it enters into this deed subject to the terms of clause 26.4 (Limitation of responsibility of Existing Lenders) of the Restated Facility Agreement.

4.5 The Agent agrees that no transfer fee shall be payable by the New Lender to the Agent under clause 26.3 of the Restated Facility Agreement or otherwise in connection with the Pro Rata Transfers.

5. **RESTATEMENT OF FACILITY AGREEMENT**

5.1 The Facility Agreement will, with effect from (and including) the Effective Date, be amended and restated in the form set out in schedule 4 so that the rights and obligations of the parties to this agreement relating to their performance under the Facility Agreement from (and including) the Effective Date shall be governed by, and construed in accordance with, the terms of the Restated Facility Agreement.

5.2 The parties to this agreement agree that, with effect from (and including) the Effective Date, they shall have the rights and take on the obligations ascribed to them under the Restated Facility Agreement.

6. **EFFECTIVE DATE**

6.1 Immediately upon receipt by the Agent of satisfactory confirmation from Ashurst LLP (in their standard form) regarding the satisfaction of the conditions precedent listed in schedule 3 (Conditions Precedent) but prior to the Effective Date, the Pro Rata Transfers shall automatically take place without any further action from any party.

6.2 The Agent will notify the Parent and the Lenders promptly when the Effective Date occurs.

6.3 Other than to the extent that the Majority Lenders notify the Facility in writing to the contrary before the Agent gives the notification described in clause 6.2 above, the Lenders authorise (but do not require) the Agent to give such notifications. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notifications.

6.4 If the Effective Date has not occurred by 31 July 2013 (or any later date which the Agent and the Parent may agree), then clauses 2 (Accession of Additional Obligors), 3 (Novation of Loans), 4 (Transfer of Commitments and Loans), 5 (Restatement), and 7 (Status of Documents) will lapse and the accession of the Additional Obligors pursuant to clause 2 (Accession of Additional Obligors), the novation of Loans set out in clause 3 (Novation of Loans), the Pro Rata Transfers set out in clause 4 (Transfer of Commitments and Loans) and the amendments recorded in clause 5.1 (Restatement) will not take effect.

7. **STATUS OF DOCUMENTS**

7.1 **Continuing Obligations**

(a) Except as varied by the terms of this agreement, the Facility Agreement and the other Finance Documents will remain in full force and effect. Each party to this agreement reconfirms all of its obligations under the Facility Agreement (as amended and restated by this agreement) and under the other Finance Documents.

(b) Any reference in the Finance Documents to the Facility Agreement or to any provision of the Facility Agreement will be construed as a reference to the Facility Agreement, or that provision, as amended and restated by this agreement.

7.2 **Finance Document**

This agreement will constitute a Finance Document for the purposes of the Restated Facility Agreement.

7.3 **Guarantee Confirmation**

Each Guarantor confirms that with effect from (and including) the Effective Date, the guarantees and indemnities set out in clause 19 (Guarantee and Indemnity) of the Restated Facility Agreement shall apply and extend to the obligations of each Obligor

under the Finance Documents (as defined in the Restated Facility Agreement) subject to the guarantee limitations set out in clause 19.11 (Guarantee Limitations) of the Restated Facility Agreement.

7.4 **Security Confirmation**

Each Obligor confirms that the liabilities and obligations arising under the Restated Facility Agreement form part of (but do not limit) the obligations which are secured by the Transaction Security created by it.

8. **EXPENSES**

The Parent will on demand pay to the Agent and the Mandated Lead Arrangers the amount of all costs and expenses (including legal fees and other out-of-pocket expenses and any value added tax or other similar tax thereon) reasonably incurred by any of the Agent, the Security Agent or the Arrangers in connection with the negotiation, preparation, execution and completion of this agreement and all documents, matters and things referred to in, or incidental to, this agreement.

9. **MISCELLANEOUS**

9.1 **Invalidity of any Provision**

If any provision of this agreement is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired in any way.

9.2 **Counterparts**

This agreement may be executed in any number of counterparts and all of those counterparts taken together will be deemed to constitute one and the same instrument.

9.3 **Third Party Rights**

The Contracts (Rights of Third Parties) Act 1999 shall not apply to this agreement and no person other than the parties to this agreement shall have any rights under it.

10. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

10.1 **Governing Law**

This agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

10.2 **Jurisdiction of English Courts**

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this agreement (including a dispute regarding the existence, validity or termination of this agreement or any non-contractual obligation arising out of or in connection with this agreement) (a **"Dispute"**).

(b) The parties to this agreement agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.

IN WITNESS whereof this agreement has been duly executed on the date first above written.

SCHEDULE 1

Lenders

Name of Lender	Commitments (US$)
National Australia Bank Limited	125,000,000
Barclays Bank PLC	125,000,000
Royal Bank of Canada	125,000,000

SCHEDULE 2

Obligors

Part 1

The Borrowers

Name of Borrower	Jurisdiction of Incorporation, Registration Number (if applicable)
Enstar Group Limited	Bermuda, EC30916
Enstar (EU) Finance Limited	England and Wales, 07621528

Part 2

The New Borrower

Name of Borrower	Jurisdiction of Incorporation, Registration Number (if applicable)
Enstar Holdings (US), Inc.	State of Delaware

Part 3

The Guarantors

Name of Guarantor	Jurisdiction of Incorporation, Registration Number (if applicable)
Enstar Group Limited	Bermuda, EC30916
Enstar (EU) Finance Limited	England and Wales, 07621528
Hillcot Holdings Ltd.	Bermuda, EC32870
Virginia Holdings Ltd.	Bermuda, EC37001
Revir Ltd.	Bermuda, EC28913
Cavell Holdings Limited	England and Wales, 01095628
Kenmare Holdings Ltd.	Bermuda, EC30917
Flatts Limited	England and Wales, 06239044
Knapton Holdings Limited	England and Wales, 07014132

Part 4

The New Guarantor

Name of Guarantor	Jurisdiction of Incorporation, Registration Number (if applicable)
Enstar Holdings (US), Inc.	State of Delaware

SCHEDULE 3

Conditions Precedent

1. **OBLIGORS**

1.1 A copy of the Constitutional Documents of each Obligor, with such amendments as the Security Agent may reasonably request (or if previously delivered to the Agent by an Obligor, a certificate of an authorised signatory of that Obligor confirming that there have been no changes since the date that the copy of the Constitutional Documents was previously delivered to the Agent)

1.2 A copy of a resolution of the board of directors of each Obligor:

(a) approving the terms of, and the transactions contemplated by, this agreement and the Finance Documents and resolving that it executes, delivers and performs the Finance Document to which it is party;

(b) authorising a specified person or persons to execute the Finance Documents on its behalf;

(c) authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices (including any Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party; and

(d) authorising the Parent to act as its agent in connection with the Finance Documents.

1.3 A specimen of the signature of each person authorised by the resolution referred to in paragraph 1.2 above in relation to the Finance Documents and related documents.

1.4 If required, a copy of a resolution signed by all the holders of the issued shares in each Guarantor, other than the Parent and each New Guarantor, approving the terms of, and the transactions contemplated by this Agreement and the Finance Documents to which each Guarantor or New Guarantor (as applicable) is a party.

1.5 A certificate of the Parent (signed by an officer or a director (as applicable)) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments would not cause any borrowing, guarantee, security or similar limit binding on it to be exceeded.

1.6 A certificate of an authorised signatory of each Obligor certifying that each copy document listed in this schedule 3 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the Effective Date.

1.7 In relation the accession of HARPER HOLDING, Sà r.l. as a New Guarantor:

(a) a letter of accession pursuant to which HARPER HOLDING, Sà r.l shall accede to this agreement as a New Guarantor;

(b) an electronically signed excerpt from the Luxembourg Trade and Companies Register with respect to HARPER HOLDING, Sà r.l. dated no earlier than the Effective Date;

(c) an electronically signed certificate as to the non inscription of a court decision (*certificat de non-inscription d'une décision judiciaire*) pertaining to HARPER HOLDING, Sà r.l. issued by the Luxembourg Trade and Companies Register dated no earlier than the Effective Date certifying that no court decision as to *inter alia*

the *faillite*, *concordat préventif de faillite, gestion contrôlée, sursis de paiement* or foreign court decision as to *faillite*, *concordat* or other analogous procedures according to Council Regulation (EC) 1346/2000 of 29 May 2000 on insolvency proceedings is filed with the Luxembourg Trade and Companies Register in respect of HARPER HOLDING, Sà r.l.;

(d) a certificate of an authorised signatory of HARPER HOLDING, Sà r.l. dated no earlier than the Effective Date certifying that such Luxembourg Obligor is not as at the date of the certificate subject to bankruptcy (*faillite*), controlled management (*gestion contrôlée*), suspension of payments (*sursis de paiement*), arrangement with creditors (*concordat préventif de la faillite*), court ordered liquidation (*liquidation judiciaire*) or reorganisation, voluntary dissolution or liquidation (*dissolution*) ou (*liquidation volontaire*) or any similar procedure affecting the rights of creditors generally, whether under Luxembourg or any other law; and

(e) a certificate dated no earlier than the Effective Date from the domiciliation agent certifying that a domiciliation agreement with HARPER HOLDING, Sà r.l. is in full force and effect as at a date no earlier the Effective Date.

2. **FINANCE DOCUMENTS**

2.1 This agreement executed by the members of the Group party to it.

2.2 The following Transaction Security Documents, executed by the relevant members of the Group party to such document:

(a) A confirmatory Bermudian law debenture (incorporating a fixed charge over its shares in Cumberland Holdings Ltd. and a floating charge only) granted by the Parent in favour of the Security Agent;

(b) A confirmatory Bermudian law debenture (incorporating a fixed charge over its shares in Courtenay Holdings Ltd. and a floating charge only) granted by Kenmare Holdings Ltd. in favour of the Security Agent;

(c) An English law debenture (incorporating a floating charge only) granted by Enstar (EU) Finance Limited in favour of the Security Agent;

(d) A confirmatory English law debenture (incorporating a fixed charge over its shares in Fieldmill Insurance Company Limited, Hillcot Re Limited, Longmynd Insurance Company Limited and Mercantile Indemnity Company Limited) granted by Kenmare Holdings Ltd. in favour of the Security Agent;

(e) A confirmatory English law debenture (incorporating a fixed charge over its shares in Brampton Insurance Company Limited and a floating charge only) granted by Hillcot Holdings Ltd. in favour of the Security Agent;

(f) A confirmatory English law debenture (incorporating a fixed charge over its shares in Unione Italiana (U.K.) Reinsurance Company Limited and a floating charge only) granted by Virginia Holdings Ltd. in favour of the Security Agent;

(g) A confirmatory English law debenture (incorporating a fixed charge over its shares in River Thames Insurance Company Limited and a floating charge only) granted by Revir Limited in favour of the Security Agent;

(h) A confirmatory English law debenture (incorporating a fixed charge over its shares in Cavell Insurance Company Limited and a floating charge only) granted by Cavell Holdings Limited in favour of the Security Agent;

(i) A confirmatory English law debenture (incorporating a fixed charge over its shares in Marlon Insurance Company Limited and a floating charge only) granted by Flatts Limited in favour of the Security Agent;

(j) A confirmatory English law debenture (incorporating a fixed charge over its shares in Knapton Insurance Limited and a floating charge only) granted by Knapton Holdings Limited in favour of the Security Agent; and

(k) A confirmatory English law fixed charge over each CRA Account.

2.3 The Fee Letter executed by the Parent.

3. **LEGAL OPINIONS**

The following legal opinions, each addressed to the Agent, the Security Agent and the Lenders in form and substance satisfactory to the Agent:

(a) A legal opinion of Ashurst LLP, legal advisers to the Agent and the Security Agent as to English law;

(b) A legal opinion of Drinker Biddle & Reath LLP, legal advisers to the Parent as to the laws of the State of Delaware, United States;

(c) A legal opinion of Wakefield Quin Limited, legal advisers to the Agent and the Security Agent as to Bermudian law; and

(d) A legal opinion of Stibbe Avocats, legal advisers to the Parent as to Luxembourg law.

4. **OTHER DOCUMENTS AND EVIDENCE**

4.1 If any Obligor is incorporated in a jurisdiction other than England and Wales, evidence that Enstar (EU) Limited has accepted its appointment as process agent referred to in clause 42.2 (Service of process) of the Facility Agreement and confirmed it agrees and consents to the provisions of clause 41 (Governing law) and of clause 42 (Enforcement) of the Facility Agreement.

4.2 The group structure chart.

4.3 A copy, certified by an authorised signatory of each Obligor to be a true copy, of the audited consolidated financial statements for 31 December 2012 for that Obligor.

4.4 Evidence of the Consolidated Tangible Net Worth of each Material Company as at the date of the most recent Quarterly Financial Statements.

4.5 A copy of all notices required to be sent under the Transaction Security Documents.

4.6 To the extent not previously delivered to the Agent, originals of all share certificates transfers and stock transfer forms or equivalent, duly executed by the relevant Obligor and other documents of title to be provided under the Transaction Security Documents. In relation to the shares of Obligors incorporated in England, all stock transfer forms are to be executed by two directors or a director and the secretary of the company that owns the relevant shares but with the sections relating to the consideration and the transferee left blank.

4.7 A copy of the Budget.

4.8 Evidence that all fees, costs and expenses have been paid or will be paid by the Effective Date.

5. **DOCUMENTS TO BE ENTERED INTO PRIOR TO HARPER INSURANCE LIMITED BECOMING A MATERIAL COMPANY**

5.1 Each of the following unexecuted documents in form and substance satisfactory to the Agent:

(a) a certificate of an authorised signatory of HARPER HOLDING, Sà r.l. certifying that each copy document listed in this schedule 3 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date that the Harper Share Pledge is executed by the parties thereto;

(b) a Swiss law share pledge to be granted by HARPER HOLDING, Sà r.l. over the shares in Harper Insurance Limited (the **"Harper Share Pledge"**);

(c) the following legal opinions, each addressed to the Agent, the Security Agent and the Lenders:

(i) a legal opinion of Stibbe Avocats, legal advisers to the Parent as to Luxembourg law; and

(ii) a legal opinion of Homburger AG, legal advisers to the Agent and the Security Agent as to Swiss law; and

(d) all notices required to be sent under the Harper Share Pledge.

SCHEDULE 4

Restated Facility Agreement

13

Signatories to the Restatement Agreement

Parent

ENSTAR GROUP LIMITED

/s/ Paul O'Shea

By: PAUL O'SHEA

Borrowers

ENSTAR GROUP LIMITED

/s/ Paul O'Shea

By: PAUL O'SHEA

ENSTAR (EU) FINANCE LIMITED

/s/ Theo Wilkes

By: THEO WILKES

New Borrower

ENSTAR HOLDINGS (US), INC.

/s/ Tom Nichols

By: TOM NICHOLS

Guarantors

ENSTAR GROUP LIMITED

/s/ Paul O'Shea

By: PAUL O'SHEA

ENSTAR (EU) FINANCE LIMITED

/s/ Theo Wilkes

By: THEO WILKES

Signatories to the Restatement Agreement

HILLCOT HOLDINGS LTD.

/s/ Adrian Kimberley

By: ADRIAN KIMBERLEY

VIRGINIA HOLDINGS LTD.

/s/ Adrian Kimberley

By: ADRIAN KIMBERLEY

REVIR LTD.

/s/ Adrian Kimberley

By: ADRIAN KIMBERLEY

CAVELL HOLDINGS LIMITED

/s/ Paul Thomas

By: PAUL THOMAS

KENMARE HOLDINGS LTD.

/s/ Adrian Kimberley

By: ADRIAN KIMBERLEY

FLATTS LIMITED

/s/ Alan Turner

By: ALAN TURNER

KNAPTON HOLDINGS LIMITED

/s/ Paul Thomas

By: PAUL THOMAS

New Guarantors

ENSTAR HOLDINGS (US), INC.

/s/ Tom Nichols

By: TOM NICHOLS

Signatories to the Restatement Agreement

Arrangers

NATIONAL AUSTRALIA BANK LIMITED

/s/ Ray Catt

By: RAY CATT

BARCLAYS BANK PLC

/s/ Chris Brown

By: CHRIS BROWN

Lenders

NATIONAL AUSTRALIA BANK LIMITED

/s/ Ray Catt

By: RAY CATT

BARCLAYS BANK PLC

/s/ Chris Brown

By: CHRIS BROWN

ROYAL BANK OF CANADA

/s/ T P Holland

By: T P HOLLAND

Agent

NATIONAL AUSTRALIA BANK LIMITED

/s/ Ray Catt

By: RAY CATT

Security Agent

NATIONAL AUSTRALIA BANK LIMITED

/s/ Ray Catt

By: RAY CATT

Exhibit 10.2

INVESTORS AGREEMENT

THIS INVESTORS AGREEMENT (this "Agreement") is made as of July 3, 2013, by and among KENMARE HOLDINGS LTD (together with its controlled Affiliates, "Kenmare") and TRIDENT V, L.P., TRIDENT V PARALLEL FUND, L.P. and TRIDENT V PROFESSIONALS FUND, L.P. (collectively, "Trident").

RECITALS

WHEREAS, ARDEN HOLDINGS LIMITED (company registration number 37470) whose registered office is at Clarendon House, 2 Church Street, Hamilton, Bermuda ("Arden Holdings"), ALOPUC LIMITED (company registration number 8538477) whose registered office is at Avaya House, 2 Cathedral Hill, Guildford, Surrey, GU2 7YL, UK ("Alopuc"), and Kenmare (company registration number 30917) whose registered office is at Clarendon House, 2 Church Street, Hamilton, Bermuda, are parties to that certain Agreement for the sale and purchase of the entire issued share capital of Atrium Underwriting Group Limited ("Atrium"), dated as of June 5, 2013 (the "Atrium Purchase Agreement");

WHEREAS, Arden Holdings, Kenmare and NORTHSHORE HOLDINGS LIMITED (company registration number 43474) whose registered office is at Clarendon House, 2 Church Street, Hamilton, Bermuda ("Northshore"), are parties to that certain Agreement for the sale and purchase of the entire issued share capital of Arden Reinsurance Company Limited ("Arden Re"), dated as of June 5, 2013 (the "Arden Re Purchase Agreement";

WHEREAS, Northshore is an indirect wholly owned subsidiary of Kenmare that has had no specific operations to date and Alopuc is a newly formed, wholly owned subsidiary of Northshore;

WHEREAS, Kenmare desires to sell to Trident a forty percent (40%) interest in Northshore such that sixty percent (60%) of Northshore shall be owned by Kenmare and forty percent (40%) of Northshore shall be owned by Trident;

WHEREAS, on the date hereof, each of Kenmare and Trident has executed a letter agreement in favor of Northshore, in which each party has agreed, subject to the terms and conditions set forth therein, to make an equity investment in Northshore at the closing of the acquisition of each of Atrium and Arden Re, through a cash equity investment (each, a "Subscription Letter"), the proceeds of which will be used to fund, in part, the purchase price set forth in each of the Atrium Purchase Agreement and the Arden Re Purchase Agreement, on the terms and subject to the conditions set forth in each such agreement (such agreements collectively referred to herein as the "Purchase Agreements"); and

WHEREAS, Kenmare and Trident wish to agree to certain terms and conditions that will govern the actions of such parties with respect to the Purchase Agreements and the Subscription Letters and the transactions contemplated thereby.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, the representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

I. EFFECTIVENESS.

Section 1.1 Effectiveness. This Agreement shall become effective on the date hereof and shall terminate (except with respect to this Section 1.1 and Article 3 (other than Section 3.1), which shall survive termination) upon written agreement of Kenmare and Trident; provided that any liability for failure to comply with the terms of this Agreement prior to the date of termination shall survive the termination of this Agreement.

II. AGREEMENTS AMONG THE INVESTORS.

Section 2.1 Amendments to the Purchase Agreements. Kenmare and Trident agree that the approval of each of Kenmare and Trident shall be required in order for Northshore or Alopuc (together, the "Purchasers") to amend, modify, waive, supplement, terminate or agree to an amendment, modification, waiver or supplement to, or termination of, either of the Purchase Agreements, and, for the avoidance of doubt, the approval of each of Kenmare and Trident shall be required in order for either Purchaser to waive any condition to closing specified in either of the Purchase Agreements. Any determination by Kenmare that the closing conditions have been satisfied shall be based on Kenmare's reasonable determination after consultation with Trident. Kenmare and Trident shall not permit either Purchaser to, without the prior consent of both Kenmare and Trident, amend, or agree to any amendment of, either of the Purchase Agreements in a manner that would require an amendment to either party's Subscription Letter.

Section 2.2 Debt Financing. Each of Kenmare and Trident shall use its respective reasonable best efforts to assist the Purchasers in obtaining debt financing on terms that are agreeable to each of Kenmare and Trident. The approval of each of Kenmare and Trident shall be required in order for either of the Purchasers to (i) amend, modify, waive, supplement, terminate or agree to an amendment, modification, waiver, supplement to or termination of, any agreed-upon terms of the debt financing, or (ii) enter into the definitive documentation providing for such debt financing.

Section 2.3 Organizational Documents; Equity Incentive Plans.

(a) Each of Kenmare and Trident agrees to negotiate in good faith with the other party to enter into a final form of Shareholders' Agreement for the equityholders of Northshore (the "Shareholders' Agreement"), which agreement shall be in substantially the form of the Shareholders' Agreement attached hereto as Exhibit A, and to cause Northshore to create and file with the Bermuda Registrar of Companies an amended and restated Memorandum of Association, if necessary, and create Amended and Restated Bye-Laws and, as appropriate, other organizational documents, which shall contain standard terms and otherwise be consistent with those set forth in the Shareholders' Agreement.

(b) At the direction of both Kenmare and Trident, Northshore may negotiate and enter into definitive agreements with members of Atrium's management team with respect to the terms of equity incentives and/or adopt policies or plans affecting the management of Atrium and Arden Re.

Section 2.4 Subscription Commitments. Each of Kenmare and Trident hereby affirms and agrees that (i) it is bound by the provisions set forth in its Subscription Letter, (ii) that Northshore shall be entitled to specifically enforce the provisions of such Subscription Letters and (iii) that Kenmare and Trident shall each have the right to directly enforce the Subscription Letter of the other party.

Section 2.5 Expense Sharing. Each of Kenmare and Trident agrees to bear its Pro Rata Share (as defined below) of all costs, fees and expenses incurred on or after May 1, 2013 relating to the formation of Northshore and the negotiation and drafting of any amendments to Northshore's organizational documents, as well as the costs, fees and expenses incurred by Kenmare and Trident related to due diligence of Atrium and Arden Re, the negotiation of the Purchase Agreements and any ancillary agreements and the consummation of the transactions contemplated thereby, including all costs, fees and expenses incurred in connection with obtaining any regulatory approvals and debt financing. In addition, Kenmare and Trident shall bear the respective portion of all other costs, fees and expenses as more specifically set forth on Exhibit B. For purposes of this Section 2.5, "Pro Rata Share" means, with respect to Kenmare, sixty percent (60%), and, with respect to Trident, forty percent (40%). Northshore shall pay all such costs and expenses as they are funded by Kenmare and Trident through drawdowns hereunder.

Section 2.6 Regulatory Filings. Each of Kenmare and Trident hereby represents, warrants and covenants that (i) it will use its respective reasonable best efforts to, and cause Northshore and Alopuc to, timely file all requests for consent, approval or other authorization of, or any filings with or notifications to, regulatory authorities, as may be required by such regulatory authorities to consummate the transactions contemplated by the Purchase Agreements, and provide any information that is required of such party in such filings or notifications, and (ii) the information to be supplied by such party in writing in connection with any such requests for consent, approval or other authorization of, or any filings with or notifications to, regulatory authorities shall be, to its knowledge, accurate and complete in all material respects, and each of Kenmare and Trident agrees that it will promptly notify the other party in writing if at any time or times prior to the termination of this Agreement such information is, to its knowledge, no longer accurate and complete in all material respects and will promptly update such information so that it is, to its knowledge, accurate and complete in all material respects. If any regulatory authority asserts any objections related to any consent, approval or authorization required pursuant to any Purchase Agreement, and such objections relate to the activities or investments of such party or such party's Affiliates, such party will use its reasonable best efforts to resolve such objections.

Section 2.7 Cooperation. Kenmare and Trident shall, and shall cause Northshore and Alopuc to, use their reasonable best efforts to consummate the transactions contemplated by the Arden Re Purchase Agreement and the Atrium Re Purchase Agreement.

Section 2.8 Sale of Northshore Interest. Kenmare agrees to sell, and Trident agrees to purchase, forty percent (40%) of Kenmare's interest in Northshore (the "Transferred Interest") as of the date hereof for a total purchase price of US$40,000. Kenmare represents and warrants to Trident that, prior to the sale, Kenmare was the sole beneficial owner of the Transferred Interest, that the Transferred Interest was validly issued and fully paid and that there were no encumbrances on the Transferred Interest. Notwithstanding the foregoing, Trident agrees to promptly sell the Transferred Interest back to Kenmare for a total purchase price of US$40,000 if Trident does not fund any Drawdown required of Trident in accordance with the terms of its Subscription Letter.

III. MISCELLANEOUS.

Section 3.1 Representations and Warranties. Each of Kenmare and Trident hereby represents and warrants to the other party that (a) it has the requisite power and authority to execute, deliver and perform this Agreement and its Subscription Letter, (b) the execution, delivery and performance by it of this Agreement and its Subscription Letter have been duly authorized by all necessary action and no additional proceedings are necessary to approve such agreements, (c) this Agreement and its Subscription Letter each have been duly executed and delivered by it and constitute valid and binding agreements of it enforceable against it in accordance with the terms hereof or thereof, and (d) all of the representations and warranties made by it in its Subscription Letter are complete and accurate in all material respects. Each of Kenmare and Trident further represents and warrants to the other party that its execution, delivery and performance of this Agreement will not (i) conflict with, require a consent, waiver or approval under, or result in a breach of or default under, any of the terms of any material contract to which such party is a party or by which such party is bound or any of such party's organizational documents; (ii) violate any order, writ, injunction, decree or statute, or any rule or regulation, applicable to such party or any of the properties or assets of such party; or (iii) result in the creation of, or impose any obligation on such party to create, any lien, charge or other encumbrance of any nature whatsoever upon such party's properties or assets.

Section 3.2 Press Release; Communication; Confidentiality.

(a) No press release or other public announcement in respect of this Agreement, the Subscription Letters or the transactions contemplated by the Purchase Agreements shall be issued or made by either Kenmare or Trident without the prior consent of the other party, except, in each case, for any such press release or other public announcement as Kenmare may determine in good faith is required to be issued or made by it or any of its Affiliates by applicable law, in which case, Kenmare shall use its commercially reasonable efforts to allow Trident reasonable time to comment on such press release or other public announcement in advance of such issuance or making.

(b) Each of Kenmare and Trident hereby agrees to, and shall cause its representatives to, keep any information supplied by or on behalf of the other party in connection with the transactions contemplated by this Agreement and the Purchase Agreements confidential ("Confidential Information") and to use and to cause its representatives to use the Confidential Information only in connection with the transactions contemplated hereby, including pursuant to the Purchase Agreements; provided that the term Confidential Information shall not include information that (i) is already in such party's possession, provided that such information is not subject to another obligation of confidentiality or secrecy, (ii) is or becomes generally available to the public other than as a result of a breach of this Agreement by such party or its representatives, or (iii) is or becomes available to such party on a non-confidential basis from a source not bound by another obligation of confidentiality or secrecy; provided, further, that nothing herein shall prevent either party from disclosing Confidential Information to the extent required by applicable law (it being understood that such party shall notify the other party of such disclosure and use reasonable best efforts to limit such disclosure and to ensure that any information so disclosed is accorded confidential treatment, to the extent available).

Section 3.3 Amendment. This Agreement may be amended or modified and the provisions hereof may be waived, only by an agreement in writing signed by each of Kenmare and Trident.

Section 3.4 Assignments. The rights and obligations of the parties hereunder shall not be assigned by either party without the prior written consent of the other party; provided that, a party may assign its rights and obligations under this Agreement and its Subscription Letter to one or more of its Affiliates if such assignment will not disrupt, interfere with or otherwise delay the receipt of any governmental approval required to be obtained in connection with the consummation of the transactions contemplated by the Arden Re Purchase Agreement or the Atrium Purchase Agreement; provided, further, that no such assignment shall relieve the assigning party of its obligations hereunder. "Affiliates" shall mean with respect to any party, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such party, and "Person" shall include a natural person, corporate or unincorporated body (whether or not having separate legal personality) and that Person's personal representatives, successors or permitted assigns.

Section 3.5 Severability. The provisions of this Agreement are severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions of this Agreement. If any provision of this Agreement, or the application of that provision to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision will be substituted for that provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of the invalid or unenforceable provision and (b) the remainder of this Agreement and the application of that provision to any Person or circumstance will not be affected by such invalidity or unenforceability, nor will such invalidity or unenforceability affect the validity or enforceability of that provision, or the application of that provision, in any other jurisdiction.

Section 3.6 Remedies. Any and all remedies expressly conferred upon a party to this Agreement will be cumulative with, and not exclusive of, any other remedy contained in this Agreement, at law or in equity. The exercise by a party to this Agreement of any one remedy will not preclude the exercise by it of any other remedy. The parties hereto agree that this Agreement will be enforceable by all available remedies at law or in equity, subject to the limitations expressly set forth herein. No party shall be liable under this Agreement for any consequential, punitive, special, incidental or indirect damages, except to the extent awarded by a court of competent jurisdiction in connection with a third-party claim.

Section 3.7 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, each party hereto, by its acceptance of the benefits provided herein, covenants, agrees and acknowledges that, notwithstanding that any such party or any of its permitted assigns may be a partnership or limited liability company, no rights of recovery, and no recourse hereunder or under any documents or instruments delivered in connection herewith or in respect of any oral representations made or alleged to be made in connection herewith or therewith, shall be had against any former, current or future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, attorneys or other representatives of any party, or any of its successors or assigns, or any former, current or future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, attorneys or other representatives or successors or assignees of any of the foregoing (but not including the parties hereto or their respective permitted assigns hereunder, each, an "Investor Related Party" and collectively, the "Investor Related Parties"), through Northshore or otherwise, whether by or through attempted piercing of the corporate veil, by or through a claim (whether at law or equity or in tort, contract or otherwise) by or on behalf of Northshore against any Investor Related Party, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any applicable law, or otherwise, it being agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Investor Related Party for any obligations of such party or any of its successors or permitted assigns under this Agreement or any documents or instrument delivered in connection herewith or in respect of any oral representations made or alleged to be made in connection herewith or therewith or for any claim (whether at law or equity or in tort, contract or otherwise) based on, in respect of, or by reason of such obligations or their creation.

Section 3.8 Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any Person other than Kenmare and Trident and their respective successors and permitted assigns, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 3.9 Governing Law; Waiver of Jury Trial.

(a) THIS AGREEMENT AND ALL CLAIMS OR CAUSES OF ACTION (WHETHER AT LAW, IN CONTRACT, IN TORT OR OTHERWISE) THAT MAY BE BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE HEREOF, SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF. The parties hereby irrevocably submit to the personal jurisdiction of the courts of the State of New York and the United States District Court for the Southern District of New York (the "Chosen Courts") solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, or the negotiation, execution or performance hereof, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in the Chosen Courts or that the Chosen Courts are an inconvenient forum or that the venue thereof may not be appropriate, or that this Agreement or any such document may not be enforced in or by such Chosen Courts, and the parties hereto irrevocably agree that all claims, actions, suits and proceedings or other causes of action (whether at law, in contract, in tort or otherwise) that may be based upon, arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, or the negotiation, execution or performance hereof shall be heard and determined exclusively in the Chosen Courts. The parties hereby consent to and grant any such Chosen Court jurisdiction over the person of such parties and, to the extent permitted by law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding to the address set forth in Section 3.14 shall be valid, effective and sufficient service thereof.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF SUCH ACTION, SUIT OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3.9(b).

Section 3.10 Exercise of Rights and Remedies. No delay of or omission in the exercise of any right, power or remedy accruing to any party as a result of any breach or default by any other party under this Agreement shall impair any such right, power or remedy, nor shall it be construed as a waiver of or acquiescence in any such breach or default, or of any similar breach or default occurring later; nor shall any such delay, omission nor waiver of any single breach or default be deemed a waiver of any other breach or default occurring before or after that waiver.

Section 3.11 Entire Agreement. This Agreement, together with the Shareholders' Agreement, the Subscription Letters and the other Exhibits hereto, constitutes the entire agreement, and supersedes all prior agreements, understandings and statements, both written and oral, among the parties or any of their Affiliates with respect to the subject matter contained herein.

Section 3.12 Headings; Counterparts. The section headings contained in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement or affect in any way the meaning or interpretation of this Agreement. This Agreement may be executed in any number of counterparts, all of which will be one and the same agreement.

Section 3.13 Exclusivity. Each of Kenmare and Trident agrees that for so long as this Agreement shall remain in effect, without the prior written approval of the other party, it shall not become affiliated with, enter into discussions with, or make any equity investment with, any other Person in relation to any transaction involving an acquisition of Atrium or Arden Re that could reasonably be expected to be competitive to, or interfere with, the negotiation or consummation of the transactions contemplated by the Purchase Agreements.

Section 3.14 Notice. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent by facsimile or other electronic delivery or sent, postage prepaid, by registered, certified or express mail or overnight courier service, as follows:

if to Kenmare:

c/o Enstar Group Limited
Windsor Place, 3rd Floor
22 Queen Street
Hamilton, Bermuda HM JX
Attn: Richard J. Harris
Facsimile: 441-296-7319

if to Trident:

c/o Stone Point Capital LLC
20 Horseneck Lane
Greenwich, CT 06830
United States of America
Attn: Stephen Levey
Facsimile: 203-862-2929

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day. "Business Day" shall mean any day other than a Saturday, Sunday or any day that is a federal holiday in the United States or Bermuda or a day on which banks in New York City are closed generally.

[Signature pages follow]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Agreement (or caused this Agreement to be executed on its behalf by its officer or representative thereunto duly authorized) under seal as of the date first above written.

KENMARE HOLDINGS LTD.

By: /s/ Richard J. Harris
Name: Richard J. Harris
Title: Director

TRIDENT V, L.P.

By: SPC MANAGEMENT HOLDINGS LLC,
its manager

By: STONE POINT CAPITAL LLC,
its managing member

By: /s/ James D. Carey
Name: James D. Carey
Title: Senior Principal

TRIDENT V PARALLEL FUND, L.P.

By: SPC MANAGEMENT HOLDINGS LLC,
its manager

By: STONE POINT CAPITAL LLC,
its managing member

By: /s/ James D. Carey
Name: James D. Carey
Title: Senior Principal

TRIDENT V PROFESSIONALS FUND, L.P.

By: SPC MANAGEMENT HOLDINGS LLC,
its manager

By: STONE POINT CAPITAL LLC,
its managing member

By: /s/ James D. Carey
Name: James D. Carey
Title: Senior Principal

Exhibit A

Shareholders' Agreement

SHAREHOLDERS' AGREEMENT

between

NORTHSHORE HOLDINGS LIMITED

and

THE SHAREHOLDERS NAMED HEREIN

dated as of

[•], 2013

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SHAREHOLDERS' AGREEMENT

This Shareholders' Agreement (this "**Agreement**"), dated as of [•], 2013, is entered into among Northshore Holdings Limited, a Bermuda exempted company (the "**Company**"), Kenmare Holdings Ltd (the "**Enstar Shareholder**"), Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P. (each, a "**Trident Shareholder**" and, collectively, the "**Trident Shareholders**" and, together with the Enstar Shareholder, the "**Initial Shareholders**"), each other Person who after the date hereof acquires Common Shares of the Company and becomes a party to this Agreement by executing a Joinder Agreement (such Persons, collectively with the Initial Shareholders, the "**Shareholders**") and, solely for purposes of **Section 3.05** hereof, Enstar Group Limited ("**Enstar**").

RECITALS

WHEREAS, as of the date hereof, the Enstar Shareholder owns 60% of the issued and outstanding Common Shares of the Company and the Trident Shareholders collectively own 40% of the issued and outstanding Common Shares of the Company; and

WHEREAS, the Initial Shareholders and the other parties hereto deem it in their best interests and in the best interests of the Company to set forth in this Agreement their respective rights and obligations in connection with their investment in the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
Definitions

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in this Article I.

"**Affiliate**" means with respect to any Person, any other Person who, directly or indirectly (including through one or more intermediaries), controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control," when used with respect to any specified Person, shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise; and the terms "controlling" and "controlled" shall have correlative meanings.

"**Agreement**" has the meaning set forth in the preamble.

"**Applicable Law**" means all applicable provisions of (a) constitutions, treaties, statutes, laws (including the common law), rules, regulations, decrees, ordinances, codes, proclamations, declarations or orders of any Governmental Authority, (b) any consents or approvals of any Governmental Authority and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority.

"**Arden Re**" means Arden Reinsurance Company Limited.

"**Atrium**" means Atrium Underwriting Group Limited.

"**Board**" has the meaning set forth in **Section 2.01(a)**.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banks in Bermuda are authorized or required to close.

"**Bye-laws**" means the bye-laws of the Company, as amended, modified, supplemented or restated from time to time in accordance with the terms of this Agreement.

"**Call Right**" has the meaning set forth in **Section 3.05(a)**.

"**Change of Control**" means any transaction or series of related transactions (as a result of a tender offer, merger, consolidation or otherwise) that results in, or that is in connection with, (a) any Third Party Purchaser or "group" (within the meaning of Section 13(d)(3) of the Exchange Act) of Third Party Purchasers acquiring beneficial ownership, directly or indirectly, of all or substantially all of the then issued and outstanding Common Shares or (b) the sale, lease, exchange, conveyance, transfer or other disposition (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Company and its Subsidiaries, on a consolidated basis, to any Third Party Purchaser or "group" (within the meaning of Section 13(d)(3) of the Exchange Act) of Third Party Purchasers (including any liquidation, dissolution or winding up of the affairs of the Company, or any other distribution made, in connection therewith).

"**Commitment Letters**" has the meaning set forth in **Section 6.01(e)**.

"**Common Shares**" means the common shares, par value $1.00 per share, of the Company and any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any reclassification, recapitalization, merger, consolidation, exchange or similar reorganization.

"**Company**" has the meaning set forth in the preamble.

"**Director**" has the meaning set forth in **Section 2.01(a)**.

"**Drag-along Notice**" has the meaning set forth in **Section 3.03(b)**.

"**Drag-along Sale**" has the meaning set forth in **Section 3.03(a)**.

"**Drag-along Shareholder**" has the meaning set forth in **Section 3.03(a)**.

"**Enstar**" has the meaning set forth in the preamble.

"**Enstar Director**" has the meaning set forth in **Section 2.01(a)**.

"**Enstar Shareholder**" has the meaning set forth in the preamble.

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended, or any successor federal statute, and the rules and regulations thereunder, which shall be in effect at the time.

"**Excluded Securities**" means any Common Shares or other equity securities issued in connection with (a) a grant to any existing or prospective consultants, employees, officers or Directors pursuant to any stock option, employee stock purchase or similar equity-based plans or other compensation agreement; (b) the exercise or conversion of options to purchase Common Shares, or Common Shares issued to any existing or prospective consultants, employees, officers or Directors pursuant to any stock option, employee stock purchase or similar equity-based plans or any other compensation agreement; (c) any acquisition by the Company of the stock, assets, properties or business of any Person; (d) any merger, consolidation or other business combination involving the Company; (e) the commencement of any Initial Public Offering or any transaction or series of related transactions involving a Change of Control; (f) a stock split, stock dividend or any similar recapitalization; or (g) any issuance of Financing Equity.

"**Exercise Period**" has the meaning set forth in **Section 4.01(c)**.

"**Exercising Shareholder**" has the meaning set forth in **Section 4.01(d)**.

"**Fair Market Value**" has the meaning set forth in **Section 3.05(c)**.

"**Financing Equity**" means any Common Shares, warrants or other similar rights to purchase Common Shares issued to lenders or other institutional investors (excluding the Shareholders) in any arm's length transaction providing debt financing to the Company.

"**Fiscal Year**" means for financial accounting purposes, January 1 to December 31.

"**GAAP**" means United States generally accepted accounting principles in effect from time to time.

"**Government Approval**" means any authorization, consent, approval, waiver, exception, variance, order, exemption, publication, filing, declaration, concession, grant, franchise, agreement, permission, permit, or license of, from or with any Governmental Authority, the giving notice to, or registration with, any Governmental Authority or any other action in respect of any Governmental Authority.

"**Governmental Authority**" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

"**Independent Appraiser**" has the meaning set forth in **Section 3.05(c)(i)**.

"**Information**" has the meaning set forth in **Section 4.03(b)**.

"**Initial Public Offering**" means any offering of Common Shares pursuant to a registration statement filed in accordance with the Securities Act.

"**Initial Shareholders**" has the meaning set forth in the preamble and shall also include any Permitted Transferees of the Enstar Shareholder and the Trident Shareholders that become Shareholders.

"**Investors Agreement**" has the meaning set forth in **Section 6.01(e)**.

"**Issuance Notice**" has the meaning set forth in **Section 4.01(b)**.

"**Joinder Agreement**" means the joinder agreement in form and substance of Exhibit A attached hereto.

"**Lien**" means any lien, claim, charge, mortgage, pledge, security interest, option, preferential arrangement, right of first offer, encumbrance or other restriction or limitation of any nature whatsoever.

"**Lock-up Period**" has the meaning set forth in **Section 3.01(a)**.

"**Material Subsidiary**" means Arden Re, Atrium and any other material direct or indirect Subsidiary of the Company.

"**Memorandum of Association**" means the memorandum of association of the Company, as filed on August 14, 2009 with the Registrar of Companies of Bermuda and as amended, modified, supplemented or restated from time to time in accordance with the terms of this Agreement.

"**New Securities**" has the meaning set forth in **Section 4.01(a)**.

"**Non-exercising Shareholder**" has the meaning set forth in **Section 4.01(d).**

"**Offered Shares**" has the meaning set forth in **Section 3.02(a)**.

"**Offering Shareholder**" has the meaning set forth in **Section 3.02(a)**.

"**Offering Shareholder Notice**" has the meaning set forth in **Section 3.02(b)**.

"**Organizational Documents**" means the Bye-laws and the Memorandum of Association.

"**Over-allotment Exercise Period**" has the meaning set forth in **Section 4.01(d)**.

"**Over-allotment New Securities**" has the meaning set forth in **Section 4.01(d)**.

"**Over-allotment Notice**" has the meaning set forth in **Section 4.01(d)**.

"**Permitted Transferee**" means with respect to any Shareholder, any Affiliate of such Shareholder.

"**Person**" means an individual, corporation, company, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

"**Pre-emptive Pro Rata Portion**" has the meaning set forth in **Section 4.01(c)**.

"**Pre-emptive Shareholder**" has the meaning set forth in **Section 4.01(a)**.

"**Proposed Transferee**" has the meaning set forth in **Section 3.04(a)**.

"**Purchasing Shareholder**" has the meaning set forth in **Section 3.02(d)**.

"**Put Right**" has the meaning set forth in **Section 3.05(a)**.

"**Related Party Agreement**" means any agreement, arrangement or understanding between (a) (i) the Company and (ii) any Shareholder or any Affiliate of a Shareholder or any Director, officer or employee of the Company, as such agreement may be amended, modified, supplemented or restated in accordance with the terms of this Agreement, and (b) (i) Arden Re, Atrium or any other direct or indirect Subsidiary of the Company and (ii) the Company, any Shareholder or any Affiliate of Arden Re, Atrium, the Company, a Shareholder or any Director, officer or employee of Arden Re, Atrium or any direct or indirect Subsidiary of the Company, as such agreement may be amended, modified, supplemented or restated in accordance with the terms of this Agreement.

"**Representative**" means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person and its Affiliates (*provided, that* portfolio companies of the Trident Shareholders shall not be Representatives).

"**ROFO Notice**" has the meaning set forth in **Section 3.02(d)**.

"**ROFO Notice Period**" has the meaning set forth in **Section 3.02(b)**.

"**Sale Notice**" has the meaning set forth in **Section 3.04(b)**.

"**Securities Act**" means the United States Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations thereunder, which shall be in effect at the time.

"**Selling Shareholder**" has the meaning set forth in **Section 3.04(a)**.

"**Shareholders**" has the meaning set forth in the preamble.

"**Subsidiary**" means with respect to any Person, any other Person of which a majority of the outstanding shares or other equity interests having the power to vote for directors or comparable managers are owned, directly or indirectly, by the first Person.

"**Tag-along Notice**" has the meaning set forth in **Section 3.04(c)**.

"**Tag-along Period**" has the meaning set forth in **Section 3.04(c)**.

"**Tag-along Sale**" has the meaning set forth in **Section 3.04(a)**.

"**Tag-along Shareholder**" has the meaning set forth in **Section 3.04(a)**.

"**Third Party Purchaser**" means any Person who, immediately prior to the contemplated transaction, (a) does not directly or indirectly own or have the right to acquire any outstanding Common Shares or (b) is not a Permitted Transferee of any Person who directly or indirectly owns or has the right to acquire any Common Shares.

"**Transfer**" means to, directly or indirectly, sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of, either voluntarily or involuntarily, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, any Common Shares owned by a Person or any interest (including a beneficial interest) in any Common Shares owned by a Person.

"**Trident Director**" has the meaning set forth in **Section 2.01(a)**.

"**Trident Shareholder**" has the meaning set forth in the preamble.

"**Waived ROFO Transfer Period**" has the meaning set forth in **Section 3.02(f)**.

ARTICLE II
Management and Operation of the Company

Section 2.01 Board of Directors.

(a) The Shareholders agree that the business and affairs of the Company shall be managed through a board of directors (the "**Board**") consisting of five members (each, a "**Director**"). The Directors shall be elected to the Board in accordance with the following procedures:

(i) The Enstar Shareholder shall have the right to designate three Directors, who shall initially be Paul O'Shea, Nick Packer and Richard Harris (the "**Enstar Directors**"); and

(ii) The Trident Shareholders shall have the right to designate two Directors, who shall initially be Darran A. Baird and James D. Carey (the "**Trident Directors**").

Notwithstanding the foregoing, the Enstar Director(s) present at any meeting of the Board or committee thereof shall collectively exercise voting power equal to the Enstar Shareholder's percentage ownership of the Company divided by the aggregate percentage ownership of the Company held by the Enstar Shareholder and the Trident Shareholders, and the Trident Director(s) present at any meeting of the Board or committee thereof shall collectively exercise voting power equal to the Trident Shareholders' percentage ownership of the Company divided by the aggregate percentage ownership of the Company held by the Enstar Shareholder and the Trident Shareholders.

(b) Each Shareholder shall vote all Common Shares over which such Shareholder has voting control and shall take all other necessary or desirable actions within such Shareholder's control (including in its capacity as shareholder, director, member of a board committee or officer of the Company or otherwise, and whether at a regular or special meeting of the Shareholders or by written consent in lieu of a meeting) to elect to the Board any individual designated by an Initial Shareholder pursuant to **Section 2.01(a)**.

(c) Each Initial Shareholder shall have the right at any time to remove (with or without cause) any Director designated by such Initial Shareholder for election to the Board and each other Shareholder shall vote all Common Shares over which such Shareholder has voting control and shall take all other necessary or desirable actions within such Shareholder's control (including in its capacity as shareholder, director, member of a board committee or officer of the Company or otherwise, and whether at a regular or special meeting of the Shareholders or by written consent in lieu of a meeting) to remove from the Board any individual designated by such Initial Shareholder that such Initial Shareholder desires to remove pursuant to this **Section 2.01(c)**. Except as provided in the preceding sentence, unless an Initial Shareholder shall otherwise consent in writing, no other Shareholder shall take any action to cause the removal of any Director(s) designated by an Initial Shareholder.

(d) In the event a vacancy is created on the Board at any time and for any reason (whether as a result of death, disability, retirement, resignation or removal pursuant to **Section 2.01(c)**), the Initial Shareholder who designated such individual shall have the right to designate a different individual to replace such Director and each other Shareholder shall vote all Common Shares over which such Shareholder has voting control and shall take all other necessary or desirable actions within such Shareholder's control (including in its capacity as shareholder, director, member of a board committee or officer of the Company or otherwise, and whether at a regular or special meeting of the Shareholders or by written consent in lieu of a meeting) to elect to the Board any individual designated by such Initial Shareholder.

(e) The Board shall have the right to establish any committee of Directors as the Board shall deem appropriate from time to time. Subject to this Agreement, the Organizational Documents and Applicable Law, committees of the Board shall have the rights, powers and privileges granted to such committee by the Board from time to time. Any delegation of authority to a committee of Directors to take any action must be approved in the same manner as would be required for the Board to approve such action directly. Any committee of Directors shall be composed of the same proportion of Enstar Directors and Trident Directors as the Initial Shareholders shall then be entitled to appoint to the Board pursuant to this **Section 2.01**.

(f) The presence of a majority of Directors then in office shall constitute a quorum; *provided, that* at least one Trident Director is present at such meeting. If a quorum is not achieved at any duly called meeting, such meeting may be postponed to a time no earlier than 48 hours after written notice of such postponement has been given to the Directors. If no Trident Director is present for three consecutive meetings, then the presence, in person or by proxy, of Directors designated by Shareholders holding at least 51% of the Common Shares shall constitute a quorum for the next meeting.

Section 2.02 Voting Arrangements. In addition to any vote or consent of the Board or the Shareholders of the Company required by Applicable Law, without the consent of the Trident Shareholders the Company shall not take any action or enter into any commitment to take any action to (and shall cause its Material Subsidiaries to not take any action or enter into any commitment to take any action to):

(a) amend, modify or waive the Organizational Documents or the charter, bye-laws or other organizational documents of any Material Subsidiary;

(b) make any material changes in the tax or accounting methods or policies or the tax elections of the Company or any Material Subsidiary (other than as required by Applicable Law or GAAP) that would have a materially adverse impact on the Trident Shareholders;

(c) enter into, amend in any material respect, waive or terminate any Related Party Agreement other than (i) the entry into a Related Party Agreement that is on an arm's length basis and on terms no less favorable to the Company or the applicable Material Subsidiary than those that could be obtained from an unaffiliated third party and (ii) any reinsurance or other risk transfer arrangement with any Affiliate of the Enstar Shareholder in which all or substantially all of the underlying insurance risk is borne by the Affiliate of the Enstar Shareholder, *provided, however*, that any such reinsurance or other risk transfer transaction provides the Company a market rate fronting fee;

(d) enter into or effect any material transaction or series of related transactions outside of the ordinary course of business involving the purchase, lease, license, exchange or other acquisition (including by merger, consolidation, acquisition of stock or acquisition of assets) by the Company or any Material Subsidiary of any assets and/or equity interests of any Person that are material in amount to the Company and its Subsidiaries taken as a whole, other than the acquisition by the Company of Arden Re and Atrium;

(e) except for a Change of Control effected in accordance with **Section 3.03** which will not require the consent of the Trident Shareholders, enter into or effect any material transaction or series of related transactions outside of the ordinary course of business involving the sale, lease, license, exchange or other disposition (including by merger, consolidation, sale of stock or sale of assets) by the Company or any Material Subsidiary of any stock or assets that are material in amount to the Company and its Subsidiaries taken as a whole;

(f) grant or authorize the grant of Common Shares or other equity securities of the Company or any Subsidiary of the Company in an amount greater than 10% of the value of the then-outstanding Common Shares to any existing or prospective officers, directors, employees or consultants of the Company or any Subsidiary of the Company pursuant to any stock option, employee stock purchase or similar equity-based plans or other compensation agreements;

(g) initiate or consummate an Initial Public Offering or make a public offering and sale of Common Shares or any other securities; or

(h) dissolve, wind-up or liquidate the Company or any Material Subsidiary or initiate a bankruptcy proceeding involving the Company or any Material Subsidiary.

For purposes of this **Section 2.02**, the "ordinary course of business" of the Company and its Subsidiaries shall include the acquisition of insurance and reinsurance companies in run-off and portfolios of insurance and reinsurance business in run-off.

Section 2.03 Consultation on CEO Matters. The Company shall consult with, but need not obtain the consent of, the Trident Shareholder prior to taking any action or entering into any commitment to take any action to appoint or remove (with or without cause) the Company's or any Material Subsidiary's chief executive officer or enter into or amend any material term of any employment agreement or arrangement with the Company's or any Material Subsidiary's chief executive officer.

Section 2.04 Atrium Underwriting Group Limited. The Trident Shareholder shall have the right to designate one member of the board of directors of Atrium Underwriting Group Limited. The Initial Shareholders shall, and shall cause their Director designees to, take all such actions as may be necessary or desirable to give effect to this provision.

ARTICLE III
Transfer of Interests

Section 3.01 General Restrictions on Transfer.

(a) Except as permitted pursuant to **Section 3.01(b)**, each Shareholder agrees that such Shareholder will not, directly or indirectly, voluntarily or involuntarily Transfer any of its Common Shares prior to the fifth anniversary of the earlier of the closing of the Company's acquisition of Arden Re and the closing of the Company's acquisition of Atrium (the "**Lock-up Period**").

(b) The provisions of **Section 3.01(a)**, **Section 3.02**, **Section 3.03** and **Section 3.04** shall not apply to any of the following Transfers by any Shareholder of any of its Common Shares (i) to a Permitted Transferee or (ii) pursuant to a merger, consolidation or other business combination of the Company with a Third Party Purchaser that has been approved in compliance with **Section 2.02(e)**.

(c) In addition to any legends required by Applicable Law, each certificate (if any) representing the Common Shares of the Company shall bear a legend substantially in the following form (and if the Common Shares are not certificated, the Company's ledger shall include a notation substantially in the following form omitting the reference to a certificate):

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A SHAREHOLDERS' AGREEMENT (A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY). NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SUCH SHAREHOLDERS' AGREEMENT AND (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER. THE HOLDER OF THIS CERTIFICATE, BY ACCEPTANCE OF THIS CERTIFICATE, AGREES TO BE BOUND BY ALL OF THE PROVISIONS OF SUCH SHAREHOLDERS' AGREEMENT."

(d) Prior notice shall be given to the Company by the transferor of any Transfer (whether or not to a Permitted Transferee) of any Common Shares. Prior to consummation of any Transfer by any Shareholder of any of its Common Shares, such party shall cause the transferee thereof to execute and deliver to the Company a Joinder Agreement and agree to be bound by the terms and conditions of this Agreement. Upon any Transfer by any Shareholder of any of its Common Shares, in accordance with the terms of this Agreement, the transferee thereof shall be substituted for, and shall assume all the rights and obligations under this Agreement of, the transferor thereof.

(e) Notwithstanding any other provision of this Agreement, each Shareholder agrees that it will not, directly or indirectly, Transfer any of its Common Shares (i) except as permitted under the Securities Act and other applicable federal, state or foreign securities laws, and then, if requested by the Company, only upon delivery to the Company of an opinion of counsel in form and substance satisfactory to the Company to the effect that such Transfer may be effected without registration under the Securities Act or any applicable foreign securities laws, (ii) if it would cause the Company or any of its Subsidiaries to be required to register as an investment company under the United States Investment Company Act of 1940, as amended, or any comparable foreign law, or (iii) if it would cause the assets of the Company or any of its Subsidiaries to be deemed plan assets as defined under the United States Employee Retirement Income Security Act of 1974 or its accompanying regulations or any comparable foreign law or result in any "prohibited transaction" thereunder involving the Company. In any event, the Board may refuse the Transfer to any Person if (i) such Transfer would have a material adverse effect on the Company as a result of any regulatory or other restrictions imposed by any Governmental Authority or (ii) any non-de minimis adverse tax consequence to the Company, any Subsidiary of the Company, or any Shareholder or any of their Affiliates would result from such Transfer.

(f) Any Transfer or attempted Transfer of any Common Shares in violation of this Agreement shall be null and void, no such Transfer shall be recorded on the Company's books and the purported transferee in any such Transfer shall not be treated (and the purported transferor shall continue be treated) as the owner of such Common Shares for all purposes of this Agreement.

Section 3.02 Right of First Offer.

(a) At any time following the Lock-up Period, and subject to the terms and conditions specified in this **Section 3.02**, each Shareholder shall have a right of first offer if any other Shareholder (such Shareholder, an "**Offering Shareholder**") proposes to Transfer any Common Shares (the "**Offered Shares**") owned by it to any Third Party

Purchaser. Following the Lock-up Period, each time the Offering Shareholder proposes to Transfer any Offered Shares (other than Transfers permitted pursuant to **Section 3.01** and Transfers made pursuant to **Section 3.03**), the Offering Shareholder shall first make an offering of the Offered Shares to the other Shareholders in accordance with the following provisions of this **Section 3.02**.

(b) The Offering Shareholder shall give written notice (the "**Offering Shareholder Notice**") to the Company and the other Shareholders stating its bona fide intention to Transfer the Offered Shares and specifying the number of Offered Shares and the material terms and conditions, including the price, pursuant to which the Offering Shareholder proposes to Transfer the Offered Shares. The Offering Shareholder Notice shall constitute the Offering Shareholder's offer to Transfer the Offered Shares to the other Shareholders, which offer shall be irrevocable for a period of 20 Business Days (the "**ROFO Notice Period**").

(c) By delivering the Offering Shareholder Notice, the Offering Shareholder represents and warrants to the Company and to each other Shareholder that: (i) the Offering Shareholder has full right, title and interest in and to the Offered Shares; (ii) the Offering Shareholder has all the necessary power and authority and has taken all necessary action to Transfer such Offered Shares as contemplated by this **Section 3.02**; and (iii) the Offered Shares are free and clear of any and all Liens other than those arising as a result of or under the terms of this Agreement.

(d) Upon receipt of the Offering Shareholder Notice, each Shareholder receiving such notice shall have until the end of the ROFO Notice Period to elect to purchase any amount of the Offered Shares by delivering a written notice (a "**ROFO Notice**") to the Offering Shareholder and the Company stating that it agrees to purchase such specified amount of Offered Shares on the terms specified in the Offering Shareholder Notice. Any ROFO Notice shall be binding upon delivery and irrevocable by the applicable Shareholder. Each Shareholder that delivers a ROFO Notice shall be a **"Purchasing Shareholder."** If the Shareholders do not, in the aggregate, elect to purchase all of the Offered Shares by the end of the ROFO Notice Period, each Purchasing Shareholder shall then have the right to purchase all or any portion of the remaining Offered Shares not elected to be purchased by the Shareholders. As promptly as practicable following the ROFO Notice Period, the Offering Shareholder shall deliver a written notice to each Purchasing Shareholder stating the number of remaining Offered Shares available for purchase. For a period of 10 Business Days following the receipt of such notice, each Purchasing Shareholder shall have the right to elect to purchase all or any portion of the remaining Offered Shares by delivering a subsequent ROFO Notice specifying the number of additional Offered Shares it desires to purchase. Notwithstanding the foregoing, the Shareholders may only exercise their rights under this **Section 3.02** to purchase the Offered Shares if, after giving effect to all elections made under this **Section 3.02(d)**, no less than all of the Offered Shares will be purchased by the Purchasing Shareholders.

(e) Each Shareholder that does not deliver a ROFO Notice during the ROFO Notice Period shall be deemed to have waived all of such Shareholder's rights to purchase the Offered Shares under this **Section 3.02**.

(f) If no Shareholder delivers a ROFO Notice or if the Purchasing Shareholders elect to purchase less than all of the Offered Shares in accordance with **Section 3.02(d)**, the Offering Shareholder may, during the 180-day period immediately following the expiration of the ROFO Notice Period, which period may be extended for a reasonable time not to exceed 270 days to the extent reasonably necessary to obtain any Government Approvals (the "**Waived ROFO Transfer Period**"), and subject to the provisions of **Section 3.04**, Transfer all of the Offered Shares to a Third Party Purchaser on terms and conditions no more favorable to the Third Party Purchaser than those set forth in the Offering Shareholder Notice. If the Offering Shareholder does not consummate the Transfer of the Offered Shares within the Waived ROFO Transfer Period, the rights provided hereunder shall be deemed to be revived and the Offered Shares shall not be offered to any Person unless first re-offered to the Shareholders in accordance with this **Section 3.02**.

(g) Each Shareholder shall take all actions as may be reasonably necessary to consummate any Transfer contemplated by this **Section 3.02**, including entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate.

(h) At the closing of any Transfer pursuant to this **Section 3.02**, the Offering Shareholder shall deliver to the Purchasing Shareholders the certificate or certificates representing the Offered Shares to be sold (if any), accompanied by stock powers and all necessary stock transfer taxes paid and stamps affixed, if necessary, against receipt of the purchase price therefor from such Purchasing Shareholders by certified or official bank check or by wire transfer of immediately available funds.

Section 3.03 Drag-along Rights.

(a) If at any time following the Lock-up Period the Enstar Shareholder (together with its Permitted Transferees) holds no less than 55% of the outstanding Common Shares of the Company and receives a bona fide offer from a Third Party Purchaser to consummate, in one transaction, or a series of related transactions, a Change of Control (a "**Drag-along Sale**"), the Enstar Shareholder shall have the right to require that each other Shareholder (each, a "**Drag-along Shareholder**") participate in such Transfer in the manner set forth in this **Section 3.03**, *provided*, *however*, that no Drag-along Shareholder shall be required to participate in the Drag-along Sale if the consideration for the Drag-along Sale is other than cash or registered securities listed on an established U.S. or foreign securities exchange. Notwithstanding anything to the contrary in this Agreement, each Drag-along Shareholder shall vote in favor of the transaction and take all actions to waive any dissenters, appraisal or other similar rights.

(b) The Enstar Shareholder shall exercise its rights pursuant to this **Section 3.03** by delivering a written notice (the "**Drag-along Notice**") to the Company and each Drag-along Shareholder no later than 20 days prior to the closing date of such Drag-along Sale. The Drag-along Notice shall make reference to the Enstar Shareholder's rights and obligations hereunder and shall describe in reasonable detail:

(i) the number of Common Shares to be sold by the Enstar Shareholder, if the Drag-along Sale is structured as a Transfer of Common Shares;

(ii) the identity of the Third Party Purchaser;

(iii) the proposed date, time and location of the closing of the Drag-along Sale;

(iv) the per share purchase price and the other material terms and conditions of the Transfer, including a description of any non-cash consideration in sufficient detail to permit the valuation thereof; and

(v) a copy of any form of agreement proposed to be executed in connection therewith.

(c) If the Drag-along Sale is structured as a Transfer of Common Shares, then, subject to **Section 3.03(d)**, each Drag-along Shareholder shall Transfer the number of shares equal to the product of (x) the number of Common Shares held by such Drag-along Shareholder and (y) a fraction (A) the numerator of which is equal to the number of Common Shares the Enstar Shareholder proposes to sell or transfer in the Drag-along Sale and (B) the denominator of which is equal to the number of Common Shares then held by the Enstar Shareholder.

(d) The consideration to be received by a Drag-along Shareholder shall be the same form and amount of consideration per share of Common Shares to be received by the Enstar Shareholder (or, if the Enstar Shareholder is given an option as to the form and amount of consideration to be received, the same option shall be given) and the terms and conditions of such Transfer shall, except as otherwise provided in the immediately succeeding sentence, be the same as those upon which the Enstar Shareholder Transfers its Common Shares. Each Drag-along Shareholder shall make or provide the same representations, warranties, covenants, indemnities and agreements as the Enstar Shareholder makes or provides in connection with the Drag-along Sale (except that in the case of representations, warranties, covenants, indemnities and agreements pertaining specifically to the Enstar Shareholder, the Drag-along Shareholder shall make the comparable representations, warranties, covenants, indemnities and agreements

pertaining specifically to itself); *provided, that* all representations, warranties, covenants and indemnities shall be made by the Enstar Shareholder and each Drag-along Shareholder severally and not jointly and any indemnification obligation shall be pro rata based on the consideration received by the Enstar Shareholder and each Drag-along Shareholder, in each case in an amount not to exceed the aggregate proceeds received by the Enstar Shareholder and each such Drag-along Shareholder in connection with the Drag-along Sale.

(e) The fees and expenses of the Enstar Shareholder incurred in connection with a Drag-along Sale and for the benefit of all Shareholders (it being understood that costs incurred by or on behalf of a Enstar Shareholder for its sole benefit will not be considered to be for the benefit of all Shareholders), to the extent not paid or reimbursed by the Company or the Third Party Purchaser, shall be shared by all the Shareholders on a pro rata basis, based on the aggregate consideration received by each Shareholder; *provided, that* no Shareholder shall be obligated to make or reimburse any out-of-pocket expenditure prior to the consummation of the Drag-along Sale.

(f) Each Shareholder shall take all actions as may be reasonably necessary to consummate the Drag-along Sale, including entering into agreements and delivering certificates and instruments, in each case consistent with the agreements being entered into and the certificates being delivered by the Enstar Shareholder.

(g) The Enstar Shareholder shall have 180 days following the date of the Drag-along Notice in which to consummate the Drag-along Sale, on the terms set forth in the Drag-along Notice (which such 180-day period may be extended for a reasonable time not to exceed 270 days to the extent reasonably necessary to obtain any Government Approvals). If at the end of such period, the Enstar Shareholder has not completed the Drag-along Sale, the Enstar Shareholder may not then effect a transaction subject to this **Section 3.03** without again fully complying with the provisions of this **Section 3.03**.

Section 3.04 Tag-along Rights.

(a) If at any time following the Lock-up Period a Shareholder (the "**Selling Shareholder**") proposes to Transfer any shares of its Common Shares to a Third Party Purchaser (the "**Proposed Transferee**") (and if the Selling Shareholder is the Enstar Shareholder and it cannot or has not elected to exercise its drag-along rights set forth in **Section 3.03**), each other Shareholder (each, a "**Tag-along Shareholder**") shall be permitted to participate in such Transfer (a "**Tag-along Sale**") on the terms and conditions set forth in this **Section 3.04**.

(b) Prior to the consummation of any such Transfer of Common Shares described in **Section 3.04(a)**, and after satisfying its obligations pursuant to **Section 3.02**, the Selling Shareholder shall deliver to the Company and each other Shareholder a written notice (a "**Sale Notice**") of the proposed Tag-along Sale subject to this **Section 3.04**

no later than 20 Business Days prior to the closing date of the Tag-along Sale. The Sale Notice shall make reference to the Tag-along Shareholders' rights hereunder and shall describe in reasonable detail:

(i) the aggregate number of Common Shares the Proposed Transferee has offered to purchase.

(ii) the identity of the Proposed Transferee;

(iii) the proposed date, time and location of the closing of the Tag-along Sale;

(iv) the per share purchase price and the other material terms and conditions of the Transfer, including a description of any non-cash consideration in sufficient detail to permit the valuation thereof; and

(v) a copy of any form of agreement proposed to be executed in connection therewith.

(c) Each Tag-along Shareholder shall exercise its right to participate in a Transfer of Common Shares by the Selling Shareholder subject to this **Section 3.04** by delivering to the Selling Shareholder a written notice (a "**Tag-along Notice**") stating its election to do so and specifying the number of Common Shares to be Transferred by it no later than five Business Days after receipt of the Sale Notice (the "**Tag-along Period**"). The offer of each Tag-along Shareholder set forth in a Tag-along Notice shall be irrevocable, and, to the extent such offer is accepted, such Tag-along Shareholder shall be bound and obligated to Transfer in the proposed Transfer on the terms and conditions set forth in this **Section 3.04**. The Selling Shareholder and each Tag-along Shareholder shall have the right to Transfer in a Transfer subject to this **Section 3.04** the number of Common Shares equal to the product of (x) the aggregate number of Common Shares the Proposed Transferee proposes to buy as stated in the Sale Notice and (y) a fraction (A) the numerator of which is equal to the number of Common Shares then held by the Selling Shareholder or such Tag-along Shareholder, as the case may be, and (B) the denominator of which is equal to the number of shares then held by the Selling Shareholder and each Tag-along Shareholder.

(d) Each Tag-along Shareholder who does not deliver a Tag-along Notice in compliance with **Section 3.04(c)** above shall be deemed to have waived all of such Tag-along Shareholder's rights to participate in such Transfer, and the Selling Shareholder shall (subject to the rights of any participating Tag-along Shareholder) thereafter be free to Transfer to the Proposed Transferee its Common Shares at a per share price that is no greater than the per share price set forth in the Sale Notice and on other terms and conditions which are not materially more favorable to the Selling Shareholder than those set forth in the Sale Notice without any further obligation to the non-accepting Tag-along Shareholders.

(e) Each Tag-along Shareholder participating in a Transfer pursuant to this **Section 3.04** shall receive the same consideration per share as the Selling Shareholder after deduction of such Tag-along Shareholder's proportionate share of the related expenses in accordance with **Section 3.04(g)** below.

(f) Each Tag-along Shareholder shall make or provide the same representations, warranties, covenants, indemnities and agreements as the Selling Shareholder makes or provides in connection with the Tag-along Sale (except that in the case of representations, warranties, covenants, indemnities and agreements pertaining specifically to the Selling Shareholder, the Tag-along Shareholder shall make the comparable representations, warranties, covenants, indemnities and agreements pertaining specifically to itself); *provided, that* all representations, warranties, covenants and indemnities shall be made by the Selling Shareholder and each Tag-along Shareholder severally and not jointly and any indemnification obligation in respect of breaches of representations and warranties shall be pro rata based on the consideration received by the Selling Shareholder and each Tag-along Shareholder, in each case in an amount not to exceed the aggregate proceeds received by the Selling Shareholder and each such Tag-along Shareholder in connection with any Tag-along Sale.

(g) The fees and expenses of the Selling Shareholder incurred in connection with a Tag-along Sale and for the benefit of all Shareholders (it being understood that costs incurred by or on behalf of the Selling Shareholder for its sole benefit will not be considered to be for the benefit of all Shareholders), to the extent not paid or reimbursed by the Company or the Proposed Transferee, shall be shared by all the Shareholders participating in the Tag-along Sale on a pro rata basis, based on the aggregate consideration received by each such Shareholder; *provided, that* no Shareholder shall be obligated to make or reimburse any out-of-pocket expenditure prior to the consummation of the Tag-along Sale.

(h) Each Tag-along Shareholder shall take all actions as may be reasonably necessary to consummate the Tag-along Sale, including entering into agreements and delivering certificates and instruments, in each case consistent with the agreements being entered into and the certificates being delivered by the Selling Shareholder.

(i) The Selling Shareholder shall have 180 days following the expiration of the Tag-along Period in which to Transfer the Common Shares described in the Sale Notice, on the terms set forth in the Sale Notice (which such 180-day period may be extended for a reasonable time not to exceed 270 days to the extent reasonably necessary to obtain any Government Approvals). If at the end of such period, the Selling Shareholder has not completed such Transfer, the Selling Shareholder may not then effect a Transfer of Common Shares subject to this **Section 3.04** without again fully complying with the provisions of this **Section 3.04**.

(j) If the Selling Shareholder Transfers to the Proposed Transferee any of its Common Shares in breach of this **Section 3.04**, then each Tag-along Shareholder shall have the right to Transfer to the Selling Shareholder, and the Selling Shareholder undertakes to purchase from each Tag-along Shareholder, the number of Common Shares that such Tag-along Shareholder would have had the right to Transfer to the Proposed Transferee pursuant to this **Section 3.04**, for a per share amount and form of consideration and upon the terms and conditions on which the Proposed Transferee bought such Common Shares from the Selling Shareholder, but without indemnity being granted by any Tag-along Shareholder to the Selling Shareholder; *provided, that*, nothing contained in this **Section 3.04** shall preclude any Shareholder from seeking alternative remedies against such Selling Shareholder as a result of its breach of this **Section 3.04**.

Section 3.05 Enstar Call Right and Trident Put Right.

(a) At any time during the 90-day period following the fifth anniversary of the earlier of the closing of the Company's acquisition of Arden Re and the closing of the Company's acquisition of Atrium or at any time following the seventh anniversary of the earlier of the closing of the Company's acquisition of Arden Re and the closing of the Company's acquisition of Atrium, the Enstar Shareholder shall have the right (a "**Call Right**") by written notice to the Trident Shareholders to purchase all, but not less than all, of the Common Shares owned by the Trident Shareholders and their Permitted Transferees.

(b) At any time after the seventh anniversary of the earlier of the closing of the Company's acquisition of Arden Re and the closing of the Company's acquisition of Atrium, the Trident Shareholders, acting collectively, shall have the right (the "**Put Right**") to require the Enstar Shareholder to purchase all, but not less than all, of the Common Shares held by the Trident Shareholders and their Permitted Transferees collectively.

(c) The purchase price payable by the Enstar Shareholder upon the exercise of the Call Right or the Put Right, as the case may be, shall be equal to fair market value of the Common Shares held by the Trident Shareholders and their Permitted Transferees calculated based on the overall fair market value of the Company determined on a going concern basis as between a willing buyer and willing seller with no discount for illiquidity or a minority interest, as such value may be mutually agreed upon by the Enstar Shareholder and the Trident Shareholders or, if no such agreement is reached, determined in accordance with the procedures set forth below (the "**Fair Market Value**"):

(i) Promptly after determining that the Enstar Shareholder and the Trident Shareholders are unable to agree upon a Fair Market Value but, in any event, no later than 30 Business Days after the exercise of the Call Right or the Put Right, as the case may be, the Initial Shareholders shall appoint a mutually acceptable independent

appraiser (the "**Independent Appraiser**") to determine the Fair Market Value (determined on a going concern basis as between a willing buyer and a willing seller with no discount for illiquidity or a minority interest) of the Common Shares held by the Trident Shareholders and their Permitted Transferees. Each of the Enstar Shareholder and the Trident Shareholders (acting together) shall provide the Independent Appraiser with its respective determination of Fair Market Value, together with the supporting calculations and analyses prepared by such Initial Shareholder with respect thereto. The Initial Shareholders shall instruct the Independent Appraiser to determine, in writing within 30 days of such Independent Appraiser's appointment, which of the Initial Shareholders' determination of Fair Market Value is the more reasonable, and such determination shall be final for all purposes of this **Section 3.05**. The costs and expenses of the Independent Appraiser shall be borne equally by the Initial Shareholders.

(ii) To enable the Independent Appraiser to conduct the valuation, the Initial Shareholders and the Company shall furnish to the Independent Appraiser such information as the Independent Appraiser may request, including information regarding the business of the Company and its Subsidiaries and the Company's assets, properties, financial condition, earnings and prospects.

(d) Within 90 days after the date of the final determination of the Fair Market Value pursuant to this **Section 3.05** (which period shall be extended solely to the extent needed to obtain any required Government Approvals, *provided, that* the Shareholders shall, and shall cause their Permitted Transferees to, have used their reasonable best efforts to obtain such approvals in a timely manner, and *provided, further, that* in no event shall the Enstar Shareholder be obligated to pay the purchase price for a sale and purchase pursuant to the Put Right in cash due to any failure to obtain any Government Approvals that are required to permit the Trident Shareholders to acquire or hold any unrestricted ordinary shares of Enstar), the Trident Shareholders shall, and shall cause their Permitted Transferees to, sell to the Enstar Shareholder, free and clear of any Liens, all of the Common Shares held by them.

(e) Each Shareholder shall take all actions as may be reasonably necessary to consummate the sale contemplated by this **Section 3.05**, including entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate.

(f) At the closing of any sale and purchase pursuant to this **Section 3.05**, the Trident Shareholders shall, and shall cause their Permitted Transferees to, deliver to the Enstar Shareholder the certificate or certificates representing their Common Shares (if any), accompanied by stock powers and all necessary stock transfer taxes paid and stamps affixed, if necessary, against receipt of the purchase price therefor from the Enstar Shareholder by, (i) in the case of a sale and purchase pursuant to the Call Right, wire transfer of immediately available funds, or (ii) in the case of a sale and purchase pursuant to the Put Right, at the option of the Enstar Shareholder, either (A) wire transfer of

immediately available funds, (B) unrestricted ordinary shares of Enstar (provided that such ordinary shares are then listed or admitted to trading on the NASDAQ Stock Market, the New York Stock Exchange or another national securities exchange), or (C) a combination of (A) and (B). If the purchase price at the closing of any sale and purchase pursuant to this **Section 3.05** consists of unrestricted ordinary shares of Enstar, the value of such ordinary shares will be deemed to equal the average of the last reported sale price of the ordinary shares over the 10 trading day period ending on, and including, the trading day immediately preceding the effective date of any such closing.

(g) Enstar hereby absolutely, unconditionally and irrevocably guarantees to the Trident Shareholders and their Permitted Transferees, on the terms and conditions set forth herein, the due and punctual payment, observance, performance and discharge of the Enstar Shareholder's obligations under this **Section 3.05**. The Trident Shareholders hereby agree that in no event shall Enstar be required to pay any amount to the Trident Shareholders or their Permitted Transferees under, in respect of, or in connection with this Agreement other than as expressly set forth herein.

ARTICLE IV
Pre-emptive Rights and Other Agreements

Section 4.01 Pre-emptive Right.

(a) The Company hereby grants to each Initial Shareholder (each, a "**Pre-emptive Shareholder**") the right to purchase its pro rata portion of any new Common Shares (other than any Excluded Securities) (the "**New Securities**") that the Company may from time to time propose to issue or sell to any Person.

(b) The Company shall give written notice (an "**Issuance Notice**") of any proposed issuance described in subsection (a) above to the Pre-emptive Shareholders within five Business Days following any meeting of the Board at which any such issuance or sale is approved. The Issuance Notice shall set forth the material terms and conditions of the proposed issuance, including:

(i) the number of New Securities proposed to be issued and the percentage of the Company's outstanding Common Shares, on a fully diluted basis, that such issuance would represent;

(ii) the proposed issuance date, which shall be at least 20 Business Days from the date of the Issuance Notice; and

(iii) the proposed purchase price per share.

(c) Each Pre-emptive Shareholder shall for a period of 15 Business Days following the receipt of an Issuance Notice (the "**Exercise Period**") have the right to elect irrevocably to purchase, at the purchase price set forth in the Issuance Notice, up to

the amount of New Securities equal to the product of (x) the total number of New Securities to be issued by the Company on the issuance date and (y) a fraction determined by dividing (A) the number of Common Shares owned by such Pre-emptive Shareholder immediately prior to such issuance by (B) the total number of Common Shares owned by all Initial Shareholders on such date immediately prior to such issuance (the "Pre-emptive Pro Rata Portion") by delivering a written notice to the Company. Such Pre-emptive Shareholder's election to purchase New Securities shall be binding and irrevocable.

(d) No later than five Business Days following the expiration of the Exercise Period, the Company shall notify each Pre-emptive Shareholder in writing of the number of New Securities that each Pre-emptive Shareholder has agreed to purchase (including, for the avoidance of doubt, where such number is zero) (the "**Over-allotment Notice**"). Each Pre-emptive Shareholder exercising its right to purchase its Pre-emptive Pro Rata Portion of the New Securities in full (an "**Exercising Shareholder**") shall have a right of over-allotment such that if any other Pre-emptive Shareholder fails to exercise its right under this **Section 4.01** to purchase its Pre-emptive Pro Rata Portion of the New Securities (each, a "**Non-Exercising Shareholder**"), such Exercising Shareholder may purchase all or any portion of such Non-Exercising Shareholder's allotment (the "**Over-allotment New Securities**") by giving written notice to the Company (within five Business Days of receipt of the Over-allotment Notice) setting forth the number of Over-allotment New Securities that such Exercising Shareholder is willing to purchase (the "**Over-allotment Exercise Period**"). Such Exercising Shareholder's election to purchase Over-allotment New Securities shall be binding and irrevocable. If more than one Exercising Shareholder elects to exercise its right of over-allotment, each Exercising Shareholder shall have the right to purchase the number of Over-allotment New Securities it elected to purchase in its written notice; *provided, that* if the over-allotment New Securities are over-subscribed, each Exercising Shareholder shall purchase its pro rata portion of the available Over-allotment New Securities based upon the relative Pre-emptive Pro Rata Portions of the Exercising Shareholders.

(e) The Company shall be free to complete the proposed issuance or sale of New Securities described in the Issuance Notice with respect to any New Securities not elected to be purchased pursuant to **Section 4.01(c)** and **Section 4.01(d)** above in accordance with the terms and conditions set forth in the Issuance Notice (except that the amount of New Securities to be issued or sold by the Company may be reduced) so long as such issuance or sale is closed within 180 days after the expiration of the Over-allotment Exercise Period (subject to the extension of such 180-day period for a reasonable time not to exceed 270 days to the extent reasonably necessary to obtain any Government Approvals). In the event the Company has not sold such New Securities within such time period, the Company shall not thereafter issue or sell any New Securities without first again offering such securities to the Shareholders in accordance with the procedures set forth in this **Section 4.01**.

(f) Upon the consummation of the issuance of any New Securities in accordance with this **Section 4.01**, the Company shall deliver to each Exercising Shareholder certificates (if any) evidencing the New Securities, which New Securities shall be issued free and clear of any Liens (other than those arising hereunder or under Applicable Law and those attributable to the actions of the purchasers thereof), and the Company shall so represent and warrant to the purchasers thereof, and further represent and warrant to such purchasers that such New Securities shall be, upon issuance thereof to the Exercising Shareholders and after payment therefor, duly authorized and validly issued. Each Exercising Shareholder shall deliver to the Company the purchase price for the New Securities purchased by it by wire transfer of immediately available funds. Each party to the purchase and sale of New Securities shall take all such other actions as may be reasonably necessary to consummate the purchase and sale including entering into such additional agreements as may be necessary or appropriate.

Section 4.02 Corporate Opportunities. Notwithstanding anything contained in this Agreement or under Applicable Law to the contrary (to the full extent permitted by Applicable Law), (i) the Initial Shareholders and their respective Affiliates (A) may engage in or possess an interest in other business ventures of any nature and description (whether similar or dissimilar to the business of the Company or any of its Subsidiaries), independently or with others, and none of the Company, any Subsidiary, any other Shareholder, and each of their respective Affiliates shall have any right by virtue of this Agreement in or to any such investment or interest of the Enstar Shareholder, the Trident Shareholders, any Enstar Director or any Trident Director and any of its or their respective Affiliates to any income or profits derived therefrom, and the pursuit of any such venture shall not be deemed wrongful or improper, and (B) shall not be obligated to present any investment opportunity to the Company or any Subsidiary even if such opportunity is of a character that, if presented to the Company or any Subsidiary, could be taken by the Company or such Subsidiary, and (ii) the parties hereby waive (and the Company shall cause the Subsidiaries to waive) to the fullest extent permitted by law any fiduciary or other duty of the Initial Shareholders and the Enstar Directors and Trident Directors not expressly set forth in this Agreement, including fiduciary or other duties that may be related to or associated with self-dealing, corporate opportunities or otherwise, in each case so long as such Person acts in a manner consistent with this Agreement.

Section 4.03 Confidentiality.

(a) Each Shareholder shall and shall cause its Representatives to, keep confidential and not divulge any information (including all budgets, business plans and analyses) concerning the Company, including its assets, business, operations, financial condition or prospects ("**Information**"), and to use, and cause its Representatives to use, such Information only in connection with the operation of the Company; *provided, that* nothing herein shall prevent any Shareholder from disclosing such Information (i) upon

the order of any court or administrative agency, (ii) upon the request or demand of any regulatory agency or authority having jurisdiction over such Shareholder, (iii) to the extent compelled by legal process or required or requested pursuant to subpoena, interrogatories or other discovery requests, (iv) to the extent necessary in connection with the exercise of any remedy hereunder, (v) to other Shareholders, (vi) to such Shareholder's Representatives that in the reasonable judgment of such Shareholder need to know such Information or (vii) to any potential Permitted Transferee in connection with a proposed Transfer of Common Shares from such Shareholder as long as such transferee agrees to be bound by the provisions of this **Section 4.03** as if a Shareholder, *provided, further, that* in the case of clause (i), (ii) or (iii), such Shareholder shall notify the other Shareholders of the proposed disclosure as far in advance of such disclosure as practicable and use reasonable efforts to ensure that any Information so disclosed is accorded confidential treatment, when and if available.

(b) The restrictions of **Section 4.03(a)** shall not apply to information that (i) is or becomes generally available to the public other than as a result of a disclosure by a Shareholder or any of its Representatives in violation of this Agreement; (ii) is or becomes available to a Shareholder or any of its Representatives on a non-confidential basis prior to its disclosure to the receiving Shareholder and any of its Representatives, (iii) is or has been independently developed or conceived by such Shareholder without use of the Company's Information or (iv) becomes available to the receiving Shareholder or any of its Representatives on a non-confidential basis from a source other than the Company, any other Shareholder or any of their respective Representatives, *provided, that* such source is not known by the recipient of the information to be bound by a confidentiality agreement with the disclosing Shareholder or any of its Representatives. Furthermore, **Section 4.03(a)** shall not restrict the Enstar Shareholder and its Affiliates from disclosing any Information required to be disclosed under applicable securities laws or the rules of any stock exchange upon which their securities are traded.

Section 4.04 Registration Rights. Upon the request of any Initial Shareholder in connection with a contemplated public offering of the equity of the Company or any of its Subsidiaries that is approved in accordance with **Section 2.02(g)**, the Company shall enter into a registration rights agreement with the Initial Shareholders containing customary provisions for a transaction of that type, including demand registration rights and piggyback registration rights with ratable cutbacks, if necessary, regardless of the demanding party or piggyback party.

ARTICLE V
Information Rights

Section 5.01 Financial Statements and Reports. In addition to, and without limiting any rights that a Shareholder may have with respect to inspection of the books and records of the Company under Applicable Laws, the Company shall furnish to each Shareholder:

(a) Within 45 days after the end of each quarterly accounting period, an unaudited consolidated balance sheet as of the end of such quarterly accounting period and an unaudited related consolidated income statement, consolidated statement of shareholders' equity and consolidated statement of cash flows for such quarterly accounting period including any footnotes thereto (if any) prepared in accordance with GAAP, consistently applied, together with comparable year-to-date figures;

(b) Within 90 days after the end of each Fiscal Year (or such longer period of time as is approved by the Board), an unaudited consolidated balance sheet as of the end of such Fiscal Year and the related consolidated income statement, consolidated statement of shareholders' equity, and consolidated statement of cash flows including all footnotes thereto for such Fiscal Year prepared in accordance with GAAP, consistently applied; and

(c) Such other financial, accounting or other information relating to the Company and its Subsidiaries or their respective operations as any Initial Shareholder may reasonably request from time to time in form and substance reasonably acceptable to such requesting Shareholder.

Section 5.02 Inspection Rights.

(a) The Company shall, and shall cause its officers, Directors and employees to, (i) afford each Shareholder that, together with any Affiliates and/or Permitted Transferees, owns at least 5% of the Company's outstanding Common Shares and the Representatives of each such Shareholder, during normal business hours and upon reasonable notice, reasonable access at all reasonable times to its officers, employees, auditors, properties, offices, plants and other facilities and to all books and records, and (ii) afford such Shareholder the opportunity to consult with its officers from time to time regarding the Company's affairs, finances and accounts as each such Shareholder may reasonably request upon reasonable notice.

(b) The right set forth in **Section 5.02(a)** above shall not and is not intended to limit any rights which the Shareholders may have with respect to the books and records of the Company, or to inspect its properties or discuss its affairs, finances and accounts under the laws of the jurisdiction in which the Company is incorporated.

ARTICLE VI
Representations and Warranties

Section 6.01 Representations and Warranties. Each Shareholder, severally and not jointly, represents and warrants to the Company and each other Shareholder that:

(a) Such Shareholder (if an entity) is a corporation, company, partnership or limited liability company duly organized or formed, validly existing and in good standing under the laws of its jurisdiction of organization.

(b) Such Shareholder (if an entity) has full corporate, company or partnership power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement, the performance of its obligations hereunder and the consummation of the transactions contemplated hereby have been duly authorized (if such Shareholder is an entity) by all requisite corporate or company action of such Shareholder. Such Shareholder has duly executed and delivered this Agreement.

(c) This Agreement constitutes the legal, valid and binding obligation of such Shareholder, enforceable against such Shareholder in accordance with its terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, require no action by or in respect of, or filing with, any Governmental Authority.

(d) The execution, delivery and performance by such Shareholder of this Agreement and the consummation of the transactions contemplated hereby do not (i) conflict with or result in any violation or breach of any provision of any of the organizational documents of such Shareholder (if an entity), (ii) conflict with or result in any violation or breach of any provision of any Applicable Law or (iii) require any consent or other action by any Person under any provision of any material agreement or other instrument to which the Shareholder is a party.

(e) Except for this Agreement, the Investors Agreement by and among the Initial Shareholders, dated as of June 27, 2013 (the "**Investors Agreement**"), and the Commitment Letter of each Initial Shareholder to purchase Common Shares, each dated as of June 27, 2013 (the "**Commitment Letters**"), such Shareholder has not entered into or agreed to be bound by any other agreements or arrangements of any kind with any other party with respect to the Common Shares, including agreements or arrangements with respect to the acquisition or disposition of the Common Shares or any interest therein or the voting of the Common Shares (whether or not such agreements and arrangements are with the Company or any other Person).

ARTICLE VII
Term and Termination

Section 7.01 Termination. This Agreement shall terminate upon the earliest of:

(a) the consummation of an Initial Public Offering;

(b) the consummation of a merger or other business combination involving the Company whereby the Common Shares becomes a security that is listed or admitted to trading on the NASDAQ Stock Market, the New York Stock Exchange or another national securities exchange;

(c) the date on which no more than one Shareholder holds any Common Shares;

(d) the dissolution, liquidation or winding up of the Company; or

(e) upon the unanimous agreement of the Shareholders.

Section 7.02 Effect of Termination.

(a) The termination of this Agreement shall terminate all further rights and obligations of the Shareholders under this Agreement except that such termination shall not effect:

(i) the existence of the Company;

(ii) the obligation of any Party to pay any amounts arising on or prior to the date of termination, or as a result of or in connection with such termination;

(iii) the rights which any Shareholder may have by operation of law as a shareholder of the Company; or

(iv) the rights contained herein which by their terms are intended to survive termination of this Agreement.

(b) The following provisions shall survive the termination of this Agreement: this **Section 7.02** and **Section 4.03**, **Section 8.03**, **Section 8.11**, **Section 8.12** and **Section 8.13**.

ARTICLE VIII
Miscellaneous

Section 8.01 Expenses. Except as otherwise expressly provided herein or in the Investors Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 8.02 Release of Liability. In the event any Shareholder shall Transfer all of the Common Shares held by such Shareholder in compliance with the provisions of this Agreement without retaining any interest therein, then such Shareholder shall cease to be a party to this Agreement and shall be relieved and have no further liability arising hereunder for events occurring from and after the date of such Transfer.

Section 8.03 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt), (b) when received by the addressee if sent by an internationally recognized overnight courier (receipt requested), (c) on the date sent by facsimile or email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 8.03**):

If to the Company:	c/o Enstar Group Limited PO Box 2267 Windsor Place, 3rd Floor, 22 Queen Street Hamilton HM JX Bermuda Facsimile: (441) 296-7319 Email: richard.harris@enstargroup.bm Attention: Richard J. Harris, Chief Financial Officer
If to the Enstar Shareholder:	c/o Enstar Group Limited PO Box 2267 Windsor Place, 3rd Floor, 22 Queen Street Hamilton HM JX Bermuda Facsimile: (441) 296-7319 Email: richard.harris@enstargroup.bm Attention: Richard J. Harris, Chief Financial Officer
with a copy to (which shall not constitute notice):	Drinker Biddle & Reath LLP One Logan Square, Suite 2000 Philadelphia, PA 19103 Facsimile: (215) 988-2757 Email: robert.juelke@dbr.com Attention: Robert C. Juelke

If to the Trident Shareholders:	c/o Stone Point Capital LLC 20 Horseneck Lane Greenwich, CT 06830 Facsimile: (203) 862-2929 Email: slevey@stonepoint.com Attention: Stephen Levey
with a copy to (which shall not constitute notice):	c/o Stone Point Capital LLC 20 Horseneck Lane Greenwich, CT 06830 Facsimile: (203) 625-8357 Email: contracts@stonepoint.com Attention: General Counsel

Section 8.04 Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation;" (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. The definitions given for any defined terms in this Agreement shall apply equally to both 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. Unless the context otherwise requires, references herein: (x) to Articles, Sections, and Exhibits mean the Articles and Sections of, and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 8.05 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 8.06 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 8.07 Entire Agreement. This Agreement, the Organizational Documents, the Investors Agreement and the Commitment Letters constitute the sole and entire agreement of the parties with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency or conflict between this Agreement and any Organizational Document, the Shareholders and the Company shall, to the extent permitted by Applicable Law, amend such Organizational Document to comply with the terms of this Agreement.

Section 8.08 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 8.09 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 8.10 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Initial Shareholder; *provided*, *that* any amendment that would materially and adversely affect the rights or duties of a Shareholder shall require the consent of such Shareholder. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 8.11 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than those of New York.

Section 8.12 Submission to Jurisdiction; Waiver of Jury Trial.

(a) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR

THE COURTS OF THE STATE OF NEW YORK IN EACH CASE LOCATED IN THE CITY OF NEW YORK AND COUNTY OF NEW YORK, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (II) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (IV) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.12(b).

Section 8.13 Equitable Remedies. Each party hereto acknowledges that the other parties hereto would be irreparably damaged in the event of a breach or threatened breach by such party of any of its obligations under this Agreement and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, each of the other parties hereto shall, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to an injunction from a court of competent jurisdiction (without any requirement to post bond) granting such parties specific performance by such party of its obligations under this Agreement.

Section 8.14 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

Northshore Holdings Limited

By: _____
Name:
Title:

Kenmare Holdings Ltd

By: _____
Name:
Title:

Enstar Group Limited (solely for purposes of Section 3.05)

By: _____
Name:
Title:

Trident V, L.P.

By: SPC Management Holdings, its manager
By: Stone Point Capital LLC, its managing member

By: _____
Name: James D. Carey
Title: Senior Principal

Trident V Parallel Fund, L.P.

By: SPC Management Holdings, its manager
By: Stone Point Capital LLC, its managing member

By: _____
Name: James D. Carey
Title: Senior Principal

Trident V Professionals Fund, L.P.

By: SPC Management Holdings, its manager
By: Stone Point Capital LLC, its managing member

By: _____
Name: James D. Carey
Title: Senior Principal

EXHIBIT A

Joinder Agreement

Reference is hereby made to the Shareholders' Agreement, dated as June [•], 2013 (as amended from time to time, the "**Shareholders' Agreement**"), by and among Kenmare Holdings Ltd, Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P., Northshore Holdings Limited, a Bermuda exempted company (the "**Company**"), and, solely for purposes of Section 3.05 thereof, Enstar Group Limited. Pursuant to and in accordance with Section 3.01(d) of the Shareholders' Agreement, the undersigned hereby agrees that upon the execution of this Joinder Agreement, it shall become a party to the Shareholders' Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Shareholders' Agreement as though an original party thereto and shall be deemed to be a Shareholder of the Company for all purposes thereof.

Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Shareholders' Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of [DATE].

Northshore Holdings Limited

By: _____
Name:
Title:

[Transferee Shareholder]

By: _____
Name:
Title:

Exhibit 10.3

July 3, 2013

Northshore Holdings Limited
c/o Enstar Group Limited
Windsor Place, 3rd Floor
22 Queen Street
Hamilton, Bermuda HM JX

Re: Commitment to Purchase Common Shares

Ladies and Gentlemen:

Reference is made to the Investors Agreement (the "Investors Agreement"), dated as of July 3, 2013, by and among KENMARE HOLDINGS LTD ("Kenmare"), TRIDENT V, L.P., TRIDENT V PARALLEL FUND, L.P. and TRIDENT V PROFESSIONALS FUND, L.P. (collectively, "Trident") and the Purchase Agreements (as defined in the Investors Agreement). Capitalized terms used and not defined herein but defined in the Investors Agreement shall have the meanings ascribed to them in the Investors Agreement.

This letter agreement (this "Agreement") sets forth the commitment of Kenmare with respect to the proposed issuance and sale by Northshore Holdings Limited (company registration number 43474) whose registered office is at Clarendon House, 2 Church Street, Hamilton, Bermuda ("Northshore"), and the proposed purchase by Kenmare (and/or one or more of its Permitted Assigns) of common shares in the capital of Northshore designated as Common Shares (the "Common Shares") at such times as set forth herein. Contemporaneously herewith, Trident is delivering to Northshore a letter agreement in substantially the form of this Agreement (the "Trident Subscription Letter"), pursuant to which Trident is committing to purchase Common Shares concurrent with purchases of Common Shares by Kenmare.

1. Commitment. Kenmare hereby commits, subject to the terms and conditions set forth herein, including (without limitation) those set forth in Paragraph 2(c) and Paragraph 3 hereof, that it shall purchase, or shall cause its Permitted Assigns to purchase, Common Shares for an aggregate amount equal to Kenmare's Total Subscription Commitment set forth on Schedule A hereto (the "Total Subscription Commitment"), for the purposes of funding a portion of the purchase price pursuant to and in accordance with the Purchase Agreements, together with related expenses. Kenmare shall promptly use its reasonable best efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all governmental authorities that may be or become necessary for the performance of its obligations pursuant to this Agreement or the consummation of the transactions contemplated by the Purchase Agreements. Kenmare shall cooperate fully with Trident and Northshore and their Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals. Kenmare shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

2. Drawdowns.

(a) At any time and from time to time following the date hereof and subject to the terms and conditions set forth herein, including (without limitation) those set forth in Paragraph 2(c) and Paragraph 3 hereof, Northshore may require Kenmare to purchase Common Shares (each such purchase, a "Drawdown"), at a purchase price of US$1,000 per share (as such price may be adjusted for any stock splits, subdivisions, combinations, recapitalizations and the like, including any of the foregoing effected by means of a merger or similar transaction) in satisfaction of part or all of the unpaid portion of Kenmare's Total Subscription Commitment. With respect to any Drawdown, Northshore shall cause the amount of Trident's and Kenmare's portion of the Drawdown to be an amount equal to Trident's or Kenmare's Pro Rata Percentage (as set forth on Schedule A attached hereto) multiplied by the aggregate amount of the Drawdown. Northshore shall exercise its rights pursuant to this Paragraph 2 by delivering to Kenmare a written notice (a "Drawdown Notice") no later than five (5) Business Days (as defined below) preceding the closing date of the Drawdown (the "Drawdown Date"). The Drawdown Notice shall make reference to Kenmare's obligations hereunder and shall set forth: (i) the number of Common Shares required to be purchased by Kenmare; (ii) the terms and conditions of the purchase (which shall not alter the terms and conditions set forth in this Agreement), including the aggregate number of Common Shares to be purchased by Trident and Kenmare; (iii) wire transfer instructions; and (iv) the Drawdown Date. The Drawdown Notice shall be delivered to Kenmare in the manner provided in Paragraph 14 hereof.

(b) After receipt of a Drawdown Notice pursuant to Paragraph 2(a), Kenmare shall purchase on the Drawdown Date, at a purchase price of US$1,000 per share (as such price may be adjusted for any stock splits, subdivisions, combinations, recapitalizations and the like, including any of the foregoing effected by means of a merger or similar transaction), that number of Common Shares as is stated in the Drawdown Notice delivered to Kenmare. Subject to the terms and conditions of this Agreement, and in reliance upon the representations and warranties contained herein, Kenmare shall deliver to Northshore consideration for such Drawdown no later than 11:00 a.m. Eastern time on the Drawdown Date by wire transfer of immediately available funds to the account designated by Northshore in accordance with the wire transfer instructions set forth in the Drawdown Notice relating to such Drawdown. On the Drawdown Date, upon the receipt by Northshore of Kenmare's full consideration for such Drawdown, Northshore shall issue and deliver (or, if the Common Shares are uncertificated, record on the books of Northshore) a new, duly executed certificate or duly executed certificates to Kenmare evidencing that number of Common Shares issued to Kenmare pursuant to such Drawdown.

(c) Northshore may require a Drawdown only in connection with the consummation of the transactions contemplated by the Purchase Agreements. In no event shall the sum of the portion of all Drawdowns funded by Kenmare in accordance with this Agreement exceed Kenmare's Total Subscription Commitment.

(d) Kenmare's obligation to purchase Common Shares and its obligation to fund all or any portion of its unfunded Total Subscription Commitment shall expire on the earliest of (i) the written agreement of each of Kenmare and Trident; and (ii) the valid termination of each of the Purchase Agreements in accordance with its terms. Upon expiration of Kenmare's obligations, this Agreement shall terminate and Kenmare shall not have any further obligations or liabilities hereunder.

(e) The closing of the issuance, sale and purchase by Kenmare of the Common Shares in each Drawdown shall take place at the offices of Northshore, or remotely via the electronic or other exchange of documents and signature pages, contemporaneously with the closing of the issuance, sale and purchase by Trident of the Common Shares in each Drawdown, or at such other place or such other date as agreed to by the parties hereto.

3. Conditions to the Purchase of Common Shares. The obligation of Kenmare to fund its Pro Rata Percentage of any Drawdown is subject to the satisfaction or waiver (if permitted by applicable law, rule, regulation or order) on or prior to the applicable Drawdown Date of the following conditions:

(a) Northshore shall be in good standing.

(b) If the Drawdown relates to the acquisition of Atrium, each of the closing conditions set forth in the Atrium Purchase Agreement shall have been satisfied or waived in accordance with the terms of the Atrium Purchase Agreement and Section 2.1 of the Investors Agreement.

(c) If the Drawdown relates to the acquisition of Arden Re, each of the closing conditions set forth in the Arden Re Purchase Agreement shall have been satisfied or waived in accordance with the terms of the Arden Re Purchase Agreement and Section 2.1 of the Investors Agreement.

(d) The representations and warranties of Northshore made in Paragraph 6 hereof shall be true and correct in all material respects as of the applicable Drawdown Date, except where the failure to be true and correct arises from the identity or the legal or regulatory status of Kenmare.

(e) None of Northshore or any material subsidiary of Northshore shall have: (i) commenced a voluntary case or other proceeding or filed any petition seeking liquidation, reorganization or other similar relief under any bankruptcy, reorganization, insolvency, dissolution, liquidation or other similar law now or hereafter in effect or sought the appointment of a custodian, trustee, receiver, liquidator or other similar official of Northshore or any material subsidiary or any substantial part of Northshore's or any material subsidiary's property; (ii) consented to the institution of, or failed to contest in a prompt manner, any proceeding or petition described in clause (i) above; (iii) applied for or consented to the appointment of a custodian, trustee, receiver, conservator, liquidator or other similar official for Northshore or for any material subsidiary or for a substantial part of Northshore's or any material

subsidiary's assets; (iv) filed an answer admitting the material allegations of a petition filed against Northshore or any material subsidiary in any such proceeding; (v) made a general assignment for the benefit of Northshore's or any material subsidiary's creditors as a result of a bankruptcy, reorganization, insolvency, dissolution, liquidation or similar event; (vi) adopted any resolution of the Board of Directors of Northshore or any resolution of the board of directors (or comparable governing body) of any material subsidiary for the primary purpose of effecting any of the foregoing; or (vii) admitted in writing generally its inability to pay its debts as they come due. No involuntary proceeding (which remains undismissed) shall have been commenced and no involuntary petition (which remains undismissed) shall have been filed seeking or resulting in: (y) liquidation, reorganization or other similar relief in respect of Northshore or any material subsidiary of Northshore or any of Northshore's or any material subsidiary's debts, or any substantial part of Northshore's or any subsidiary's assets, under any bankruptcy, reorganization, insolvency, dissolution, liquidation or other similar law now or hereafter in effect; or (z) the appointment of a custodian, trustee, receiver, conservator, liquidator or other similar official for Northshore or for any material subsidiary or a substantial part of Northshore's or any material subsidiary's assets, and in each such case, such proceeding or appointment shall remain undismissed as of the applicable Drawdown Date. No order, judgment or decree adjudicating Northshore or any subsidiary of Northshore bankrupt or insolvent shall have been entered and no order for relief under any bankruptcy, reorganization, insolvency, dissolution, liquidation or other similar law now or hereafter in effect shall have been entered against Northshore or any material subsidiary and shall be in effect and not dismissed as of the applicable Drawdown Date.

(f) The purchase, sale and issuance of Common Shares to Kenmare on the applicable Drawdown Date (i) shall not be prohibited by any applicable law, rule, regulation or order, and (ii) Kenmare shall have obtained all necessary regulatory approvals applicable to it to permit the purchase of the Common Shares and Kenmare's direct or indirect ownership of equity interests of each of Northshore and, as applicable, Arden Re and Atrium, and all applicable waiting periods with respect thereto shall have expired or been terminated.

(g) Northshore and Trident shall be in compliance with all of their respective covenants and agreements under the Trident Subscription Letter, and Kenmare shall be in compliance with its covenants and agreements under the Investors Agreement, in each case, in all material respects.

4. Assignment. The rights and obligations of the parties hereunder shall not be assigned by Northshore or Kenmare without the prior written consent of Kenmare and Trident; provided that, Kenmare may assign its rights and obligations under this Agreement to one or more of its Affiliates if such assignment will not disrupt, interfere with or otherwise delay the receipt of any governmental approval required to be obtained in connection with the consummation of the transactions contemplated by the Purchase Agreements ("Permitted Assigns"); provided, further, that no such assignment shall relieve the assigning party of its obligations hereunder.

5. Limited Recourse; Enforcement.

(a) Notwithstanding anything that may be expressed or implied in this Agreement, each party hereto, by its acceptance of the benefits hereof, covenants, agrees and acknowledges that, notwithstanding that any such party may be a partnership, no recourse hereunder or any documents or instruments delivered in connection herewith shall be had against any former, current or future officer, agent or employee of any such party or any director, officer, employee, partner, Affiliate or assignee thereof, whether by or through piercing of the corporate veil, whether by the enforcement of any assessment or by any legal or equitable proceedings, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on, or otherwise be incurred by any such affiliated Person, as such for any obligations of a party under this Agreement or the transactions contemplated hereby, under any documents or instruments delivered in connection herewith, in respect of any oral representation made or alleged to be made in connection herewith or therewith, or for any claim based on, in respect of, or by reason of, such obligations or their creation.

(b) Notwithstanding anything that may be expressed or implied in this Agreement or any document or instrument delivered contemporaneously herewith, Northshore, by its acceptance of the benefits of the commitment provided herein, covenants, agrees and acknowledges that no Person other than Kenmare and its respective permitted assigns hereunder shall have any obligation hereunder or in connection with the transactions contemplated hereby and that, notwithstanding that Kenmare or any of its respective permitted assigns may be a partnership or limited liability company, Northshore has no rights of recovery against, and no recourse hereunder or under any documents or instruments delivered in connection herewith or in respect of any oral representations made or alleged to be made in connection herewith or therewith shall be had against, any former, current or future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, attorneys or other representatives of Kenmare, or any of their successors or assigns, or any former, current or future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, attorneys or other representatives or successors or assignees of any of the foregoing (but not including Kenmare and its permitted assigns hereunder, each, an "Investor Related Party" and collectively, the "Investor Related Parties"), through Northshore or otherwise, whether by or through attempted piercing of the corporate veil, by or through a claim (whether at law or equity or in tort, contract or otherwise) by or on behalf of Northshore against any Investor Related Party, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any applicable law, or otherwise, it being agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Investor Related Party for any obligations of Kenmare or any of its successors or permitted assigns under this Agreement or any documents or instrument delivered in connection herewith or in respect of any oral representations made or alleged to be made in connection herewith or therewith or for any claim (whether at law or equity or in tort, contract or otherwise) based on, in respect of, or by reason of such obligations or their creation.

(c) This Agreement may only be enforced by Northshore and Trident. Without limiting the foregoing, none of Northshore's equityholders (other than Trident), creditors or counterparties or any creditors or counterparties of any subsidiary of Northshore shall have any right to enforce this Agreement or to cause Northshore to enforce this Agreement.

6. Representations and Warranties of Northshore. Northshore hereby represents and warrants to Kenmare as of the date hereof and as of each Drawdown Date, that:

(a) (i) Northshore is duly organized, validly existing and in good standing under the laws of Bermuda. As of the date hereof and prior to funding pursuant to the initial Drawdown, Northshore's net assets are US$100,000 in cash. (ii) Northshore has the requisite company power to execute, deliver and perform its obligations under this Agreement, the Trident Subscription Letter and the Shareholders' Agreement and has taken all necessary action to authorize such execution, delivery and performance. This Agreement, the Trident Subscription Letter and the Shareholders' Agreement have been duly executed and delivered by Northshore and, assuming due authorization, execution and delivery of each such agreement by Trident and Kenmare (as appropriate), each such agreement constitutes a valid and binding agreement of Northshore enforceable against Northshore in accordance with its terms, except to the extent that such enforcement may be subject to (x) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and (y) general equitable principles (whether considered in a proceeding in equity or at law). (iii) Except as have already been made or obtained or as may be required prior to the closing for the applicable Drawdown Date, no notices, reports or other filings are required to be made by Northshore with, nor are any consents, registrations, approvals, permits, orders, licenses or authorizations required to be obtained by it from, any governmental authority or any other Person in connection with the execution, delivery and performance by it of this Agreement, the Trident Subscription Letter and the Shareholders' Agreement and the consummation by it of the transactions contemplated hereby and thereby. (iv) The execution, delivery and performance by Northshore of this Agreement, the Trident Subscription Letter and the Shareholders' Agreement do not and will not, and the consummation by Northshore of the transactions contemplated by this Agreement, the Trident Subscription Letter and the Shareholders' Agreement will not, with or without the giving of notice, the lapse of time, or both, (x) violate or conflict with Northshore's organizational documents; (y) violate or conflict in any material respects with any applicable law with respect to Northshore; or (z) breach or result in a default under, permit the termination of, or permit the acceleration of the performance required by, any contract of Northshore, except, in the case of this clause (z), such instances as would not have a material adverse effect on Northshore's assets, financial condition, results from operations or business.

(b) Once issued to Kenmare as provided in this Agreement, the Common Shares (i) will have been duly authorized and validly issued; (ii) will be fully paid and nonassessable; and (iii) in reliance upon Kenmare's representations, warranties and acknowledgments set forth in Paragraph 7 hereof, will have been issued in compliance with all applicable laws concerning the issuance of securities or exemptions thereunder; provided, however, that the Common Shares may be subject to restrictions on transfer as set forth in the Shareholders' Agreement or as otherwise required by applicable law at the time such transfer is proposed.

(c) As of the date hereof, except for the commitments to sell Common Shares pursuant to the Trident Subscription Letter, or as described in the Shareholders' Agreement, no shares of capital stock of Northshore are subject to any preemptive rights, resale rights, rights of first refusal or similar rights.

(d) As of the date hereof, (i) Northshore is party to no contracts or side letters, other than the Arden Re Purchase Agreement, the Trident Subscription Letter and the Shareholders' Agreement and any ancillary agreements referred to therein and (ii) each of this Agreement and the Trident Subscription Letter is identical, except that the Pro Rata Percentages and the Total Subscription Commitments shall vary by investor and with other changes necessary to reflect the identities of the applicable investor.

(e) As of the date hereof and the date of the initial Drawdown, Northshore has not engaged in any business activities or conducted any operations other than in connection with the transactions contemplated hereby and under the Investors Agreement, the Trident Subscription Letter, the Shareholders' Agreement, the Arden Re Purchase Agreement and the Atrium Purchase Agreement. As of the date hereof, Northshore has no subsidiaries other than Alopuc and no obligations other than the obligations set forth in the Arden Re Purchase Agreement (and indirectly through its ownership of Alopuc under the Atrium Purchase Agreement), this Agreement, the Investors Agreement, the Trident Subscription Letter and the Shareholders' Agreement.

(f) The foregoing representations and warranties (i) are, with the exception of clause (a)(iii) of this Paragraph 6 to the extent that any required notices, reports or other filings or any required consents, registrations, approvals, permits, orders, licenses or authorizations remain to be made or obtained prior to the closing of a Drawdown, true and accurate as of the date hereof; (ii) shall be true and accurate as of the date of the closing for the initial Drawdown as if made at and as of such date; and (iii) shall be true and accurate in all material respects as of each other Drawdown Date as if made at and as of such date (except to the extent that any such representation and warranty speaks expressly as of an earlier date, in which case such representation and warranty shall be true and accurate as of such earlier date). If any such representation or warranty shall not be so true and accurate in any respect or in any material respect, as applicable, prior to or as of the applicable Drawdown Date, Northshore shall give written notice of such fact to Kenmare, specifying which representations and warranties are not so true and accurate and the reasons therefor.

7. Representations and Warranties of Kenmare. Kenmare hereby represents and warrants to Northshore as of the date hereof and as of each Drawdown Date, that:

(a) (i) It is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization or incorporation. (ii) It has the requisite corporate, limited liability company, partnership or other power and authority to enter into this Agreement and the Shareholders' Agreement and to perform its obligations hereunder and thereunder. The execution and delivery of each of this Agreement and the Shareholders' Agreement and the performance and consummation of the transactions to which Kenmare is a party contemplated hereby and thereby have been duly authorized by all requisite corporate, limited liability company, partnership or other action on the part of Kenmare and no other corporate, limited liability company or other proceedings on the part of Kenmare are necessary to authorize the execution and delivery of this Agreement and the Shareholders' Agreement or to consummate and perform the transactions to which Kenmare is a party contemplated hereby and thereby. Each of this Agreement and the Shareholders' Agreement has been duly executed and delivered by Kenmare and, assuming due authorization, execution and delivery of each such agreement by Northshore and Trident (as appropriate), constitutes a valid and binding agreement of Kenmare enforceable against Kenmare in accordance with its terms, except to the extent that such enforcement may be subject to (x) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and (y) general equitable principles (whether considered in a proceeding in equity or at law). (iii) The execution and delivery by Kenmare of this Agreement and the Shareholders' Agreement does not, and the consummation by Kenmare of the transactions to which it is a party contemplated hereby and thereby and compliance by Kenmare with any of the provisions hereof and thereof will not conflict with or result in any violation or breach of, or default (with or without notice or lapse of time, or both) under, (x) its organizational documents; (y) any material agreement to which Kenmare or any of its subsidiaries is a party or any of its or their respective properties or assets is subject; or (z) any law, rule, regulation or order applicable to Kenmare or any of its subsidiaries, in any manner that would prevent Kenmare from entering into this Agreement or the Shareholders' Agreement or from consummating the transactions contemplated hereby and thereby. (iv) No material consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with any governmental authority on the part of Kenmare is required in connection with the performance and consummation of the transactions contemplated by this Agreement, except any consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing that has been previously obtained or made and is in effect or that may be properly obtained or made after the date hereof.

(b) Kenmare has, or its Affiliates have, such knowledge, sophistication and experience in financial and business matters that Kenmare is capable of evaluating the nature and merits of, and risks attending, investments in Common Shares, and has, to the extent Kenmare believes such discussion necessary, discussed with professional legal, tax and financial advisers the suitability of an investment in Common Shares, and has determined that an investment in Common Shares is consistent with Kenmare's investment objectives. Kenmare

understands and acknowledges that Northshore has a very limited financial and operating history. Kenmare is aware that an investment in Northshore is highly speculative and subject to substantial risks. Kenmare is capable of bearing the high degree of economic risk and burdens of this investment, including, but not limited to, the possibility of a complete loss of Kenmare's investment in Common Shares and the lack of a public market and limited transferability of Common Shares, which may make the liquidation of this investment impossible for an indefinite period of time.

(c) Kenmare is not acquiring, or committing to acquire, Common Shares based upon any representation, oral or written, by any Person with respect to Northshore, other than those contained in this Agreement, the Investors Agreement and the Shareholders' Agreement, but rather upon an independent examination and judgment as to the prospects of Northshore. The Common Shares are being acquired solely for Kenmare's own account, for investment, and are not being purchased with a view to or for the resale, distribution, subdivision or fractionalization thereof; Kenmare has not entered into, and has no plans to enter into, any such contract, undertaking, agreement or arrangement; and, except as may be set forth in the Shareholders' Agreement, Kenmare has not entered into, and has no plans to enter into, any agreement to compel disposition of Common Shares.

8. Headings; Counterparts. The Paragraph headings contained in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement or affect in any way the meaning or interpretation of this Agreement. This Agreement may be executed in any number of counterparts, all of which will be one and the same agreement.

9. Entire Agreement. This Agreement, together with the Investors Agreement and the Exhibits thereto, constitutes the entire agreement, and supersedes all prior agreements, understandings and statements, both written and oral, among the parties or any of their Affiliates with respect to the subject matter contained herein.

10. Severability. The provisions of this Agreement are severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions of this Agreement. If any provision of this Agreement, or the application of that provision to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision will be substituted for that provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of the invalid or unenforceable provision and (b) the remainder of this Agreement and the application of that provision to any Person or circumstance will not be affected by such invalidity or unenforceability, nor will such invalidity or unenforceability affect the validity or enforceability of that provision, or the application of that provision, in any other jurisdiction.

11. Governing Law; Waiver of Jury Trial.

(a) THIS AGREEMENT AND ALL CLAIMS OR CAUSES OF ACTION (WHETHER AT LAW, IN CONTRACT, IN TORT OR OTHERWISE) THAT MAY BE BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE HEREOF, SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF. The parties hereby irrevocably submit to the personal jurisdiction of the courts of the State of New York and the United States District Court for the Southern District of New York (the "Chosen Courts") solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, or the negotiation, execution or performance hereof, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in the Chosen Courts or that the Chosen Courts are an inconvenient forum or that the venue thereof may not be appropriate, or that this Agreement or any such document may not be enforced in or by such Chosen Courts, and the parties hereto irrevocably agree that all claims, actions, suits and proceedings or other causes of action (whether at law, in contract, in tort or otherwise) that may be based upon, arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, or the negotiation, execution or performance hereof shall be heard and determined exclusively in the Chosen Courts. The parties hereby consent to and grant any such Chosen Court jurisdiction over the person of such parties and, to the extent permitted by law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding to the address set forth in Paragraph 14 shall be valid, effective and sufficient service thereof.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF SUCH ACTION, SUIT OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS PARAGRAPH 11.

12. No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto, Trident and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any Person other than Northshore, Kenmare, Trident and their respective successors and permitted assigns, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

13. Amendments and Waivers. This Agreement may be amended or modified and the provisions hereof may be waived, only by an agreement in writing signed by each of Northshore and Kenmare and with the prior written consent of Trident. No waiver by any of the parties of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. No waiver by any of the parties of any of the provisions hereof shall be effective unless explicitly set forth in writing and executed by the party sought to be charged with such waiver.

14. Notice. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent by facsimile or other electronic delivery or sent, postage prepaid, by registered, certified or express mail or overnight courier service, as follows:

if to Northshore:

c/o Enstar Group Limited
Windsor Place, 3rd Floor
22 Queen Street
Hamilton, Bermuda HM JX
Attn: Richard J. Harris
Facsimile: 441-296-7319

if to Kenmare:

c/o Enstar Group Limited
Windsor Place, 3rd Floor
22 Queen Street
Hamilton, Bermuda HM JX
Attn: Richard J. Harris
Facsimile: 441-296-7319

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day.

[*Signature page follows*]

Very truly yours,

KENMARE HOLDINGS LTD.

By: /s/ Richard J. Harris
Name: Richard J. Harris
Title: Director

Accepted and acknowledged:

NORTHSHORE HOLDINGS LIMITED

By: /s/ Richard J. Harris
Name: Richard J. Harris
Title: Director

Schedule A

Trident	Pro Rata Percentage	Total Subscription Commitment[1]
Trident V, L.P.	22.92017%	$61,105,175.35
Trident V Parallel Fund, L.P.	16.07422%	$42,853,869.45
Trident V Professionals Fund, L.P.	1.00561%	$2,680,955.19
TOTAL	40.00000%	$106,640,000.00

Kenmare	Pro Rata Percentage	Total Subscription Commitment
Kenmare Holdings Ltd	60.00000%	$159,960,000.00

[1] The Total Subscription Amount will equal the pro rata percentage of the aggregate of the Atrium ($183.0 million) and Arden Re ($79.9 million) purchase prices, with no reduction for debt, plus transaction expenses (estimated at $4.0 million).

Exhibit 10.4

July 3, 2013

Northshore Holdings Limited
c/o Enstar Group Limited
Windsor Place, 3rd Floor
22 Queen Street
Hamilton, Bermuda HM JX

Re: Commitment to Purchase Common Shares

Ladies and Gentlemen:

Reference is made to the Investors Agreement (the "Investors Agreement"), dated as of July 3, 2013, by and among KENMARE HOLDINGS LTD ("Kenmare"), TRIDENT V, L.P., TRIDENT V PARALLEL FUND, L.P. and TRIDENT V PROFESSIONALS FUND, L.P. (each an "Investor" and collectively, "Trident") and the Purchase Agreements (as defined in the Investors Agreement). Capitalized terms used and not defined herein but defined in the Investors Agreement shall have the meanings ascribed to them in the Investors Agreement.

This letter agreement (this "Agreement") sets forth the commitment of the undersigned Investors with respect to the proposed issuance and sale by Northshore Holdings Limited (company registration number 43474) whose registered office is at Clarendon House, 2 Church Street, Hamilton, Bermuda ("Northshore"), and the proposed purchase by the undersigned Investors (and/or one or more of their Permitted Assigns) of common shares in the capital of Northshore designated as Common Shares (the "Common Shares") at such times as set forth herein. Contemporaneously herewith, Kenmare is delivering to Northshore a letter agreement in substantially the form of this Agreement (the "Kenmare Subscription Letter"), pursuant to which Kenmare is committing to purchase Common Shares concurrent with purchases of Common Shares by the Investors.

1. Commitment. Each Investor hereby commits, subject to the terms and conditions set forth herein, including (without limitation) those set forth in Paragraph 2(c) and Paragraph 3 hereof, that it shall purchase, or shall cause its Permitted Assigns to purchase, Common Shares for an aggregate amount equal to such Investor's Total Subscription Commitment set forth on Schedule A hereto (the "Total Subscription Commitment"), for the purposes of funding a portion of the purchase price pursuant to and in accordance with the Purchase Agreements, together with related expenses. Each Investor shall promptly use its reasonable best efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all governmental authorities that may be or become necessary for the performance of its obligations pursuant to this Agreement or the consummation of the transactions contemplated by the Purchase Agreements. Each Investor shall cooperate fully with each other, Kenmare and Northshore and their Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals. No Investor shall willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

2. Drawdowns.

(a) At any time and from time to time following the date hereof and subject to the terms and conditions set forth herein, including (without limitation) those set forth in Paragraph 2(c) and Paragraph 3 hereof, Northshore may require each of the Investors to purchase Common Shares (each such purchase, a "Drawdown"), at a purchase price of US$1,000 per share (as such price may be adjusted for any stock splits, subdivisions, combinations, recapitalizations and the like, including any of the foregoing effected by means of a merger or similar transaction) in satisfaction of part or all of the unpaid portion of the Investor's Total Subscription Commitment. With respect to any Drawdown, Northshore shall cause the amount of each Investor's and Kenmare's portion of the Drawdown to be an amount equal to such Investor's or Kenmare's Pro Rata Percentage (as set forth on Schedule A attached hereto) multiplied by the aggregate amount of the Drawdown. Northshore shall exercise its rights pursuant to this Paragraph 2 by delivering to each Investor a written notice (a "Drawdown Notice") no later than five (5) Business Days (as defined below) preceding the closing date of the Drawdown (the "Drawdown Date") (provided that Northshore shall use its reasonable best efforts to deliver to each Investor any such Drawdown Notice as early as possible and to keep the Investors informed of the status of the closing conditions under the Purchase Agreements so as to allow the Investors sufficient time to call capital from their partners in advance of the Drawdown Date). The Drawdown Notice shall make reference to such Investor's obligations hereunder and shall set forth: (i) the number of Common Shares required to be purchased by the Investor; (ii) the terms and conditions of the purchase (which shall not alter the terms and conditions set forth in this Agreement), including the aggregate number of Common Shares to be purchased by the Investors and Kenmare; (iii) wire transfer instructions; and (iv) the Drawdown Date. The Drawdown Notice shall be delivered to each Investor in the manner provided in Paragraph 14 hereof.

(b) After receipt of a Drawdown Notice pursuant to Paragraph 2(a), each Investor shall purchase on the Drawdown Date, at a purchase price of US$1,000 per share (as such price may be adjusted for any stock splits, subdivisions, combinations, recapitalizations and the like, including any of the foregoing effected by means of a merger or similar transaction), that number of Common Shares as is stated in the Drawdown Notice delivered to such Investor. Subject to the terms and conditions of this Agreement, and in reliance upon the representations and warranties contained herein, each Investor shall deliver to Northshore consideration for such Drawdown no later than 11:00 a.m. Eastern time on the Drawdown Date by wire transfer of immediately available funds to the account designated by Northshore in accordance with the wire transfer instructions set forth in the Drawdown Notice relating to such Drawdown. On the Drawdown Date, upon the receipt by Northshore of the Investor's full consideration for such Drawdown, Northshore shall issue and deliver (or, if the Common Shares are uncertificated, record on the books of Northshore) a new, duly executed certificate or duly executed certificates to the Investor evidencing that number of Common Shares issued to the Investor pursuant to such Drawdown.

(c) Northshore may require a Drawdown only in connection with the consummation of the transactions contemplated by the Purchase Agreements. In no event shall the sum of the portion of all Drawdowns funded by any Investor in accordance with this Agreement exceed the Investor's Total Subscription Commitment.

(d) The Investors' obligations to purchase Common Shares and their obligations to fund all or any portion of their unfunded Total Subscription Commitments shall expire on the earliest of (i) the written agreement of each of Kenmare and Trident; and (ii) the valid termination of each of the Purchase Agreements in accordance with its terms. Upon expiration of the Investors' obligations, this Agreement shall terminate and the Investors shall not have any further obligations or liabilities hereunder. Notwithstanding any other provision of this Agreement or the Investors Agreement, in the event that (x) the Atrium Purchase Agreement has been terminated or (y) the Investors (or any Permitted Assign(s) of the Investors) are prohibited from directly or indirectly investing in Atrium (through Northshore or otherwise), the Investors' obligations under this Agreement shall terminate and the Investors shall not be required to fund any Drawdown in connection with the consummation of the Arden Re Purchase Agreement, provided that if the Investors have funded such Drawdown prior to their obligations under this Agreement being terminated, Northshore shall repurchase the Investors' Common Shares at a purchase price of US$1,000 per share (or at such other per share price as the Investors may have purchased such Common Shares consistent with clauses (a) and (b) of this Paragraph 2), subject to receipt of any required governmental approvals.

(e) The closing of the issuance, sale and purchase by the Investors of the Common Shares in each Drawdown shall take place at the offices of Northshore, or remotely via the electronic or other exchange of documents and signature pages, contemporaneously with the closing of the issuance, sale and purchase by Kenmare of the Common Shares in each Drawdown, or at such other place or such other date as agreed to by the parties hereto.

3. Conditions to the Purchase of Common Shares. The obligation of the Investors to fund their Pro Rata Percentage of any Drawdown is subject to the satisfaction or waiver (if permitted by applicable law, rule, regulation or order) on or prior to the applicable Drawdown Date of the following conditions:

(a) Northshore shall be in good standing.

(b) If the Drawdown relates to the acquisition of Atrium, each of the closing conditions set forth in the Atrium Purchase Agreement shall have been satisfied or waived in accordance with the terms of the Atrium Purchase Agreement and Section 2.1 of the Investors Agreement.

(c) If the Drawdown relates to the acquisition of Arden Re, each of the closing conditions set forth in the Arden Re Purchase Agreement shall have been satisfied or waived in accordance with the terms of the Arden Re Purchase Agreement and Section 2.1 of the Investors Agreement.

(d) The representations and warranties of Northshore made in Paragraph 6 hereof shall be true and correct in all material respects as of the applicable Drawdown Date, except where the failure to be true and correct arises from the identity or the legal or regulatory status of the Investor.

(e) None of Northshore or any material subsidiary of Northshore shall have: (i) commenced a voluntary case or other proceeding or filed any petition seeking liquidation, reorganization or other similar relief under any bankruptcy, reorganization, insolvency, dissolution, liquidation or other similar law now or hereafter in effect or sought the appointment of a custodian, trustee, receiver, liquidator or other similar official of Northshore or any material subsidiary or any substantial part of Northshore's or any material subsidiary's property; (ii) consented to the institution of, or failed to contest in a prompt manner, any proceeding or petition described in clause (i) above; (iii) applied for or consented to the appointment of a custodian, trustee, receiver, conservator, liquidator or other similar official for Northshore or for any material subsidiary or for a substantial part of Northshore's or any material subsidiary's assets; (iv) filed an answer admitting the material allegations of a petition filed against Northshore or any material subsidiary in any such proceeding; (v) made a general assignment for the benefit of Northshore's or any material subsidiary's creditors as a result of a bankruptcy, reorganization, insolvency, dissolution, liquidation or similar event; (vi) adopted any resolution of the Board of Directors of Northshore or any resolution of the board of directors (or comparable governing body) of any material subsidiary for the primary purpose of effecting any of the foregoing; or (vii) admitted in writing generally its inability to pay its debts as they come due. No involuntary proceeding (which remains undismissed) shall have been commenced and no involuntary petition (which remains undismissed) shall have been filed seeking or resulting in: (y) liquidation, reorganization or other similar relief in respect of Northshore or any material subsidiary of Northshore or any of Northshore's or any material subsidiary's debts, or any substantial part of Northshore's or any subsidiary's assets, under any bankruptcy, reorganization, insolvency, dissolution, liquidation or other similar law now or hereafter in effect; or (z) the appointment of a custodian, trustee, receiver, conservator, liquidator or other similar official for Northshore or for any material subsidiary or a substantial part of Northshore's or any material subsidiary's assets, and in each such case, such proceeding or appointment shall remain undismissed as of the applicable Drawdown Date. No order, judgment or decree adjudicating Northshore or any subsidiary of Northshore bankrupt or insolvent shall have been entered and no order for relief under any bankruptcy, reorganization, insolvency, dissolution, liquidation or other similar law now or hereafter in effect shall have been entered against Northshore or any material subsidiary and shall be in effect and not dismissed as of the applicable Drawdown Date.

(f) The purchase, sale and issuance of Common Shares to the Investors on the applicable Drawdown Date (i) shall not be prohibited by any applicable law, rule, regulation or order, and (ii) each Investor shall have obtained all necessary regulatory

approvals applicable to it to permit the purchase of the Common Shares and such Investor's direct or indirect ownership of equity interests of each of Northshore and, as applicable, Arden Re and Atrium, and all applicable waiting periods with respect thereto shall have expired or been terminated.

(g) Northshore and Kenmare shall be in compliance with all of their respective covenants and agreements under the Kenmare Subscription Letter, and Kenmare shall be in compliance with its covenants and agreements under the Investors Agreement, in each case, in all material respects.

4. Assignment. The rights and obligations of the parties hereunder shall not be assigned by Northshore or the Investors without the prior written consent of Kenmare and Trident; provided that, an Investor may assign its rights and obligations under this Agreement to one or more of its Affiliates if such assignment will not disrupt, interfere with or otherwise delay the receipt of any governmental approval required to be obtained in connection with the consummation of the transactions contemplated by the Purchase Agreements ("Permitted Assigns"); provided, further, that no such assignment shall relieve the assigning party of its obligations hereunder.

5. Limited Recourse; Enforcement.

(a) Notwithstanding anything that may be expressed or implied in this Agreement, each party hereto, by its acceptance of the benefits hereof, covenants, agrees and acknowledges that, notwithstanding that any such party may be a partnership, no recourse hereunder or any documents or instruments delivered in connection herewith shall be had against any former, current or future officer, agent or employee of any such party or any director, officer, employee, partner, Affiliate or assignee thereof, whether by or through piercing of the corporate veil, whether by the enforcement of any assessment or by any legal or equitable proceedings, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on, or otherwise be incurred by any such affiliated Person, as such for any obligations of a party under this Agreement or the transactions contemplated hereby, under any documents or instruments delivered in connection herewith, in respect of any oral representation made or alleged to be made in connection herewith or therewith, or for any claim based on, in respect of, or by reason of, such obligations or their creation.

(b) Notwithstanding anything that may be expressed or implied in this Agreement or any document or instrument delivered contemporaneously herewith, Northshore, by its acceptance of the benefits of the commitments provided herein, covenants, agrees and acknowledges that no Person other than the Investors and their respective permitted assigns hereunder shall have any obligation hereunder or in connection with the transactions contemplated hereby and that, notwithstanding that the Investors or any of their respective permitted assigns may be a partnership or limited liability company, Northshore has no rights of recovery against, and no recourse hereunder or under any documents or instruments delivered in

connection herewith or in respect of any oral representations made or alleged to be made in connection herewith or therewith shall be had against, any former, current or future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, attorneys or other representatives of any Investor, or any of their successors or assigns, or any former, current or future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, attorneys or other representatives or successors or assignees of any of the foregoing (but not including the Investors or their respective permitted assigns hereunder, each, an "Investor Related Party" and collectively, the "Investor Related Parties"), through Northshore or otherwise, whether by or through attempted piercing of the corporate veil, by or through a claim (whether at law or equity or in tort, contract or otherwise) by or on behalf of Northshore against any Investor Related Party, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any applicable law, or otherwise, it being agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Investor Related Party for any obligations of the Investors or any of their successors or permitted assigns under this Agreement or any documents or instrument delivered in connection herewith or in respect of any oral representations made or alleged to be made in connection herewith or therewith or for any claim (whether at law or equity or in tort, contract or otherwise) based on, in respect of, or by reason of such obligations or their creation.

(c) This Agreement may only be enforced by Northshore and Kenmare. Without limiting the foregoing, none of Northshore's equityholders (other than Kenmare), creditors or counterparties or any creditors or counterparties of any subsidiary of Northshore shall have any right to enforce this Agreement or to cause Northshore to enforce this Agreement.

6. Representations and Warranties of Northshore. Northshore hereby represents and warrants to the Investors as of the date hereof and as of each Drawdown Date, that:

(a) (i) Northshore is duly organized, validly existing and in good standing under the laws of Bermuda. As of the date hereof and prior to funding pursuant to the initial Drawdown, Northshore's net assets are US$100,000 in cash. (ii) Northshore has the requisite company power to execute, deliver and perform its obligations under this Agreement, the Kenmare Subscription Letter and the Shareholders' Agreement and has taken all necessary action to authorize such execution, delivery and performance. This Agreement, the Kenmare Subscription Letter and the Shareholders' Agreement have been duly executed and delivered by Northshore and, assuming due authorization, execution and delivery of each such agreement by the Investors and Kenmare (as appropriate), each such agreement constitutes a valid and binding agreement of Northshore enforceable against Northshore in accordance with its terms, except to the extent that such enforcement may be subject to (x) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting

creditors' rights generally and (y) general equitable principles (whether considered in a proceeding in equity or at law). (iii) Except as have already been made or obtained or as may be required prior to the closing for the applicable Drawdown Date, no notices, reports or other filings are required to be made by Northshore with, nor are any consents, registrations, approvals, permits, orders, licenses or authorizations required to be obtained by it from, any governmental authority or any other Person in connection with the execution, delivery and performance by it of this Agreement, the Kenmare Subscription Letter and the Shareholders' Agreement and the consummation by it of the transactions contemplated hereby and thereby. (iv) The execution, delivery and performance by Northshore of this Agreement, the Kenmare Subscription Letter and the Shareholders' Agreement do not and will not, and the consummation by Northshore of the transactions contemplated by this Agreement, the Kenmare Subscription Letter and the Shareholders' Agreement will not, with or without the giving of notice, the lapse of time, or both, (x) violate or conflict with Northshore's organizational documents; (y) violate or conflict in any material respects with any applicable law with respect to Northshore; or (z) breach or result in a default under, permit the termination of, or permit the acceleration of the performance required by, any contract of Northshore, except, in the case of this clause (z), such instances as would not have a material adverse effect on Northshore's assets, financial condition, results from operations or business.

(b) Once issued to the Investors as provided in this Agreement, the Common Shares (i) will have been duly authorized and validly issued; (ii) will be fully paid and nonassessable; and (iii) in reliance upon the Investors' representations, warranties and acknowledgments set forth in Paragraph 7 hereof, will have been issued in compliance with all applicable laws concerning the issuance of securities or exemptions thereunder; provided, however, that the Common Shares may be subject to restrictions on transfer as set forth in the Shareholders' Agreement or as otherwise required by applicable law at the time such transfer is proposed.

(c) As of the date hereof, except for the commitments to sell Common Shares pursuant to the Kenmare Subscription Letter, or as described in the Shareholders' Agreement, no shares of capital stock of Northshore are subject to any preemptive rights, resale rights, rights of first refusal or similar rights.

(d) As of the date hereof, (i) Northshore is party to no contracts or side letters, other than the Arden Re Purchase Agreement, the Kenmare Subscription Letter and the Shareholders' Agreement and any ancillary agreements referred to therein and (ii) each of this Agreement and the Kenmare Subscription Letter is identical, except that the Pro Rata Percentages and the Total Subscription Commitments shall vary by investor and with other changes necessary to reflect the identities of the applicable investor.

(e) As of the date hereof and the date of the initial Drawdown, Northshore has not engaged in any business activities or conducted any operations other than in connection with the transactions contemplated hereby and under the Investors Agreement, the Kenmare Subscription Letter, the Shareholders' Agreement, the Arden Re Purchase Agreement

and the Atrium Purchase Agreement. As of the date hereof, Northshore has no subsidiaries other than Alopuc and no obligations other than the obligations set forth in the Arden Re Purchase Agreement (and indirectly through its ownership of Alopuc under the Atrium Purchase Agreement), this Agreement, the Investors Agreement, the Kenmare Subscription Letter and the Shareholders' Agreement.

(f) The foregoing representations and warranties (i) are, with the exception of clause (a)(iii) of this Paragraph 6 to the extent that any required notices, reports or other filings or any required consents, registrations, approvals, permits, orders, licenses or authorizations remain to be made or obtained prior to the closing of a Drawdown, true and accurate as of the date hereof; (ii) shall be true and accurate as of the date of the closing for the initial Drawdown as if made at and as of such date; and (iii) shall be true and accurate in all material respects as of each other Drawdown Date as if made at and as of such date (except to the extent that any such representation and warranty speaks expressly as of an earlier date, in which case such representation and warranty shall be true and accurate as of such earlier date). If any such representation or warranty shall not be so true and accurate in any respect or in any material respect, as applicable, prior to or as of the applicable Drawdown Date, Northshore shall give written notice of such fact to the Investors, specifying which representations and warranties are not so true and accurate and the reasons therefor.

7. Representations and Warranties of the Investors. Each Investor hereby represents and warrants to Northshore as of the date hereof and as of each Drawdown Date, that:

(a) (i) The Investor is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization or incorporation. (ii) The Investor has the requisite corporate, limited liability company, partnership or other power and authority to enter into this Agreement and the Shareholders' Agreement and to perform its obligations hereunder and thereunder. The execution and delivery of each of this Agreement and the Shareholders' Agreement and the performance and consummation of the transactions to which the Investor is a party contemplated hereby and thereby have been duly authorized by all requisite corporate, limited liability company, partnership or other action on the part of the Investor and no other corporate, limited liability company or other proceedings on the part of the Investor are necessary to authorize the execution and delivery of this Agreement and the Shareholders' Agreement or to consummate and perform the transactions to which the Investor is a party contemplated hereby and thereby. Each of this Agreement and the Shareholders' Agreement has been duly executed and delivered by the Investor and, assuming due authorization, execution and delivery of each such agreement by Northshore and Kenmare (as appropriate), constitutes a valid and binding agreement of the Investor enforceable against the Investor in accordance with its terms, except to the extent that such enforcement may be subject to (x) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and (y) general equitable principles (whether considered in a proceeding in equity or at law). (iii) The execution and delivery by the Investor of this Agreement and the Shareholders' Agreement does not, and the

consummation by the Investor of the transactions to which it is a party contemplated hereby and thereby and compliance by the Investor with any of the provisions hereof and thereof will not conflict with or result in any violation or breach of, or default (with or without notice or lapse of time, or both) under, (x) its organizational documents; (y) any material agreement to which the Investor or any of its subsidiaries is a party or any of its or their respective properties or assets is subject; or (z) any law, rule, regulation or order applicable to the Investor or any of its subsidiaries, in any manner that would prevent the Investor from entering into this Agreement or the Shareholders' Agreement or from consummating the transactions contemplated hereby and thereby. (iv) No material consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with any governmental authority on the part of the Investor is required in connection with the performance and consummation of the transactions contemplated by this Agreement, except any consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing that has been previously obtained or made and is in effect or that may be properly obtained or made after the date hereof.

(b) The Investor has, or its Affiliates have, such knowledge, sophistication and experience in financial and business matters that the Investor is capable of evaluating the nature and merits of, and risks attending, investments in Common Shares, and has, to the extent the Investor believes such discussion necessary, discussed with professional legal, tax and financial advisers the suitability of an investment in Common Shares, and has determined that an investment in Common Shares is consistent with the Investor's investment objectives. The Investor understands and acknowledges that Northshore has a very limited financial and operating history. The Investor is aware that an investment in Northshore is highly speculative and subject to substantial risks. The Investor is capable of bearing the high degree of economic risk and burdens of this investment, including, but not limited to, the possibility of a complete loss of the Investor's investment in Common Shares and the lack of a public market and limited transferability of Common Shares, which may make the liquidation of this investment impossible for an indefinite period of time.

(c) The Investor is not acquiring, or committing to acquire, Common Shares based upon any representation, oral or written, by any Person with respect to Northshore, other than those contained in this Agreement, the Investors Agreement and the Shareholders' Agreement, but rather upon an independent examination and judgment as to the prospects of Northshore. The Common Shares are being acquired solely for the Investor's own account, for investment, and are not being purchased with a view to or for the resale, distribution, subdivision or fractionalization thereof; the Investor has not entered into, and has no plans to enter into, any such contract, undertaking, agreement or arrangement; and, except as may be set forth in the Shareholders' Agreement, the Investor has not entered into, and has no plans to enter into, any agreement to compel disposition of Common Shares.

8. Headings; Counterparts. The Paragraph headings contained in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement or affect in any way the meaning or interpretation of this Agreement. This Agreement may be executed in any number of counterparts, all of which will be one and the same agreement.

9. Entire Agreement. This Agreement, together with the Investors Agreement and the Exhibits thereto, constitutes the entire agreement, and supersedes all prior agreements, understandings and statements, both written and oral, among the parties or any of their Affiliates with respect to the subject matter contained herein.

10. Severability. The provisions of this Agreement are severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions of this Agreement. If any provision of this Agreement, or the application of that provision to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision will be substituted for that provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of the invalid or unenforceable provision and (b) the remainder of this Agreement and the application of that provision to any Person or circumstance will not be affected by such invalidity or unenforceability, nor will such invalidity or unenforceability affect the validity or enforceability of that provision, or the application of that provision, in any other jurisdiction.

11. Governing Law; Waiver of Jury Trial.

(a) THIS AGREEMENT AND ALL CLAIMS OR CAUSES OF ACTION (WHETHER AT LAW, IN CONTRACT, IN TORT OR OTHERWISE) THAT MAY BE BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE HEREOF, SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF. The parties hereby irrevocably submit to the personal jurisdiction of the courts of the State of New York and the United States District Court for the Southern District of New York (the "Chosen Courts") solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, or the negotiation, execution or performance hereof, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in the Chosen Courts or that the Chosen Courts are an inconvenient forum or that the venue thereof may not be appropriate, or that this Agreement or any such document may not be enforced in or by such Chosen Courts, and the parties hereto irrevocably agree that all claims, actions, suits and proceedings or other causes of action (whether at law, in contract, in tort or otherwise) that may be based upon, arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, or the negotiation, execution or performance hereof shall be heard and determined exclusively in the Chosen Courts. The parties hereby consent to and grant any such Chosen Court jurisdiction over

the person of such parties and, to the extent permitted by law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding to the address set forth in Paragraph 14 shall be valid, effective and sufficient service thereof.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF SUCH ACTION, SUIT OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS PARAGRAPH 11.

12. No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto, Kenmare and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any Person other than Northshore, Kenmare, the Investors and their respective successors and permitted assigns, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

13. Amendments and Waivers. This Agreement may be amended or modified and the provisions hereof may be waived, only by an agreement in writing signed by each of Northshore and Trident and with the prior written consent of Kenmare. No waiver by any of the parties of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. No waiver by any of the parties of any of the provisions hereof shall be effective unless explicitly set forth in writing and executed by the party sought to be charged with such waiver.

14. Notice. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent by facsimile or other electronic delivery or sent, postage prepaid, by registered, certified or express mail or overnight courier service, as follows:

if to Northshore:

c/o Enstar Group Limited
Windsor Place, 3rd Floor
22 Queen Street
Hamilton, Bermuda HM JX
Attn: Richard J. Harris
Facsimile: 441-296-7319

if to any Investor:

c/o Stone Point Capital LLC
20 Horseneck Lane
Greenwich, CT 06830
United States of America
Attn: Stephen Levey
Facsimile: 203-862-2929

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day.

[*Signature page follows*]

Very truly yours,

TRIDENT V, L.P.

By: SPC MANAGEMENT HOLDINGS LLC, its manager
By: STONE POINT CAPITAL LLC, its managing member

By: /s/ James D. Carey
Name: James D. Carey
Title: Senior Principal

TRIDENT V PARALLEL FUND, L.P.

By: SPC MANAGEMENT HOLDINGS LLC, its manager
By: STONE POINT CAPITAL LLC, its managing member

By: /s/ James D. Carey
Name: James D. Carey
Title: Senior Principal

TRIDENT V PROFESSIONALS FUND, L.P.

By: SPC MANAGEMENT HOLDINGS LLC, its manager
By: STONE POINT CAPITAL LLC, its managing member

By: /s/ James D. Carey
Name: James D. Carey
Title: Senior Principal

Accepted and acknowledged:

NORTHSHORE HOLDINGS LIMITED

By: /s/ Richard J. Harris
Name: Richard J. Harris
Title: Director

Schedule A

Investors	Pro Rata Percentage	Total Subscription Commitment[1]
Trident V, L.P.	22.92017%	$61,105,175.35
Trident V Parallel Fund, L.P.	16.07422%	$42,853,869.45
Trident V Professionals Fund, L.P.	1.00561%	$2,680,955.19
TOTAL	40.00000%	$106,640,000.00

Kenmare	Pro Rata Percentage	Total Subscription Commitment
Kenmare Holdings Ltd	60.00000%	$159,960,000.00

[1] The Total Subscription Amount will equal the pro rata percentage of the aggregate of the Atrium ($183.0 million) and Arden Re ($79.9 million) purchase prices, with no reduction for debt, plus transaction expenses (estimated at $4.0 million).

Exhibit 10.5

INVESTORS AGREEMENT

THIS INVESTORS AGREEMENT (this "Agreement") is made as of July 8, 2013, by and among ENSTAR GROUP LIMITED ("Enstar"), KENMARE HOLDINGS LTD (together with its controlled Affiliates, "Kenmare") and TRIDENT V, L.P., TRIDENT V PARALLEL FUND, L.P. and TRIDENT V PROFESSIONALS FUND, L.P. (collectively, "Trident").

RECITALS

WHEREAS, Enstar, Veranda Holdings Ltd. ("Veranda"), Hudson Securityholders' Representative LLC and Torus Insurance Holdings Limited ("Torus") intend to enter into an Agreement and Plan of Amalgamation in substantially the same form as previously provided to Kenmare and Trident (the "Torus Purchase Agreement");

WHEREAS, Bayshore Holdings Ltd. ("Bayshore") is a wholly owned subsidiary of Kenmare that has had no specific operations to date;

WHEREAS, Veranda is a wholly owned subsidiary of Bayshore;

WHEREAS, Veranda and Torus will amalgamate at the Effective Time (as defined in the Torus Purchase Agreement) and Veranda and Torus will continue as a Bermuda exempted company (the "Amalgamated Company") as a result of the Amalgamation (as defined in the Torus Purchase Agreement);

WHEREAS, Kenmare desires to sell to Trident a forty percent (40%) interest in Bayshore such that sixty percent (60%) of Bayshore shall be owned by Kenmare and forty percent (40%) of Bayshore shall be owned by Trident;

WHEREAS, the parties desire that following the Effective Time of the Amalgamation, sixty percent (60%) of the Amalgamated Company will be owned by Kenmare and forty percent (40%) of the Amalgamated Company will be owned by Trident;

WHEREAS, on the date hereof, each of Kenmare and Trident has executed a letter agreement in favor of Bayshore, in which each party has agreed, subject to the terms and conditions set forth therein, to make an equity investment in Bayshore at the closing of the Amalgamation, through a cash equity investment (each, a "Subscription Letter"), the proceeds of which will be contributed to Veranda and used to fund, in part, the amalgamation consideration set forth in the Torus Purchase Agreement, on the terms and subject to the conditions set forth in such agreement;

WHEREAS, pursuant to the terms of the Torus Purchase Agreement, Enstar will deliver an amount of its Series B Convertible Participating Non-Voting Perpetual Preferred Stock and its ordinary voting shares (collectively, the "Enstar Shares") sufficient to fund the balance of the amalgamation consideration set forth in such agreement;

WHEREAS, Kenmore is a wholly owned subsidiary of Enstar and the parties wish to deem the delivery of the Enstar Shares as being on behalf of Kenmore for purposes of the capitalization of Bayshore by the parties hereto; and

WHEREAS, Enstar, Kenmare and Trident wish to agree to certain terms and conditions that will govern the actions of such parties with respect to the Torus Purchase Agreement and the Subscription Letters and the transactions contemplated thereby.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, the representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

I. EFFECTIVENESS.

Section 1.1 Effectiveness. This Agreement shall become effective on the date hereof and shall terminate (except with respect to this Section 1.1 and Article 3 (other than Section 3.1), which shall survive termination) upon written agreement of Enstar, Kenmare and Trident; provided that any liability for failure to comply with the terms of this Agreement prior to the date of termination shall survive the termination of this Agreement.

II. AGREEMENTS AMONG THE INVESTORS.

Section 2.1 Amendments to the Torus Purchase Agreement. Enstar, Kenmare and Trident agree that the approval of each of Kenmare and Trident shall be required in order for Enstar or Veranda to amend, modify, waive, supplement, terminate or agree to an amendment, modification, waiver or supplement to, or termination of, the Torus Purchase Agreement, and, for the avoidance of doubt, the approval of each of Kenmare and Trident shall be required in order for either Enstar or Veranda to waive any condition to closing specified in the Torus Purchase Agreement. Any determination by Enstar or Veranda that the closing conditions have been satisfied shall be based on their reasonable determination after consultation with Trident. Without the prior consent of both Kenmare and Trident, neither Enstar nor Veranda shall amend, or agree to any amendment of, the Torus Purchase Agreement in a manner that would require an amendment to either party's Subscription Letter.

Section 2.2 Debt Financing. Each of Kenmare and Trident shall use its respective reasonable best efforts to assist Enstar, Bayshore and Veranda in obtaining debt financing on terms that are agreeable to each of Kenmare and Trident. The approval of each of Kenmare and Trident shall be required in order for Enstar, Bayshore or Veranda to (i) amend, modify, waive, supplement, terminate or agree to an amendment, modification, waiver, supplement to or termination of, any agreed-upon terms of the debt financing, or (ii) enter into the definitive documentation providing for such debt financing.

Section 2.3 Organizational Documents; Equity Incentive Plans.

(a) Each of Kenmare and Trident agrees to negotiate in good faith with the other party to enter into a final form of Shareholders' Agreement for the equityholders of Bayshore (the "Shareholders' Agreement"), which agreement shall be in substantially the form of the Shareholders' Agreement attached hereto as Exhibit A, and to cause Bayshore to create and file with the Bermuda Registrar of Companies an amended and restated Memorandum of Association, if necessary, and create Amended and Restated Bye-Laws and, as appropriate, other organizational documents, which shall contain standard terms and otherwise be consistent with those set forth in the Shareholders' Agreement.

(b) At the direction of both Kenmare and Trident, the Amalgamated Company may negotiate and enter into definitive agreements with members of the management team of the Amalgamated Company with respect to the terms of equity incentives and/or adopt policies or plans affecting the management of the Amalgamated Company.

Section 2.4 Subscription Commitments. Each of Kenmare and Trident hereby affirms and agrees that (i) it is bound by the provisions set forth in its Subscription Letter, (ii) that Enstar, Bayshore and Veranda shall be entitled to specifically enforce the provisions of such Subscription Letters and (iii) that Kenmare and Trident shall each have the right to directly enforce the Subscription Letter of the other party.

Section 2.5 Expense Sharing. Each of Kenmare and Trident agrees to bear its Pro Rata Share (as defined below) of all costs, fees and expenses relating to the formation of Bayshore and Veranda and the negotiation and drafting of any amendments to Bayshore's organizational documents, as well as the costs, fees and expenses incurred by Enstar, Bayshore, Veranda, Kenmare and Trident related to due diligence of Torus, the negotiation of the Torus Purchase Agreement and any ancillary agreements and the consummation of the transactions contemplated thereby, including all costs, fees and expenses incurred in connection with obtaining any regulatory approvals and debt financing. For purposes of this Section 2.5, "Pro Rata Share" means, with respect to Kenmare, sixty percent (60%), and, with respect to Trident, forty percent (40%). Bayshore shall pay all such costs and expenses as they are funded by Kenmare and Trident through drawdowns hereunder.

Section 2.6 Regulatory Filings. Each of Enstar, Kenmare and Trident hereby represents, warrants and covenants that (i) it will use its respective reasonable best efforts to, and cause Bayshore to, timely file all requests for consent, approval or other authorization of, or any filings with or notifications to, regulatory authorities, as may be required by such regulatory authorities to consummate the transactions contemplated by the Torus Purchase Agreement, and provide any information that is required of such party in such filings or notifications, and (ii) the information to be supplied by such party in writing in connection with any such requests for consent, approval or other authorization of, or any filings with or notifications to, regulatory authorities shall be, to its knowledge, accurate and complete in all material respects, and each of Enstar, Kenmare and Trident agrees that it will promptly notify the other party in writing if at

any time or times prior to the termination of this Agreement such information is, to its knowledge, no longer accurate and complete in all material respects and will promptly update such information so that it is, to its knowledge, accurate and complete in all material respects. If any regulatory authority asserts any objections related to any consent, approval or authorization required pursuant to the Torus Purchase Agreement, and such objections relate to the activities or investments of such party or such party's Affiliates, such party will use its reasonable best efforts to resolve such objections.

Section 2.7 Cooperation. Enstar, Kenmare and Trident shall, and shall cause Bayshore and Veranda to, use their reasonable best efforts to consummate the transactions contemplated by the Torus Purchase Agreement.

Section 2.8 Sale of Bayshore Interest. Kenmare agrees to sell, and Trident agrees to purchase, forty percent (40%) of Kenmare's interest in Bayshore (the "Transferred Interest") as of the date hereof for a total purchase price of US$4,000. Kenmare represents and warrants to Trident that, prior to the sale, Kenmare was the sole beneficial owner of the Transferred Interest, that the Transferred Interest was validly issued and fully paid and that there were no encumbrances on the Transferred Interest. Notwithstanding the foregoing, Trident agrees to promptly sell the Transferred Interest back to Kenmare for a total purchase price of US$4,000 if Trident does not fund any Drawdown required of Trident in accordance with the terms of its Subscription Letter.

III. MISCELLANEOUS.

Section 3.1 Representations and Warranties. Each of Kenmare and Trident hereby represents and warrants to the other party that (a) it has the requisite power and authority to execute, deliver and perform this Agreement and its Subscription Letter, (b) the execution, delivery and performance by it of this Agreement and its Subscription Letter have been duly authorized by all necessary action and no additional proceedings are necessary to approve such agreements, (c) this Agreement and its Subscription Letter each have been duly executed and delivered by it and constitute valid and binding agreements of it enforceable against it in accordance with the terms hereof or thereof, and (d) all of the representations and warranties made by it in its Subscription Letter are complete and accurate in all material respects. Each of Enstar, Kenmare and Trident further represents and warrants to the other party that its execution, delivery and performance of this Agreement will not (i) conflict with, require a consent, waiver or approval under, or result in a breach of or default under, any of the terms of any material contract to which such party is a party or by which such party is bound or any of such party's organizational documents; (ii) violate any order, writ, injunction, decree or statute, or any rule or regulation, applicable to such party or any of the properties or assets of such party; or (iii) result in the creation of, or impose any obligation on such party to create, any lien, charge or other encumbrance of any nature whatsoever upon such party's properties or assets.

Section 3.2 Press Release; Communication; Confidentiality.

(a) No press release or other public announcement in respect of this Agreement, the Subscription Letters or the transactions contemplated by the Torus Purchase Agreement shall be issued or made by either Enstar, Kenmare or Trident without the prior consent of the other party, except, in each case, for any such press release or other public announcement as Enstar or Kenmare may determine in good faith is required to be issued or made by it or any of its Affiliates by applicable law, in which case, Enstar and Kenmare shall use their commercially reasonable efforts to allow Trident reasonable time to comment on such press release or other public announcement in advance of such issuance or making.

(b) Each of Enstar, Kenmare and Trident hereby agrees to, and shall cause its representatives to, keep any information supplied by or on behalf of any other party in connection with the transactions contemplated by this Agreement and the Torus Purchase Agreement confidential ("Confidential Information") and to use and to cause its representatives to use the Confidential Information only in connection with the transactions contemplated hereby, including pursuant to the Torus Purchase Agreement; provided that the term Confidential Information shall not include information that (i) is already in such party's possession, provided that such information is not subject to another obligation of confidentiality or secrecy, (ii) is or becomes generally available to the public other than as a result of a breach of this Agreement by such party or its representatives, or (iii) is or becomes available to such party on a non-confidential basis from a source not bound by another obligation of confidentiality or secrecy; provided, further, that nothing herein shall prevent either party from disclosing Confidential Information to the extent required by applicable law (it being understood that such party shall notify the other party of such disclosure and use reasonable best efforts to limit such disclosure and to ensure that any information so disclosed is accorded confidential treatment, to the extent available).

Section 3.3 Amendment. This Agreement may be amended or modified and the provisions hereof may be waived, only by an agreement in writing signed by each of Enstar, Kenmare and Trident.

Section 3.4 Assignments. The rights and obligations of the parties hereunder shall not be assigned by any party without the prior written consent of the other parties; provided that, a party may assign its rights and obligations under this Agreement and its Subscription Letter, if applicable, to one or more of its Affiliates if such assignment will not disrupt, interfere with or otherwise delay the receipt of any governmental approval required to be obtained in connection with the consummation of the transactions contemplated by the Torus Purchase Agreement; provided, further, that no such assignment shall relieve the assigning party of its obligations hereunder. "Affiliates" shall mean with respect to any party, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such party, and "Person" shall include a natural person, corporate or unincorporated body (whether or not having separate legal personality) and that Person's personal representatives, successors or permitted assigns.

Section 3.5 Severability. The provisions of this Agreement are severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions of this Agreement. If any provision of this Agreement, or the application of that provision to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision will be substituted for that provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of the invalid or unenforceable provision and (b) the remainder of this Agreement and the application of that provision to any Person or circumstance will not be affected by such invalidity or unenforceability, nor will such invalidity or unenforceability affect the validity or enforceability of that provision, or the application of that provision, in any other jurisdiction.

Section 3.6 Remedies. Any and all remedies expressly conferred upon a party to this Agreement will be cumulative with, and not exclusive of, any other remedy contained in this Agreement, at law or in equity. The exercise by a party to this Agreement of any one remedy will not preclude the exercise by it of any other remedy. The parties hereto agree that this Agreement will be enforceable by all available remedies at law or in equity, subject to the limitations expressly set forth herein. No party shall be liable under this Agreement for any consequential, punitive, special, incidental or indirect damages, except to the extent awarded by a court of competent jurisdiction in connection with a third-party claim.

Section 3.7 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, each party hereto, by its acceptance of the benefits provided herein, covenants, agrees and acknowledges that, notwithstanding that any such party or any of its permitted assigns may be a partnership or limited liability company, no rights of recovery, and no recourse hereunder or under any documents or instruments delivered in connection herewith or in respect of any oral representations made or alleged to be made in connection herewith or therewith, shall be had against any former, current or future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, attorneys or other representatives of any party, or any of its successors or assigns, or any former, current or future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, attorneys or other representatives or successors or assignees of any of the foregoing (but not including the parties hereto or their respective permitted assigns hereunder, each, an "Investor Related Party" and collectively, the "Investor Related Parties"), through Bayshore or otherwise, whether by or through attempted piercing of the corporate veil, by or through a claim (whether at law or equity or in tort, contract or otherwise) by or on behalf of Bayshore against any Investor Related Party, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any applicable law, or otherwise, it being agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Investor Related Party for any obligations of such party or any of its successors or permitted assigns under this Agreement or any documents or instrument delivered in connection herewith or in respect of any oral representations made or alleged to be made in connection herewith or therewith or for any claim (whether at law or equity or in tort, contract or otherwise) based on, in respect of, or by reason of such obligations or their creation.

Section 3.8 Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any Person other than Enstar, Kenmare, Trident, Bayshore and Veranda and their respective successors and permitted assigns, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 3.9 Governing Law; Waiver of Jury Trial.

(a) THIS AGREEMENT AND ALL CLAIMS OR CAUSES OF ACTION (WHETHER AT LAW, IN CONTRACT, IN TORT OR OTHERWISE) THAT MAY BE BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE HEREOF, SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF. The parties hereby irrevocably submit to the personal jurisdiction of the courts of the State of New York and the United States District Court for the Southern District of New York (the "Chosen Courts") solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, or the negotiation, execution or performance hereof, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in the Chosen Courts or that the Chosen Courts are an inconvenient forum or that the venue thereof may not be appropriate, or that this Agreement or any such document may not be enforced in or by such Chosen Courts, and the parties hereto irrevocably agree that all claims, actions, suits and proceedings or other causes of action (whether at law, in contract, in tort or otherwise) that may be based upon, arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, or the negotiation, execution or performance hereof shall be heard and determined exclusively in the Chosen Courts. The parties hereby consent to and grant any such Chosen Court jurisdiction over the person of such parties and, to the extent permitted by law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding to the address set forth in Section 3.14 shall be valid, effective and sufficient service thereof.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT

SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF SUCH ACTION, SUIT OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3.9(b).

Section 3.10 Exercise of Rights and Remedies. No delay of or omission in the exercise of any right, power or remedy accruing to any party as a result of any breach or default by any other party under this Agreement shall impair any such right, power or remedy, nor shall it be construed as a waiver of or acquiescence in any such breach or default, or of any similar breach or default occurring later; nor shall any such delay, omission nor waiver of any single breach or default be deemed a waiver of any other breach or default occurring before or after that waiver.

Section 3.11 Entire Agreement. This Agreement, together with the Shareholders' Agreement, the Subscription Letters and the other Exhibits hereto, constitutes the entire agreement, and supersedes all prior agreements, understandings and statements, both written and oral, among the parties or any of their Affiliates with respect to the subject matter contained herein.

Section 3.12 Headings; Counterparts. The section headings contained in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement or affect in any way the meaning or interpretation of this Agreement. This Agreement may be executed in any number of counterparts, all of which will be one and the same agreement.

Section 3.13 Exclusivity. Each of Enstar, Kenmare and Trident agrees that for so long as this Agreement shall remain in effect, without the prior written approval of the other parties, it shall not become affiliated with, enter into discussions with, or make any equity investment with, any other Person in relation to any transaction involving an acquisition of Torus that could reasonably be expected to be competitive to, or interfere with, the negotiation or consummation of the transactions contemplated by the Torus Purchase Agreement.

Section 3.14 Notice. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent by facsimile or other electronic delivery or sent, postage prepaid, by registered, certified or express mail or overnight courier service, as follows:

if to Enstar or Kenmare:

c/o Enstar Group Limited
Windsor Place, 3rd Floor
22 Queen Street
Hamilton, Bermuda HM JX
Attn: Richard J. Harris
Facsimile: 441-296-7319

if to Trident:

c/o Stone Point Capital LLC
20 Horseneck Lane
Greenwich, CT 06830
United States of America
Attn: Stephen Levey
Facsimile: 203-862-2929

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day. "Business Day" shall mean any day other than a Saturday, Sunday or any day that is a federal holiday in the United States or Bermuda or a day on which banks in New York City are closed generally.

[Signature pages follow]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Agreement (or caused this Agreement to be executed on its behalf by its officer or representative thereunto duly authorized) under seal as of the date first above written.

ENSTAR GROUP LIMITED

By: /s/ Paul O'Shea
Name: Paul O'Shea
Title: Director

KENMARE HOLDINGS LTD.

By: /s/ Adrian Kimberley
Name: Adrian Kimberley
Title: Director

TRIDENT V, L.P.

By: SPC MANAGEMENT HOLDINGS LLC,
its manager

By: STONE POINT CAPITAL LLC,
its managing member

By: /s/ Darran Baird
Name: Darran Baird
Title: Principal

TRIDENT V PARALLEL FUND, L.P.

By: SPC MANAGEMENT HOLDINGS LLC,
its manager

By: STONE POINT CAPITAL LLC,
its managing member

By: /s/ Darran Baird
Name: Darran Baird
Title: Principal

TRIDENT V PROFESSIONALS FUND, L.P.

By: SPC MANAGEMENT HOLDINGS LLC,
its manager

By: STONE POINT CAPITAL LLC,
its managing member

By: /s/ Darran Baird
Name: Darran Baird
Title: Principal

Exhibit A

Shareholders' Agreement

SHAREHOLDERS' AGREEMENT

between

BAYSHORE HOLDINGS LIMITED

and

THE SHAREHOLDERS NAMED HEREIN

dated as of

[•], 2013

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SHAREHOLDERS' AGREEMENT

This Shareholders' Agreement (this "**Agreement**"), dated as of [•], 2013, is entered into among Bayshore Holdings Limited, a Bermuda exempted company (the "**Company**"), Kenmare Holdings Ltd (the "**Enstar Shareholder**"), Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P. (each, a "**Trident Shareholder**" and, collectively, the "**Trident Shareholders**" and, together with the Enstar Shareholder, the "**Initial Shareholders**"), each other Person who after the date hereof acquires Common Shares of the Company and becomes a party to this Agreement by executing a Joinder Agreement (such Persons, collectively with the Initial Shareholders, the "**Shareholders**") and, solely for purposes of **Section 3.05** hereof, Enstar Group Limited ("**Enstar**").

RECITALS

WHEREAS, as of the date hereof, the Enstar Shareholder owns 60% of the issued and outstanding Common Shares of the Company and the Trident Shareholders collectively own 40% of the issued and outstanding Common Shares of the Company; and

WHEREAS, the Initial Shareholders and the other parties hereto deem it in their best interests and in the best interests of the Company to set forth in this Agreement their respective rights and obligations in connection with their investment in the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

Definitions

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in this Article I.

"**Affiliate**" means with respect to any Person, any other Person who, directly or indirectly (including through one or more intermediaries), controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control," when used with respect to any specified Person, shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise; and the terms "controlling" and "controlled" shall have correlative meanings.

"**Agreement**" has the meaning set forth in the preamble.

"**Applicable Law**" means all applicable provisions of (a) constitutions, treaties, statutes, laws (including the common law), rules, regulations, decrees, ordinances, codes, proclamations, declarations or orders of any Governmental Authority, (b) any consents or approvals of any Governmental Authority and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority.

"**Board**" has the meaning set forth in **Section 2.01(a)**.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banks in Bermuda are authorized or required to close.

"**Bye-laws**" means the bye-laws of the Company, as amended, modified, supplemented or restated from time to time in accordance with the terms of this Agreement.

"**Call Right**" has the meaning set forth in Section 3.05(a).

"**Change of Control**" means any transaction or series of related transactions (as a result of a tender offer, merger, consolidation or otherwise) that results in, or that is in connection with, (a) any Third Party Purchaser or "group" (within the meaning of Section 13(d)(3) of the Exchange Act) of Third Party Purchasers acquiring beneficial ownership, directly or indirectly, of all or substantially all of the then issued and outstanding Common Shares or (b) the sale, lease, exchange, conveyance, transfer or other disposition (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Company and its Subsidiaries, on a consolidated basis, to any Third Party Purchaser or "group" (within the meaning of Section 13(d)(3) of the Exchange Act) of Third Party Purchasers (including any liquidation, dissolution or winding up of the affairs of the Company, or any other distribution made, in connection therewith).

"**Commitment Letters**" has the meaning set forth in **Section 6.01(e)**.

"**Common Shares**" means the common shares, par value $1.00 per share, of the Company and any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any reclassification, recapitalization, merger, consolidation, exchange or similar reorganization.

"**Company**" has the meaning set forth in the preamble.

"**Director**" has the meaning set forth in **Section 2.01(a)**.

"**Drag-along Notice**" has the meaning set forth in **Section 3.03(b)**.

"**Drag-along Sale**" has the meaning set forth in **Section 3.03(a)**.

"**Drag-along Shareholder**" has the meaning set forth in **Section 3.03(a)**.

"**Enstar**" has the meaning set forth in the preamble.

"**Enstar Director**" has the meaning set forth in **Section 2.01(a)**.

"**Enstar Shareholder**" has the meaning set forth in the preamble.

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended, or any successor federal statute, and the rules and regulations thereunder, which shall be in effect at the time.

"**Excluded Securities**" means any Common Shares or other equity securities issued in connection with (a) a grant to any existing or prospective consultants, employees, officers or Directors pursuant to any stock option, employee stock purchase or similar equity-based plans or other compensation agreement; (b) the exercise or conversion of options to purchase Common Shares, or Common Shares issued to any existing or prospective consultants, employees, officers or Directors pursuant to any stock option, employee stock purchase or similar equity-based plans or any other compensation agreement; (c) any acquisition by the Company of the stock, assets, properties or business of any Person; (d) any merger, consolidation or other business combination involving the Company; (e) the commencement of any Initial Public Offering or any transaction or series of related transactions involving a Change of Control; (f) a stock split, stock dividend or any similar recapitalization; or (g) any issuance of Financing Equity.

"**Exercise Period**" has the meaning set forth in **Section 4.01(c)**.

"**Exercising Shareholder**" has the meaning set forth in **Section 4.01(d)**.

"**Fair Market Value**" has the meaning set forth in **Section 3.05(c)**.

"**Financing Equity**" means any Common Shares, warrants or other similar rights to purchase Common Shares issued to lenders or other institutional investors (excluding the Shareholders) in any arm's length transaction providing debt financing to the Company.

"**Fiscal Year**" means for financial accounting purposes, January 1 to December 31.

"**GAAP**" means United States generally accepted accounting principles in effect from time to time.

"**Government Approval**" means any authorization, consent, approval, waiver, exception, variance, order, exemption, publication, filing, declaration, concession, grant, franchise, agreement, permission, permit, or license of, from or with any Governmental Authority, the giving notice to, or registration with, any Governmental Authority or any other action in respect of any Governmental Authority.

"**Governmental Authority**" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

"**Independent Appraiser**" has the meaning set forth in **Section 3.05(c)(i)**.

"**Information**" has the meaning set forth in **Section 4.03(b)**.

"**Initial Public Offering**" means any offering of Common Shares of the Company, or shares or other equity interests of any Material Subsidiary, pursuant to a registration statement filed in accordance with the Securities Act.

"**Initial Shareholders**" has the meaning set forth in the preamble and shall also include any Permitted Transferees of the Enstar Shareholder and the Trident Shareholders that become Shareholders.

"**Investors Agreement**" has the meaning set forth in **Section 6.01(e)**.

"**Issuance Notice**" has the meaning set forth in **Section 4.01(b)**.

"**Joinder Agreement**" means the joinder agreement in form and substance of Exhibit A attached hereto.

"**Lien**" means any lien, claim, charge, mortgage, pledge, security interest, option, preferential arrangement, right of first offer, encumbrance or other restriction or limitation of any nature whatsoever.

"**Lock-up Period**" has the meaning set forth in **Section 3.01(a)**.

"**Material Subsidiary**" means Torus and any other material direct or indirect Subsidiary of the Company.

"**Memorandum of Association**" means the memorandum of association of the Company, as filed on June 20, 2013 with the Registrar of Companies of Bermuda and as amended, modified, supplemented or restated from time to time in accordance with the terms of this Agreement.

"**New Securities**" has the meaning set forth in **Section 4.01(a)**.

"**Non-exercising Shareholder**" has the meaning set forth in **Section 4.01(d).**

"**Offered Shares**" has the meaning set forth in **Section 3.02(a)**.

"**Offering Shareholder**" has the meaning set forth in **Section 3.02(a)**.

"**Offering Shareholder Notice**" has the meaning set forth in **Section 3.02(b)**.

"**Organizational Documents**" means the Bye-laws and the Memorandum of Association.

"**Over-allotment Exercise Period**" has the meaning set forth in **Section 4.01(d)**.

"**Over-allotment New Securities**" has the meaning set forth in **Section 4.01(d)**.

"**Over-allotment Notice**" has the meaning set forth in **Section 4.01(d)**.

"**Permitted Transferee**" means with respect to any Shareholder, any Affiliate of such Shareholder.

"**Person**" means an individual, corporation, company, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

"**Pre-emptive Pro Rata Portion**" has the meaning set forth in **Section 4.01(c)**.

"**Pre-emptive Shareholder**" has the meaning set forth in **Section 4.01(a)**.

"**Proposed Transferee**" has the meaning set forth in **Section 3.04(a)**.

"**Purchasing Shareholder**" has the meaning set forth in **Section 3.02(d)**.

"**Put Right**" has the meaning set forth in **Section 3.05(a)**.

"**Related Party Agreement**" means any agreement, arrangement or understanding between (a) (i) the Company and (ii) any Shareholder or any Affiliate of a Shareholder or any Director, officer or employee of the Company, as such agreement may be amended, modified, supplemented or restated in accordance with the terms of this Agreement, and (b) (i) Torus or any other direct or indirect Subsidiary of the Company and (ii) the Company, any Shareholder or any Affiliate of Torus, the Company, a Shareholder or any Director, officer or employee of Torus or any direct or indirect Subsidiary of the Company, as such agreement may be amended, modified, supplemented or restated in accordance with the terms of this Agreement.

"**Representative**" means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person and its Affiliates (*provided, that* portfolio companies of the Trident Shareholders shall not be Representatives).

"**ROFO Notice**" has the meaning set forth in **Section 3.02(d)**.

"**ROFO Notice Period**" has the meaning set forth in **Section 3.02(b)**.

"**Sale Notice**" has the meaning set forth in **Section 3.04(b)**.

"**Securities Act**" means the United States Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations thereunder, which shall be in effect at the time.

"**Selling Shareholder**" has the meaning set forth in **Section 3.04(a)**.

"**Shareholders**" has the meaning set forth in the preamble.

"**Subsidiary**" means with respect to any Person, any other Person of which a majority of the outstanding shares or other equity interests having the power to vote for directors or comparable managers are owned, directly or indirectly, by the first Person.

"**Tag-along Notice**" has the meaning set forth in **Section 3.04(c)**.

"**Tag-along Period**" has the meaning set forth in **Section 3.04(c)**.

"**Tag-along Sale**" has the meaning set forth in **Section 3.04(a)**.

"**Tag-along Shareholder**" has the meaning set forth in **Section 3.04(a)**.

"**Third Party Purchaser**" means any Person who, immediately prior to the contemplated transaction, (a) does not directly or indirectly own or have the right to acquire any outstanding Common Shares or (b) is not a Permitted Transferee of any Person who directly or indirectly owns or has the right to acquire any Common Shares.

"**Torus**" means Torus Insurance Holdings Limited.

"**Transfer**" means to, directly or indirectly, sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of, either voluntarily or involuntarily, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, any Common Shares owned by a Person or any interest (including a beneficial interest) in any Common Shares owned by a Person.

"**Trident Director**" has the meaning set forth in **Section 2.01(a)**.

"**Trident Shareholder**" has the meaning set forth in the preamble.

"**Waived ROFO Transfer Period**" has the meaning set forth in **Section 3.02(f)**.

ARTICLE II
Management and Operation of the Company

Section 2.01 Board of Directors.

(a) The Shareholders agree that the business and affairs of the Company shall be managed through a board of directors (the "**Board**") consisting of five members (each, a "**Director**"). The Directors shall be elected to the Board in accordance with the following procedures:

(i) The Enstar Shareholder shall have the right to designate three Directors, who shall initially be Paul O'Shea, Nick Packer and Richard Harris (the "**Enstar Directors**"); and

(ii) The Trident Shareholders shall have the right to designate two Directors, who shall initially be Darran A. Baird and James D. Carey (the "**Trident Directors**").

Notwithstanding the foregoing, the Enstar Director(s) present at any meeting of the Board or committee thereof shall collectively exercise voting power equal to the Enstar Shareholder's percentage ownership of the Company divided by the aggregate percentage ownership of the Company held by the Enstar Shareholder and the Trident Shareholders, and the Trident Director(s) present at any meeting of the Board or committee thereof shall collectively exercise voting power equal to the Trident Shareholders' percentage ownership of the Company divided by the aggregate percentage ownership of the Company held by the Enstar Shareholder and the Trident Shareholders.

(b) Each Shareholder shall vote all Common Shares over which such Shareholder has voting control and shall take all other necessary or desirable actions within such Shareholder's control (including in its capacity as shareholder, director, member of a board committee or officer of the Company or otherwise, and whether at a regular or special meeting of the Shareholders or by written consent in lieu of a meeting) to elect to the Board any individual designated by an Initial Shareholder pursuant to **Section 2.01(a)**.

(c) Each Initial Shareholder shall have the right at any time to remove (with or without cause) any Director designated by such Initial Shareholder for election to the Board and each other Shareholder shall vote all Common Shares over which such Shareholder has voting control and shall take all other necessary or desirable actions within such Shareholder's control (including in its capacity as shareholder, director, member of a board committee or officer of the Company or otherwise, and whether at a regular or special meeting of the Shareholders or by written consent in lieu of a meeting) to remove from the Board any individual designated by such Initial Shareholder that such Initial Shareholder desires to remove pursuant to this **Section 2.01(c)**. Except as provided in the preceding sentence, unless an Initial Shareholder shall otherwise consent in writing, no other Shareholder shall take any action to cause the removal of any Director(s) designated by an Initial Shareholder.

(d) In the event a vacancy is created on the Board at any time and for any reason (whether as a result of death, disability, retirement, resignation or removal pursuant to **Section 2.01(c)**), the Initial Shareholder who designated such individual shall have the right to designate a different individual to replace such Director and each other Shareholder shall vote all Common Shares over which such Shareholder has voting control and shall take all other necessary or desirable actions within such Shareholder's control (including in its capacity as shareholder, director, member of a board committee or officer of the Company or otherwise, and whether at a regular or special meeting of the Shareholders or by written consent in lieu of a meeting) to elect to the Board any individual designated by such Initial Shareholder.

(e) The Board shall have the right to establish any committee of Directors as the Board shall deem appropriate from time to time. Subject to this Agreement, the Organizational Documents and Applicable Law, committees of the Board shall have the rights, powers and privileges granted to such committee by the Board from time to time. Any delegation of authority to a committee of Directors to take any action must be approved in the same manner as would be required for the Board to approve such action directly. Any committee of Directors shall be composed of the same proportion of Enstar Directors and Trident Directors as the Initial Shareholders shall then be entitled to appoint to the Board pursuant to this **Section 2.01**.

(f) The presence of a majority of Directors then in office shall constitute a quorum; *provided, that* at least one Trident Director is present at such meeting. If a quorum is not achieved at any duly called meeting, such meeting may be postponed to a time no earlier than 48 hours after written notice of such postponement has been given to the Directors. If no Trident Director is present for three consecutive meetings, then the presence, in person or by proxy, of Directors designated by Shareholders holding at least 51% of the Common Shares shall constitute a quorum for the next meeting.

Section 2.02 Voting Arrangements. In addition to any vote or consent of the Board or the Shareholders of the Company required by Applicable Law, without the consent of the Trident Shareholders the Company shall not take any action or enter into any commitment to take any action to (and shall cause its Material Subsidiaries to not take any action or enter into any commitment to take any action to):

(a) amend, modify or waive the Organizational Documents or the charter, bye-laws or other organizational documents of any Material Subsidiary;

(b) make any material changes in the tax or accounting methods or policies or the tax elections of the Company or any Material Subsidiary (other than as required by Applicable Law or GAAP) that would have a materially adverse impact on the Trident Shareholders;

(c) enter into, amend in any material respect, waive or terminate any Related Party Agreement other than (i) the entry into a Related Party Agreement that is on an arm's length basis and on terms no less favorable to the Company or the applicable Material Subsidiary than those that could be obtained from an unaffiliated third party and (ii) any reinsurance or other risk transfer arrangement with any Affiliate of the Enstar Shareholder in which all or substantially all of the underlying insurance risk is borne by the Affiliate of the Enstar Shareholder, *provided, however*, that any such reinsurance or other risk transfer transaction provides the Company a market rate fronting fee;

(d) enter into or effect any material transaction or series of related transactions outside of the ordinary course of business involving the purchase, lease, license, exchange or other acquisition (including by merger, consolidation, acquisition of stock or acquisition of assets) by the Company or any Material Subsidiary of any assets and/or equity interests of any Person that are material in amount to the Company and its Subsidiaries taken as a whole, other than the amalgamation of a subsidiary of the Company with Torus;

(e) except for a Change of Control effected in accordance with **Section 3.03** which will not require the consent of the Trident Shareholders, enter into or effect any material transaction or series of related transactions outside of the ordinary course of business involving the sale, lease, license, exchange or other disposition (including by merger, consolidation, sale of stock or sale of assets) by the Company or any Material Subsidiary of any stock or assets that are material in amount to the Company and its Subsidiaries taken as a whole;

(f) grant or authorize the grant of Common Shares or other equity securities of the Company or any Subsidiary of the Company in an amount greater than 10% of the value of the then-outstanding Common Shares to any existing or prospective officers, directors, employees or consultants of the Company or any Subsidiary of the Company pursuant to any stock option, employee stock purchase or similar equity-based plans or other compensation agreements;

(g) initiate or consummate an Initial Public Offering or make a public offering and sale of Common Shares or any other securities; or

(h) dissolve, wind-up or liquidate the Company or any Material Subsidiary or initiate a bankruptcy proceeding involving the Company or any Material Subsidiary.

For purposes of this **Section 2.02**, the "ordinary course of business" of the Company and its Subsidiaries shall include the acquisition of insurance and reinsurance companies in run-off and portfolios of insurance and reinsurance business in run-off.

Section 2.03 CEO Matters. Prior to taking any action or entering into any commitment to take any action to appoint or remove (with or without cause) the Company's chief executive officer or enter into or amend any material term of any employment agreement or arrangement with the Company's chief executive officer, the Company shall obtain the consent of both the Enstar Shareholder and the Trident Shareholders. The Company shall consult with, but need not obtain the consent of, the Trident Shareholder prior to taking any action or entering into any commitment to take any action to appoint or remove (with or without cause) any Material Subsidiary's chief executive officer or enter into or amend any material term of any employment agreement or arrangement with any Material Subsidiary's chief executive officer.

ARTICLE III
Transfer of Interests

Section 3.01 General Restrictions on Transfer.

(a) Except as permitted pursuant to **Section 3.01(b)**, each Shareholder agrees that such Shareholder will not, directly or indirectly, voluntarily or involuntarily Transfer any of its Common Shares prior to the fifth anniversary of the effectiveness of the amalgamation of a subsidiary of the Company with Torus (the "**Lock-up Period**").

(b) The provisions of **Section 3.01(a)**, **Section 3.02**, **Section 3.03** and **Section 3.04** shall not apply to any of the following Transfers by any Shareholder of any of its Common Shares (i) to a Permitted Transferee or (ii) pursuant to a merger, consolidation or other business combination of the Company with a Third Party Purchaser that has been approved in compliance with **Section 2.02(e)**.

(c) In addition to any legends required by Applicable Law, each certificate (if any) representing the Common Shares of the Company shall bear a legend substantially in the following form (and if the Common Shares are not certificated, the Company's ledger shall include a notation substantially in the following form omitting the reference to a certificate):

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A SHAREHOLDERS' AGREEMENT (A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY). NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SUCH SHAREHOLDERS' AGREEMENT AND (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER. THE HOLDER OF THIS CERTIFICATE, BY ACCEPTANCE OF THIS CERTIFICATE, AGREES TO BE BOUND BY ALL OF THE PROVISIONS OF SUCH SHAREHOLDERS' AGREEMENT."

(d) Prior notice shall be given to the Company by the transferor of any Transfer (whether or not to a Permitted Transferee) of any Common Shares. Prior to consummation of any Transfer by any Shareholder of any of its Common Shares, such party shall cause the transferee thereof to execute and deliver to the Company a Joinder Agreement and agree to be bound by the terms and conditions of this Agreement. Upon any Transfer by any Shareholder of any of its Common Shares, in accordance with the terms of this Agreement, the transferee thereof shall be substituted for, and shall assume all the rights and obligations under this Agreement of, the transferor thereof.

(e) Notwithstanding any other provision of this Agreement, each Shareholder agrees that it will not, directly or indirectly, Transfer any of its Common Shares (i) except as permitted under the Securities Act and other applicable federal, state or foreign securities laws, and then, if requested by the Company, only upon delivery to the Company of an opinion of counsel in form and substance satisfactory to the Company to the effect that such Transfer may be effected without registration under the Securities Act or any applicable foreign securities laws, (ii) if it would cause the Company or any of its Subsidiaries to be required to register as an investment company under the United States Investment Company Act of 1940, as amended, or any comparable foreign law, or (iii) if it would cause the assets of the Company or any of its Subsidiaries to be deemed plan assets as defined under the United States Employee Retirement Income Security Act of 1974 or its accompanying regulations or any comparable foreign law or result in any "prohibited transaction" thereunder involving the Company. In any event, the Board may refuse the Transfer to any Person if (i) such Transfer would have a material adverse effect on the Company as a result of any regulatory or other restrictions imposed by any Governmental Authority or (ii) any non-de minimis adverse tax consequence to the Company, any Subsidiary of the Company, or any Shareholder or any of their Affiliates would result from such Transfer.

(f) Any Transfer or attempted Transfer of any Common Shares in violation of this Agreement shall be null and void, no such Transfer shall be recorded on the Company's books and the purported transferee in any such Transfer shall not be treated (and the purported transferor shall continue be treated) as the owner of such Common Shares for all purposes of this Agreement.

Section 3.02 Right of First Offer.

(a) At any time following the Lock-up Period, and subject to the terms and conditions specified in this **Section 3.02**, each Shareholder shall have a right of first offer if any other Shareholder (such Shareholder, an "**Offering Shareholder**") proposes to Transfer any Common Shares (the "**Offered Shares**") owned by it to any Third Party Purchaser. Following the Lock-up Period, each time the Offering Shareholder proposes to

Transfer any Offered Shares (other than Transfers permitted pursuant to **Section 3.01** and Transfers made pursuant to **Section 3.03**), the Offering Shareholder shall first make an offering of the Offered Shares to the other Shareholders in accordance with the following provisions of this **Section 3.02**.

(b) The Offering Shareholder shall give written notice (the "**Offering Shareholder Notice**") to the Company and the other Shareholders stating its bona fide intention to Transfer the Offered Shares and specifying the number of Offered Shares and the material terms and conditions, including the price, pursuant to which the Offering Shareholder proposes to Transfer the Offered Shares. The Offering Shareholder Notice shall constitute the Offering Shareholder's offer to Transfer the Offered Shares to the other Shareholders, which offer shall be irrevocable for a period of 20 Business Days (the "**ROFO Notice Period**").

(c) By delivering the Offering Shareholder Notice, the Offering Shareholder represents and warrants to the Company and to each other Shareholder that: (i) the Offering Shareholder has full right, title and interest in and to the Offered Shares; (ii) the Offering Shareholder has all the necessary power and authority and has taken all necessary action to Transfer such Offered Shares as contemplated by this **Section 3.02**; and (iii) the Offered Shares are free and clear of any and all Liens other than those arising as a result of or under the terms of this Agreement.

(d) Upon receipt of the Offering Shareholder Notice, each Shareholder receiving such notice shall have until the end of the ROFO Notice Period to elect to purchase any amount of the Offered Shares by delivering a written notice (a "**ROFO Notice**") to the Offering Shareholder and the Company stating that it agrees to purchase such specified amount of Offered Shares on the terms specified in the Offering Shareholder Notice. Any ROFO Notice shall be binding upon delivery and irrevocable by the applicable Shareholder. Each Shareholder that delivers a ROFO Notice shall be a **"Purchasing Shareholder."** If the Shareholders do not, in the aggregate, elect to purchase all of the Offered Shares by the end of the ROFO Notice Period, each Purchasing Shareholder shall then have the right to purchase all or any portion of the remaining Offered Shares not elected to be purchased by the Shareholders. As promptly as practicable following the ROFO Notice Period, the Offering Shareholder shall deliver a written notice to each Purchasing Shareholder stating the number of remaining Offered Shares available for purchase. For a period of 10 Business Days following the receipt of such notice, each Purchasing Shareholder shall have the right to elect to purchase all or any portion of the remaining Offered Shares by delivering a subsequent ROFO Notice specifying the number of additional Offered Shares it desires to purchase. Notwithstanding the foregoing, the Shareholders may only exercise their rights under this **Section 3.02** to purchase the Offered Shares if, after giving effect to all elections made under this **Section 3.02(d)**, no less than all of the Offered Shares will be purchased by the Purchasing Shareholders.

(e) Each Shareholder that does not deliver a ROFO Notice during the ROFO Notice Period shall be deemed to have waived all of such Shareholder's rights to purchase the Offered Shares under this **Section 3.02**.

(f) If no Shareholder delivers a ROFO Notice or if the Purchasing Shareholders elect to purchase less than all of the Offered Shares in accordance with **Section 3.02(d)**, the Offering Shareholder may, during the 180-day period immediately following the expiration of the ROFO Notice Period, which period may be extended for a reasonable time not to exceed 270 days to the extent reasonably necessary to obtain any Government Approvals (the "**Waived ROFO Transfer Period**"), and subject to the provisions of **Section 3.04**, Transfer all of the Offered Shares to a Third Party Purchaser on terms and conditions no more favorable to the Third Party Purchaser than those set forth in the Offering Shareholder Notice. If the Offering Shareholder does not consummate the Transfer of the Offered Shares within the Waived ROFO Transfer Period, the rights provided hereunder shall be deemed to be revived and the Offered Shares shall not be offered to any Person unless first re-offered to the Shareholders in accordance with this **Section 3.02**.

(g) Each Shareholder shall take all actions as may be reasonably necessary to consummate any Transfer contemplated by this **Section 3.02**, including entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate.

(h) At the closing of any Transfer pursuant to this **Section 3.02**, the Offering Shareholder shall deliver to the Purchasing Shareholders the certificate or certificates representing the Offered Shares to be sold (if any), accompanied by stock powers and all necessary stock transfer taxes paid and stamps affixed, if necessary, against receipt of the purchase price therefor from such Purchasing Shareholders by certified or official bank check or by wire transfer of immediately available funds.

Section 3.03 Drag-along Rights.

(a) If at any time following the Lock-up Period the Enstar Shareholder (together with its Permitted Transferees) holds no less than 55% of the outstanding Common Shares of the Company and receives a bona fide offer from a Third Party Purchaser to consummate, in one transaction, or a series of related transactions, a Change of Control (a "**Drag-along Sale**"), the Enstar Shareholder shall have the right to require that each other Shareholder (each, a "**Drag-along Shareholder**") participate in such Transfer in the manner set forth in this **Section 3.03**, *provided*, *however*, that no Drag-along Shareholder shall be required to participate in the Drag-along Sale if the consideration for the Drag-along Sale is other than cash or registered securities listed on an established U.S. or foreign securities exchange. Notwithstanding anything to the contrary in this Agreement, each Drag-along Shareholder shall vote in favor of the transaction and take all actions to waive any dissenters, appraisal or other similar rights.

(b) The Enstar Shareholder shall exercise its rights pursuant to this **Section 3.03** by delivering a written notice (the "**Drag-along Notice**") to the Company and each Drag-along Shareholder no later than 20 days prior to the closing date of such Drag-along Sale. The Drag-along Notice shall make reference to the Enstar Shareholder's rights and obligations hereunder and shall describe in reasonable detail:

(i) the number of Common Shares to be sold by the Enstar Shareholder, if the Drag-along Sale is structured as a Transfer of Common Shares;

(ii) the identity of the Third Party Purchaser;

(iii) the proposed date, time and location of the closing of the Drag-along Sale;

(iv) the per share purchase price and the other material terms and conditions of the Transfer, including a description of any non-cash consideration in sufficient detail to permit the valuation thereof; and

(v) a copy of any form of agreement proposed to be executed in connection therewith.

(c) If the Drag-along Sale is structured as a Transfer of Common Shares, then, subject to **Section 3.03(d)**, each Drag-along Shareholder shall Transfer the number of shares equal to the product of (x) the number of Common Shares held by such Drag-along Shareholder and (y) a fraction (A) the numerator of which is equal to the number of Common Shares the Enstar Shareholder proposes to sell or transfer in the Drag-along Sale and (B) the denominator of which is equal to the number of Common Shares then held by the Enstar Shareholder.

(d) The consideration to be received by a Drag-along Shareholder shall be the same form and amount of consideration per share of Common Shares to be received by the Enstar Shareholder (or, if the Enstar Shareholder is given an option as to the form and amount of consideration to be received, the same option shall be given) and the terms and conditions of such Transfer shall, except as otherwise provided in the immediately succeeding sentence, be the same as those upon which the Enstar Shareholder Transfers its Common Shares. Each Drag-along Shareholder shall make or provide the same representations, warranties, covenants, indemnities and agreements as the Enstar Shareholder makes or provides in connection with the Drag-along Sale (except that in the case of representations, warranties, covenants, indemnities and agreements pertaining specifically to the Enstar Shareholder, the Drag-along Shareholder shall make the comparable representations, warranties, covenants, indemnities and agreements pertaining specifically to itself); *provided, that* all representations, warranties, covenants and indemnities shall be made by the Enstar Shareholder and each Drag-along Shareholder severally and not jointly and any indemnification obligation shall be pro rata based on the consideration received by the Enstar Shareholder and each Drag-along Shareholder, in each case in an amount not to exceed the aggregate proceeds received by the Enstar Shareholder and each such Drag-along Shareholder in connection with the Drag-along Sale.

(e) The fees and expenses of the Enstar Shareholder incurred in connection with a Drag-along Sale and for the benefit of all Shareholders (it being understood that costs incurred by or on behalf of a Enstar Shareholder for its sole benefit will not be considered to be for the benefit of all Shareholders), to the extent not paid or reimbursed by the Company or the Third Party Purchaser, shall be shared by all the Shareholders on a pro rata basis, based on the aggregate consideration received by each Shareholder; *provided, that* no Shareholder shall be obligated to make or reimburse any out-of-pocket expenditure prior to the consummation of the Drag-along Sale.

(f) Each Shareholder shall take all actions as may be reasonably necessary to consummate the Drag-along Sale, including entering into agreements and delivering certificates and instruments, in each case consistent with the agreements being entered into and the certificates being delivered by the Enstar Shareholder.

(g) The Enstar Shareholder shall have 180 days following the date of the Drag-along Notice in which to consummate the Drag-along Sale, on the terms set forth in the Drag-along Notice (which such 180-day period may be extended for a reasonable time not to exceed 270 days to the extent reasonably necessary to obtain any Government Approvals). If at the end of such period, the Enstar Shareholder has not completed the Drag-along Sale, the Enstar Shareholder may not then effect a transaction subject to this **Section 3.03** without again fully complying with the provisions of this **Section 3.03**.

Section 3.04 Tag-along Rights.

(a) If at any time following the Lock-up Period a Shareholder (the "**Selling Shareholder**") proposes to Transfer any shares of its Common Shares to a Third Party Purchaser (the "**Proposed Transferee**") (and if the Selling Shareholder is the Enstar Shareholder and it cannot or has not elected to exercise its drag-along rights set forth in **Section 3.03**), each other Shareholder (each, a "**Tag-along Shareholder**") shall be permitted to participate in such Transfer (a "**Tag-along Sale**") on the terms and conditions set forth in this **Section 3.04**.

(b) Prior to the consummation of any such Transfer of Common Shares described in **Section 3.04(a)**, and after satisfying its obligations pursuant to **Section 3.02**, the Selling Shareholder shall deliver to the Company and each other Shareholder a written notice (a "**Sale Notice**") of the proposed Tag-along Sale subject to this **Section 3.04** no later than 20 Business Days prior to the closing date of the Tag-along Sale. The Sale Notice shall make reference to the Tag-along Shareholders' rights hereunder and shall describe in reasonable detail:

(i) the aggregate number of Common Shares the Proposed Transferee has offered to purchase.

(ii) the identity of the Proposed Transferee;

(iii) the proposed date, time and location of the closing of the Tag-along Sale;

(iv) the per share purchase price and the other material terms and conditions of the Transfer, including a description of any non-cash consideration in sufficient detail to permit the valuation thereof; and

(v) a copy of any form of agreement proposed to be executed in connection therewith.

(c) Each Tag-along Shareholder shall exercise its right to participate in a Transfer of Common Shares by the Selling Shareholder subject to this **Section 3.04** by delivering to the Selling Shareholder a written notice (a "**Tag-along Notice**") stating its election to do so and specifying the number of Common Shares to be Transferred by it no later than five Business Days after receipt of the Sale Notice (the "**Tag-along Period**"). The offer of each Tag-along Shareholder set forth in a Tag-along Notice shall be irrevocable, and, to the extent such offer is accepted, such Tag-along Shareholder shall be bound and obligated to Transfer in the proposed Transfer on the terms and conditions set forth in this **Section 3.04**. The Selling Shareholder and each Tag-along Shareholder shall have the right to Transfer in a Transfer subject to this **Section 3.04** the number of Common Shares equal to the product of (x) the aggregate number of Common Shares the Proposed Transferee proposes to buy as stated in the Sale Notice and (y) a fraction (A) the numerator of which is equal to the number of Common Shares then held by the Selling Shareholder or such Tag-along Shareholder, as the case may be, and (B) the denominator of which is equal to the number of shares then held by the Selling Shareholder and each Tag-along Shareholder.

(d) Each Tag-along Shareholder who does not deliver a Tag-along Notice in compliance with **Section 3.04(c)** above shall be deemed to have waived all of such Tag-along Shareholder's rights to participate in such Transfer, and the Selling Shareholder shall (subject to the rights of any participating Tag-along Shareholder) thereafter be free to Transfer to the Proposed Transferee its Common Shares at a per share price that is no greater than the per share price set forth in the Sale Notice and on other terms and conditions which are not materially more favorable to the Selling Shareholder than those set forth in the Sale Notice without any further obligation to the non-accepting Tag-along Shareholders.

(e) Each Tag-along Shareholder participating in a Transfer pursuant to this **Section 3.04** shall receive the same consideration per share as the Selling Shareholder after deduction of such Tag-along Shareholder's proportionate share of the related expenses in accordance with **Section 3.04(g)** below.

(f) Each Tag-along Shareholder shall make or provide the same representations, warranties, covenants, indemnities and agreements as the Selling Shareholder makes or provides in connection with the Tag-along Sale (except that in the case of representations, warranties, covenants, indemnities and agreements pertaining specifically to the Selling Shareholder, the Tag-along Shareholder shall make the comparable representations, warranties, covenants, indemnities and agreements pertaining specifically to itself); *provided, that* all representations, warranties, covenants and indemnities shall be made by the Selling Shareholder and each Tag-along Shareholder severally and not jointly and any indemnification obligation in respect of breaches of representations and warranties shall be pro rata based on the consideration received by the Selling Shareholder and each Tag-along Shareholder, in each case in an amount not to exceed the aggregate proceeds received by the Selling Shareholder and each such Tag-along Shareholder in connection with any Tag-along Sale.

(g) The fees and expenses of the Selling Shareholder incurred in connection with a Tag-along Sale and for the benefit of all Shareholders (it being understood that costs incurred by or on behalf of the Selling Shareholder for its sole benefit will not be considered to be for the benefit of all Shareholders), to the extent not paid or reimbursed by the Company or the Proposed Transferee, shall be shared by all the Shareholders participating in the Tag-along Sale on a pro rata basis, based on the aggregate consideration received by each such Shareholder; *provided, that* no Shareholder shall be obligated to make or reimburse any out-of-pocket expenditure prior to the consummation of the Tag-along Sale.

(h) Each Tag-along Shareholder shall take all actions as may be reasonably necessary to consummate the Tag-along Sale, including entering into agreements and delivering certificates and instruments, in each case consistent with the agreements being entered into and the certificates being delivered by the Selling Shareholder.

(i) The Selling Shareholder shall have 180 days following the expiration of the Tag-along Period in which to Transfer the Common Shares described in the Sale Notice, on the terms set forth in the Sale Notice (which such 180-day period may be extended for a reasonable time not to exceed 270 days to the extent reasonably necessary to obtain any Government Approvals). If at the end of such period, the Selling Shareholder has not completed such Transfer, the Selling Shareholder may not then effect a Transfer of Common Shares subject to this **Section 3.04** without again fully complying with the provisions of this **Section 3.04**.

(j) If the Selling Shareholder Transfers to the Proposed Transferee any of its Common Shares in breach of this **Section 3.04**, then each Tag-along Shareholder shall have the right to Transfer to the Selling Shareholder, and the Selling Shareholder undertakes to purchase from each Tag-along Shareholder, the number of Common Shares that such Tag-along Shareholder would have had the right to Transfer to the Proposed Transferee pursuant to this **Section 3.04**, for a per share amount and form of consideration and upon the terms and conditions on which the Proposed Transferee bought such Common Shares from the Selling Shareholder, but without indemnity being granted by any Tag-along Shareholder to the Selling Shareholder; *provided, that*, nothing contained in this **Section 3.04** shall preclude any Shareholder from seeking alternative remedies against such Selling Shareholder as a result of its breach of this **Section 3.04**.

Section 3.05 Enstar Call Right and Trident Put Right.

(a) At any time during the 90-day period following the fifth anniversary of the effectiveness of the amalgamation of a subsidiary of the Company with Torus or at any time following the seventh anniversary of such date, the Enstar Shareholder shall have the right (a "**Call Right**") by written notice to the Trident Shareholders to purchase all, but not less than all, of the Common Shares owned by the Trident Shareholders and their Permitted Transferees.

(b) At any time after the seventh anniversary of the effectiveness of the amalgamation of a subsidiary of the Company with Torus, the Trident Shareholders, acting collectively, shall have the right (the "**Put Right**") to require the Enstar Shareholder to purchase all, but not less than all, of the Common Shares held by the Trident Shareholders and their Permitted Transferees collectively.

(c) The purchase price payable by the Enstar Shareholder upon the exercise of the Call Right or the Put Right, as the case may be, shall be equal to fair market value of the Common Shares held by the Trident Shareholders and their Permitted Transferees calculated based on the overall fair market value of the Company determined on a going concern basis as between a willing buyer and willing seller with no discount for illiquidity or a minority interest, as such value may be mutually agreed upon by the Enstar Shareholder and the Trident Shareholders or, if no such agreement is reached, determined in accordance with the procedures set forth below (the "**Fair Market Value**"):

(i) Promptly after determining that the Enstar Shareholder and the Trident Shareholders are unable to agree upon a Fair Market Value but, in any event, no later than 30 Business Days after the exercise of the Call Right or the Put Right, as the case may be, the Initial Shareholders shall appoint a mutually acceptable independent appraiser (the "**Independent Appraiser**") to determine the Fair Market Value (determined on a going concern basis as between a willing buyer and a willing seller with no discount for illiquidity or a minority interest) of the Common Shares held by the Trident Shareholders and their Permitted Transferees. Each of the Enstar Shareholder and the Trident Shareholders (acting together) shall provide the Independent Appraiser with

its respective determination of Fair Market Value, together with the supporting calculations and analyses prepared by such Initial Shareholder with respect thereto. The Initial Shareholders shall instruct the Independent Appraiser to determine, in writing within 30 days of such Independent Appraiser's appointment, which of the Initial Shareholders' determination of Fair Market Value is the more reasonable, and such determination shall be final for all purposes of this **Section 3.05**. The costs and expenses of the Independent Appraiser shall be borne equally by the Initial Shareholders.

(ii) To enable the Independent Appraiser to conduct the valuation, the Initial Shareholders and the Company shall furnish to the Independent Appraiser such information as the Independent Appraiser may request, including information regarding the business of the Company and its Subsidiaries and the Company's assets, properties, financial condition, earnings and prospects.

(d) Within 90 days after the date of the final determination of the Fair Market Value pursuant to this **Section 3.05** (which period shall be extended solely to the extent needed to obtain any required Government Approvals, *provided, that* the Shareholders shall, and shall cause their Permitted Transferees to, have used their reasonable best efforts to obtain such approvals in a timely manner, and *provided, further, that* in no event shall the Enstar Shareholder be obligated to pay the purchase price for a sale and purchase pursuant to the Put Right in cash due to any failure to obtain any Government Approvals that are required to permit the Trident Shareholders to acquire or hold any unrestricted ordinary shares of Enstar), the Trident Shareholders shall, and shall cause their Permitted Transferees to, sell to the Enstar Shareholder, free and clear of any Liens, all of the Common Shares held by them.

(e) Each Shareholder shall take all actions as may be reasonably necessary to consummate the sale contemplated by this **Section 3.05**, including entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate.

(f) At the closing of any sale and purchase pursuant to this **Section 3.05**, the Trident Shareholders shall, and shall cause their Permitted Transferees to, deliver to the Enstar Shareholder the certificate or certificates representing their Common Shares (if any), accompanied by stock powers and all necessary stock transfer taxes paid and stamps affixed, if necessary, against receipt of the purchase price therefor from the Enstar Shareholder by, (i) in the case of a sale and purchase pursuant to the Call Right, wire transfer of immediately available funds, or (ii) in the case of a sale and purchase pursuant to the Put Right, at the option of the Enstar Shareholder, either (A) wire transfer of immediately available funds, (B) unrestricted ordinary shares of Enstar (provided that such ordinary shares are then listed or admitted to trading on the NASDAQ Stock Market, the New York Stock Exchange or another national securities exchange), or (C) a combination of (A) and (B). If the purchase price at the closing of any sale and purchase pursuant to this **Section 3.05** consists of unrestricted ordinary shares of Enstar, the value of such ordinary shares will be deemed to equal the average of the last reported sale price of the ordinary shares over the 10 trading day period ending on, and including, the trading day immediately preceding the effective date of any such closing.

(g) Enstar hereby absolutely, unconditionally and irrevocably guarantees to the Trident Shareholders and their Permitted Transferees, on the terms and conditions set forth herein, the due and punctual payment, observance, performance and discharge of the Enstar Shareholder's obligations under this **Section 3.05**. The Trident Shareholders hereby agree that in no event shall Enstar be required to pay any amount to the Trident Shareholders or their Permitted Transferees under, in respect of, or in connection with this Agreement other than as expressly set forth herein.

ARTICLE IV
Pre-emptive Rights and Other Agreements

Section 4.01 Pre-emptive Right.

(a) The Company hereby grants to each Initial Shareholder (each, a "Pre-emptive Shareholder") the right to purchase its pro rata portion of any new Common Shares (other than any Excluded Securities) (the "New Securities") that the Company may from time to time propose to issue or sell to any Person.

(b) The Company shall give written notice (an "Issuance Notice") of any proposed issuance described in subsection (a) above to the Pre-emptive Shareholders within five Business Days following any meeting of the Board at which any such issuance or sale is approved. The Issuance Notice shall set forth the material terms and conditions of the proposed issuance, including:

(i) the number of New Securities proposed to be issued and the percentage of the Company's outstanding Common Shares, on a fully diluted basis, that such issuance would represent;

(ii) the proposed issuance date, which shall be at least 20 Business Days from the date of the Issuance Notice; and

(iii) the proposed purchase price per share.

(c) Each Pre-emptive Shareholder shall for a period of 15 Business Days following the receipt of an Issuance Notice (the "**Exercise Period**") have the right to elect irrevocably to purchase, at the purchase price set forth in the Issuance Notice, up to the amount of New Securities equal to the product of (x) the total number of New Securities to be issued by the Company on the issuance date and (y) a fraction determined by dividing (A) the number of Common Shares owned by such Pre-emptive Shareholder immediately prior to such issuance by (B) the total number of Common Shares owned by all Initial Shareholders on such date immediately prior to such issuance (the "**Pre-emptive Pro Rata Portion**") by delivering a written notice to the Company. Such Pre-emptive Shareholder's election to purchase New Securities shall be binding and irrevocable.

(d) No later than five Business Days following the expiration of the Exercise Period, the Company shall notify each Pre-emptive Shareholder in writing of the number of New Securities that each Pre-emptive Shareholder has agreed to purchase (including, for the avoidance of doubt, where such number is zero) (the "**Over-allotment Notice**"). Each Pre-emptive Shareholder exercising its right to purchase its Pre-emptive Pro Rata Portion of the New Securities in full (an "**Exercising Shareholder**") shall have a right of over-allotment such that if any other Pre-emptive Shareholder fails to exercise its right under this **Section 4.01** to purchase its Pre-emptive Pro Rata Portion of the New Securities (each, a "**Non-Exercising Shareholder**"), such Exercising Shareholder may purchase all or any portion of such Non-Exercising Shareholder's allotment (the "**Over-allotment New Securities**") by giving written notice to the Company (within five Business Days of receipt of the Over-allotment Notice) setting forth the number of Over-allotment New Securities that such Exercising Shareholder is willing to purchase (the "**Over-allotment Exercise Period**"). Such Exercising Shareholder's election to purchase Over-allotment New Securities shall be binding and irrevocable. If more than one Exercising Shareholder elects to exercise its right of over-allotment, each Exercising Shareholder shall have the right to purchase the number of Over-allotment New Securities it elected to purchase in its written notice; *provided, that* if the over-allotment New Securities are over-subscribed, each Exercising Shareholder shall purchase its pro rata portion of the available Over-allotment New Securities based upon the relative Pre-emptive Pro Rata Portions of the Exercising Shareholders.

(e) The Company shall be free to complete the proposed issuance or sale of New Securities described in the Issuance Notice with respect to any New Securities not elected to be purchased pursuant to **Section 4.01(c)** and **Section 4.01(d)** above in accordance with the terms and conditions set forth in the Issuance Notice (except that the amount of New Securities to be issued or sold by the Company may be reduced) so long as such issuance or sale is closed within 180 days after the expiration of the Over-allotment Exercise Period (subject to the extension of such 180-day period for a reasonable time not to exceed 270 days to the extent reasonably necessary to obtain any Government Approvals). In the event the Company has not sold such New Securities within such time period, the Company shall not thereafter issue or sell any New Securities without first again offering such securities to the Shareholders in accordance with the procedures set forth in this **Section 4.01**.

(f) Upon the consummation of the issuance of any New Securities in accordance with this **Section 4.01**, the Company shall deliver to each Exercising Shareholder certificates (if any) evidencing the New Securities, which New Securities shall be issued free and clear of any Liens (other than those arising hereunder or under

Applicable Law and those attributable to the actions of the purchasers thereof), and the Company shall so represent and warrant to the purchasers thereof, and further represent and warrant to such purchasers that such New Securities shall be, upon issuance thereof to the Exercising Shareholders and after payment therefor, duly authorized and validly issued. Each Exercising Shareholder shall deliver to the Company the purchase price for the New Securities purchased by it by wire transfer of immediately available funds. Each party to the purchase and sale of New Securities shall take all such other actions as may be reasonably necessary to consummate the purchase and sale including entering into such additional agreements as may be necessary or appropriate.

Section 4.02 Corporate Opportunities. Notwithstanding anything contained in this Agreement or under Applicable Law to the contrary (to the full extent permitted by Applicable Law), (i) the Initial Shareholders and their respective Affiliates (A) may engage in or possess an interest in other business ventures of any nature and description (whether similar or dissimilar to the business of the Company or any of its Subsidiaries), independently or with others, and none of the Company, any Subsidiary, any other Shareholder, and each of their respective Affiliates shall have any right by virtue of this Agreement in or to any such investment or interest of the Enstar Shareholder, the Trident Shareholders, any Enstar Director or any Trident Director and any of its or their respective Affiliates to any income or profits derived therefrom, and the pursuit of any such venture shall not be deemed wrongful or improper, and (B) shall not be obligated to present any investment opportunity to the Company or any Subsidiary even if such opportunity is of a character that, if presented to the Company or any Subsidiary, could be taken by the Company or such Subsidiary, and (ii) the parties hereby waive (and the Company shall cause the Subsidiaries to waive) to the fullest extent permitted by law any fiduciary or other duty of the Initial Shareholders and the Enstar Directors and Trident Directors not expressly set forth in this Agreement, including fiduciary or other duties that may be related to or associated with self-dealing, corporate opportunities or otherwise, in each case so long as such Person acts in a manner consistent with this Agreement.

Section 4.03 Confidentiality.

(a) Each Shareholder shall and shall cause its Representatives to, keep confidential and not divulge any information (including all budgets, business plans and analyses) concerning the Company, including its assets, business, operations, financial condition or prospects ("**Information**"), and to use, and cause its Representatives to use, such Information only in connection with the operation of the Company; *provided, that* nothing herein shall prevent any Shareholder from disclosing such Information (i) upon the order of any court or administrative agency, (ii) upon the request or demand of any regulatory agency or authority having jurisdiction over such Shareholder, (iii) to the extent compelled by legal process or required or requested pursuant to subpoena, interrogatories or other discovery requests, (iv) to the extent necessary in connection with

the exercise of any remedy hereunder, (v) to other Shareholders, (vi) to such Shareholder's Representatives that in the reasonable judgment of such Shareholder need to know such Information or (vii) to any potential Permitted Transferee in connection with a proposed Transfer of Common Shares from such Shareholder as long as such transferee agrees to be bound by the provisions of this **Section 4.03** as if a Shareholder, *provided, further, that* in the case of clause (i), (ii) or (iii), such Shareholder shall notify the other Shareholders of the proposed disclosure as far in advance of such disclosure as practicable and use reasonable efforts to ensure that any Information so disclosed is accorded confidential treatment, when and if available.

(b) The restrictions of **Section 4.03(a)** shall not apply to information that (i) is or becomes generally available to the public other than as a result of a disclosure by a Shareholder or any of its Representatives in violation of this Agreement; (ii) is or becomes available to a Shareholder or any of its Representatives on a non-confidential basis prior to its disclosure to the receiving Shareholder and any of its Representatives, (iii) is or has been independently developed or conceived by such Shareholder without use of the Company's Information or (iv) becomes available to the receiving Shareholder or any of its Representatives on a non-confidential basis from a source other than the Company, any other Shareholder or any of their respective Representatives, *provided, that* such source is not known by the recipient of the information to be bound by a confidentiality agreement with the disclosing Shareholder or any of its Representatives. Furthermore, **Section 4.03(a)** shall not restrict the Enstar Shareholder and its Affiliates from disclosing any Information required to be disclosed under applicable securities laws or the rules of any stock exchange upon which their securities are traded.

Section 4.04 Registration Rights. Upon the request of any Initial Shareholder in connection with a contemplated public offering of the equity of the Company or any of its Subsidiaries that is approved in accordance with **Section 2.02(g)**, the Company shall enter into a registration rights agreement with the Initial Shareholders containing customary provisions for a transaction of that type, including demand registration rights and piggyback registration rights with ratable cutbacks, if necessary, regardless of the demanding party or piggyback party.

ARTICLE V
Information Rights

Section 5.01 Financial Statements and Reports. In addition to, and without limiting any rights that a Shareholder may have with respect to inspection of the books and records of the Company under Applicable Laws, the Company shall furnish to each Shareholder:

(a) Within 45 days after the end of each quarterly accounting period, an unaudited consolidated balance sheet as of the end of such quarterly accounting period and an unaudited related consolidated income statement, consolidated statement of shareholders' equity and consolidated statement of cash flows for such quarterly accounting period including any footnotes thereto (if any) prepared in accordance with GAAP, consistently applied, together with comparable year-to-date figures;

(b) Within 90 days after the end of each Fiscal Year (or such longer period of time as is approved by the Board), an unaudited consolidated balance sheet as of the end of such Fiscal Year and the related consolidated income statement, consolidated statement of shareholders' equity, and consolidated statement of cash flows including all footnotes thereto for such Fiscal Year prepared in accordance with GAAP, consistently applied; and

(c) Such other financial, accounting or other information relating to the Company and its Subsidiaries or their respective operations as any Initial Shareholder may reasonably request from time to time in form and substance reasonably acceptable to such requesting Shareholder.

Section 5.02 Inspection Rights.

(a) The Company shall, and shall cause its officers, Directors and employees to, (i) afford each Shareholder that, together with any Affiliates and/or Permitted Transferees, owns at least 5% of the Company's outstanding Common Shares and the Representatives of each such Shareholder, during normal business hours and upon reasonable notice, reasonable access at all reasonable times to its officers, employees, auditors, properties, offices, plants and other facilities and to all books and records, and (ii) afford such Shareholder the opportunity to consult with its officers from time to time regarding the Company's affairs, finances and accounts as each such Shareholder may reasonably request upon reasonable notice.

(b) The right set forth in **Section 5.02(a)** above shall not and is not intended to limit any rights which the Shareholders may have with respect to the books and records of the Company, or to inspect its properties or discuss its affairs, finances and accounts under the laws of the jurisdiction in which the Company is incorporated.

ARTICLE VI
Representations and Warranties

Section 6.01 Representations and Warranties. Each Shareholder, severally and not jointly, represents and warrants to the Company and each other Shareholder that:

(a) Such Shareholder (if an entity) is a corporation, company, partnership or limited liability company duly organized or formed, validly existing and in good standing under the laws of its jurisdiction of organization.

(b) Such Shareholder (if an entity) has full corporate, company or partnership power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement, the performance of its obligations hereunder and the consummation of the transactions contemplated hereby have been duly authorized (if such Shareholder is an entity) by all requisite corporate or company action of such Shareholder. Such Shareholder has duly executed and delivered this Agreement.

(c) This Agreement constitutes the legal, valid and binding obligation of such Shareholder, enforceable against such Shareholder in accordance with its terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, require no action by or in respect of, or filing with, any Governmental Authority.

(d) The execution, delivery and performance by such Shareholder of this Agreement and the consummation of the transactions contemplated hereby do not (i) conflict with or result in any violation or breach of any provision of any of the organizational documents of such Shareholder (if an entity), (ii) conflict with or result in any violation or breach of any provision of any Applicable Law or (iii) require any consent or other action by any Person under any provision of any material agreement or other instrument to which the Shareholder is a party.

(e) Except for this Agreement, the Investors Agreement by and among the Initial Shareholders, dated as of July 8, 2013 (the "**Investors Agreement**"), and the Commitment Letter of each Initial Shareholder to purchase Common Shares, each dated as of July 8, 2013 (the "**Commitment Letters**"), such Shareholder has not entered into or agreed to be bound by any other agreements or arrangements of any kind with any other party with respect to the Common Shares, including agreements or arrangements with respect to the acquisition or disposition of the Common Shares or any interest therein or the voting of the Common Shares (whether or not such agreements and arrangements are with the Company or any other Person).

ARTICLE VII
Term and Termination

Section 7.01 Termination. This Agreement shall terminate upon the earliest of:

(a) the consummation of an Initial Public Offering of the Company;

(b) the consummation of a merger or other business combination involving the Company whereby the Common Shares becomes a security that is listed or admitted to trading on the NASDAQ Stock Market, the New York Stock Exchange or another national securities exchange;

(c) the date on which no more than one Shareholder holds any Common Shares;

(d) the dissolution, liquidation or winding up of the Company; or

(e) upon the unanimous agreement of the Shareholders.

Section 7.02 Effect of Termination.

(a) The termination of this Agreement shall terminate all further rights and obligations of the Shareholders under this Agreement except that such termination shall not effect:

(i) the existence of the Company;

(ii) the obligation of any Party to pay any amounts arising on or prior to the date of termination, or as a result of or in connection with such termination;

(iii) the rights which any Shareholder may have by operation of law as a shareholder of the Company; or

(iv) the rights contained herein which by their terms are intended to survive termination of this Agreement.

(b) The following provisions shall survive the termination of this Agreement: this **Section 7.02** and **Section 4.03**, **Section 8.03**, **Section 8.11**, **Section 8.12** and **Section 8.13**.

ARTICLE VIII
Miscellaneous

Section 8.01 Expenses. Except as otherwise expressly provided herein or in the Investors Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 8.02 Release of Liability. In the event any Shareholder shall Transfer all of the Common Shares held by such Shareholder in compliance with the provisions of this Agreement without retaining any interest therein, then such Shareholder shall cease to be a party to this Agreement and shall be relieved and have no further liability arising hereunder for events occurring from and after the date of such Transfer.

Section 8.03 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt), (b) when received by the addressee if sent by an internationally recognized overnight courier (receipt requested), (c) on the date sent by facsimile or email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 8.03**):

If to the Company:	c/o Enstar Group Limited PO Box 2267 Windsor Place, 3rd Floor, 22 Queen Street Hamilton HM JX Bermuda Facsimile: (441) 296-7319 Email: richard.harris@enstargroup.bm Attention: Richard J. Harris, Chief Financial Officer
If to the Enstar Shareholder:	c/o Enstar Group Limited PO Box 2267 Windsor Place, 3rd Floor, 22 Queen Street Hamilton HM JX Bermuda Facsimile: (441) 296-7319 Email: richard.harris@enstargroup.bm Attention: Richard J. Harris, Chief Financial Officer
with a copy to (which shall not constitute notice):	Drinker Biddle & Reath LLP One Logan Square, Suite 2000 Philadelphia, PA 19103 Facsimile: (215) 988-2757 Email: robert.juelke@dbr.com Attention: Robert C. Juelke
If to the Trident Shareholders:	c/o Stone Point Capital LLC 20 Horseneck Lane Greenwich, CT 06830 Facsimile: (203) 862-2929 Email: slevey@stonepoint.com Attention: Stephen Levey
with a copy to (which shall not constitute notice):	c/o Stone Point Capital LLC 20 Horseneck Lane Greenwich, CT 06830 Facsimile: (203) 625-8357 Email: contracts@stonepoint.com Attention: General Counsel

Section 8.04 Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation;" (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. The definitions given for any defined terms in this Agreement shall apply equally to both 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. Unless the context otherwise requires, references herein: (x) to Articles, Sections, and Exhibits mean the Articles and Sections of, and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 8.05 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 8.06 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 8.07 Entire Agreement. This Agreement, the Organizational Documents, the Investors Agreement and the Commitment Letters constitute the sole and entire agreement of the parties with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency or conflict between this Agreement and any Organizational Document, the Shareholders and the Company shall, to the extent permitted by Applicable Law, amend such Organizational Document to comply with the terms of this Agreement.

Section 8.08 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 8.09 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 8.10 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Initial Shareholder; *provided*, *that* any amendment that would materially and adversely affect the rights or duties of a Shareholder shall require the consent of such Shareholder. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 8.11 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than those of New York.

Section 8.12 Submission to Jurisdiction; Waiver of Jury Trial.

(a) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF NEW YORK IN EACH CASE LOCATED IN THE CITY OF NEW YORK AND COUNTY OF NEW YORK, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT,

ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (II) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (IV) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.12(b).

Section 8.13 Equitable Remedies. Each party hereto acknowledges that the other parties hereto would be irreparably damaged in the event of a breach or threatened breach by such party of any of its obligations under this Agreement and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, each of the other parties hereto shall, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to an injunction from a court of competent jurisdiction (without any requirement to post bond) granting such parties specific performance by such party of its obligations under this Agreement.

Section 8.14 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

Bayshore Holdings Limited

By: _____
Name:
Title:

Kenmare Holdings Ltd

By: _____
Name:
Title:

Enstar Group Limited (solely for purposes of Section 3.05)

By: _____
Name:
Title:

Trident V, L.P.

By: SPC Management Holdings, its manager
By: Stone Point Capital LLC, its managing member

By: _____
Name: James D. Carey
Title: Senior Principal

Trident V Parallel Fund, L.P.

By: SPC Management Holdings, its manager
By: Stone Point Capital LLC, its managing member

By: _____
Name: James D. Carey
Title: Senior Principal

Trident V Professionals Fund, L.P.

By: SPC Management Holdings, its manager
By: Stone Point Capital LLC, its managing member

By: _____
Name: James D. Carey
Title: Senior Principal

EXHIBIT A

Joinder Agreement

Reference is hereby made to the Shareholders' Agreement, dated as [•], 2013 (as amended from time to time, the "**Shareholders' Agreement**"), by and among Kenmare Holdings Ltd, Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P., Bayshore Holdings Limited, a Bermuda exempted company (the "**Company**"), and, solely for purposes of Section 3.05 thereof, Enstar Group Limited. Pursuant to and in accordance with Section 3.01(d) of the Shareholders' Agreement, the undersigned hereby agrees that upon the execution of this Joinder Agreement, it shall become a party to the Shareholders' Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Shareholders' Agreement as though an original party thereto and shall be deemed to be a Shareholder of the Company for all purposes thereof.

Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Shareholders' Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of [DATE].

Bayshore Holdings Limited

By: _____
Name:
Title:

[Transferee Shareholder]

By: _____
Name:
Title:

Exhibit 10.6

July 8, 2013

Bayshore Holdings Limited
c/o Enstar Group Limited
Windsor Place, 3rd Floor
22 Queen Street
Hamilton, Bermuda HM JX

Re: Commitment to Purchase Common Shares (Torus)

Ladies and Gentlemen:

Reference is made to the Investors Agreement (the "Investors Agreement"), dated as of July 8, 2013, by and among ENSTAR GROUP LIMITED ("Enstar"), KENMARE HOLDINGS LTD ("Kenmare"), TRIDENT V, L.P., TRIDENT V PARALLEL FUND, L.P. and TRIDENT V PROFESSIONALS FUND, L.P. (collectively, "Trident") and the Torus Purchase Agreement (as defined in the Investors Agreement). Capitalized terms used and not defined herein but defined in the Investors Agreement shall have the meanings ascribed to them in the Investors Agreement.

This letter agreement (this "Agreement") sets forth the commitment of Kenmare with respect to the proposed issuance and sale by Bayshore Holdings Limited ("Bayshore"), and the proposed purchase by Kenmare (and/or one or more of its Permitted Assigns), of common shares in the capital of Bayshore designated as Common Shares (the "Common Shares") at such times as set forth herein. Contemporaneously herewith, Trident is delivering to Bayshore a letter agreement in substantially the form of this Agreement (the "Trident Subscription Letter"), pursuant to which Trident is committing to purchase Common Shares concurrent with purchases of Common Shares by Kenmare. Immediately following the execution of this Agreement and the Trident Subscription Agreement, Enstar will execute and deliver the Torus Purchase Agreement pursuant to which it will be obligated to deliver Series B Convertible Participatory Non-Voting Perpetual Preferred Stock and ordinary voting shares (collectively, the "Enstar Shares") in connection with the closing of the transaction contemplated by the Torus Purchase Agreement. Bayshore and Kenmare hereby acknowledge that such shares delivered by Enstar shall be deemed to be part of Kenmare's capital contribution to Bayshore for purposes of the capitalization of Bayshore by Kenmare and Trident.

1. Commitment. Kenmare hereby commits, subject to the terms and conditions set forth herein, including (without limitation) those set forth in Paragraph 2(c) and Paragraph 3 hereof, that it shall purchase, or shall cause its Permitted Assigns to purchase, Common Shares for an aggregate amount equal to Kenmare's Total Cash Subscription Commitment set forth on Schedule A hereto (the "Total Cash Subscription Commitment"), for the purposes of funding a portion of the purchase price pursuant to and in accordance with the Torus Purchase Agreement, together with related expenses. Kenmare shall promptly use its reasonable best efforts to obtain, or cause to be obtained, all consents, authorizations, orders and

approvals from all governmental authorities that may be or become necessary for the performance of its obligations pursuant to this Agreement or the consummation of the transactions contemplated by the Torus Purchase Agreement. Kenmare shall cooperate fully with Enstar, Trident and Bayshore and their Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals. Kenmare shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

2. Drawdowns.

(a) At any time and from time to time following the date hereof and subject to the terms and conditions set forth herein, including (without limitation) those set forth in Paragraph 2(c) and Paragraph 3 hereof, Bayshore may require Kenmare to purchase Common Shares (each such purchase, a "Drawdown"), at a purchase price of US$1,000 per share (as such price may be adjusted for any stock splits, subdivisions, combinations, recapitalizations and the like, including any of the foregoing effected by means of a merger or similar transaction) in satisfaction of part or all of the unpaid portion of Kenmare's Total Cash Subscription Commitment. With respect to any Drawdown, Bayshore shall cause the amount of Trident's and Kenmare's portion of the Drawdown to be an amount equal to Trident's or Kenmare's Cash Pro Rata Percentage (as set forth on Schedule A attached hereto) multiplied by the aggregate amount of the Drawdown. Bayshore shall exercise its rights pursuant to this Paragraph 2 by delivering to Kenmare a written notice (a "Drawdown Notice") no later than three (3) Business Days (as defined below) preceding the closing date of the Drawdown (the "Drawdown Date"). The Drawdown Notice shall make reference to Kenmare's obligations hereunder and shall set forth: (i) the number of Common Shares required to be purchased by Kenmare; (ii) the terms and conditions of the purchase (which shall not alter the terms and conditions set forth in this Agreement), including the aggregate number of Common Shares to be purchased by Trident and Kenmare; (iii) wire transfer instructions; and (iv) the Drawdown Date. The Drawdown Notice shall be delivered to Kenmare in the manner provided in Paragraph 14 hereof.

(b) After receipt of a Drawdown Notice pursuant to Paragraph 2(a), Kenmare shall purchase on the Drawdown Date, at a purchase price of US$1,000 per share (as such price may be adjusted for any stock splits, subdivisions, combinations, recapitalizations and the like, including any of the foregoing effected by means of a merger or similar transaction), that number of Common Shares as is stated in the Drawdown Notice delivered to Kenmare. Subject to the terms and conditions of this Agreement, and in reliance upon the representations and warranties contained herein, Kenmare shall deliver to Bayshore consideration for such Drawdown no later than 11:00 a.m. Eastern time on the Drawdown Date by wire transfer of immediately available funds to the account designated by Bayshore in accordance with the wire transfer instructions set forth in the Drawdown Notice relating to such Drawdown. On the Drawdown Date, upon the receipt by Bayshore of Kenmare's full consideration for such Drawdown, Bayshore shall issue and deliver (or, if the Common Shares are uncertificated, record on the books of Bayshore) a new, duly executed certificate or duly executed certificates to

Kenmare evidencing that number of Common Shares issued to Kenmare pursuant to such Drawdown. The parties acknowledge that upon the issuance of the Enstar Shares as the stock component of the Torus purchase price pursuant to the Torus Purchase Agreement, Bayshore will issue and deliver (or if the Common Shares are uncertificated, record on the books of Bayshore) a new, duly executed certificate or duly executed certificates to Kenmare evidencing that number of Common Shares such that following such issuance, and the issuances associated with the cash investments by Trident and Kenmare, Kenmare shall own 60% of Bayshore's outstanding Common Shares and Trident shall own 40% of such outstanding Common Shares.

(c) Bayshore may require a Drawdown only in connection with the consummation of the transactions contemplated by the Torus Purchase Agreement. In no event shall the sum of the portion of all Drawdowns funded by Kenmare in accordance with this Agreement exceed Kenmare's Total Cash Subscription Commitment.

(d) Kenmare's obligation to purchase Common Shares and its obligation to fund all or any portion of its unfunded Total Cash Subscription Commitment shall expire on the earliest of (i) the written agreement of each of Kenmare and Trident; and (ii) the valid termination of the Torus Purchase Agreement in accordance with its terms and with no liability to Enstar or its Affiliates thereunder. Upon expiration of Kenmare's obligations, this Agreement shall terminate and Kenmare shall not have any further obligations or liabilities hereunder.

(e) The closing of the issuance, sale and purchase by Kenmare of the Common Shares in each Drawdown shall take place at the offices of Bayshore, or remotely via the electronic or other exchange of documents and signature pages, contemporaneously with the closing of the issuance, sale and purchase by Trident of the Common Shares in each Drawdown, or at such other place or such other date as agreed to by the parties hereto.

3. Conditions to the Purchase of Common Shares. The obligation of Kenmare to fund its Cash Pro Rata Percentage of any Drawdown is subject to the satisfaction or waiver (if permitted by applicable law, rule, regulation or order) on or prior to the applicable Drawdown Date of the following conditions:

(a) Bayshore shall be in good standing.

(b) Each of the closing conditions set forth in the Torus Purchase Agreement shall have been satisfied or waived in accordance with the terms of the Torus Purchase Agreement and Section 2.1 of the Investors Agreement.

(c) The representations and warranties of Bayshore made in Paragraph 6 hereof shall be true and correct in all material respects as of the applicable Drawdown Date, except where the failure to be true and correct arises from the identity or the legal or regulatory status of Kenmare.

(d) None of Bayshore or any material subsidiary of Bayshore shall have: (i) commenced a voluntary case or other proceeding or filed any petition seeking liquidation, reorganization or other similar relief under any bankruptcy, reorganization, insolvency, dissolution, liquidation or other similar law now or hereafter in effect or sought the appointment of a custodian, trustee, receiver, liquidator or other similar official of Bayshore or any material subsidiary or any substantial part of Bayshore's or any material subsidiary's property; (ii) consented to the institution of, or failed to contest in a prompt manner, any proceeding or petition described in clause (i) above; (iii) applied for or consented to the appointment of a custodian, trustee, receiver, conservator, liquidator or other similar official for Bayshore or for any material subsidiary or for a substantial part of Bayshore's or any material subsidiary's assets; (iv) filed an answer admitting the material allegations of a petition filed against Bayshore or any material subsidiary in any such proceeding; (v) made a general assignment for the benefit of Bayshore's or any material subsidiary's creditors as a result of a bankruptcy, reorganization, insolvency, dissolution, liquidation or similar event; (vi) adopted any resolution of the Board of Directors of Bayshore or any resolution of the board of directors (or comparable governing body) of any material subsidiary for the primary purpose of effecting any of the foregoing; or (vii) admitted in writing generally its inability to pay its debts as they come due. No involuntary proceeding (which remains undismissed) shall have been commenced and no involuntary petition (which remains undismissed) shall have been filed seeking or resulting in: (y) liquidation, reorganization or other similar relief in respect of Bayshore or any material subsidiary of Bayshore or any of Bayshore's or any material subsidiary's debts, or any substantial part of Bayshore's or any subsidiary's assets, under any bankruptcy, reorganization, insolvency, dissolution, liquidation or other similar law now or hereafter in effect; or (z) the appointment of a custodian, trustee, receiver, conservator, liquidator or other similar official for Bayshore or for any material subsidiary or a substantial part of Bayshore's or any material subsidiary's assets, and in each such case, such proceeding or appointment shall remain undismissed as of the applicable Drawdown Date. No order, judgment or decree adjudicating Bayshore or any subsidiary of Bayshore bankrupt or insolvent shall have been entered and no order for relief under any bankruptcy, reorganization, insolvency, dissolution, liquidation or other similar law now or hereafter in effect shall have been entered against Bayshore or any material subsidiary and shall be in effect and not dismissed as of the applicable Drawdown Date.

(e) The purchase, sale and issuance of Common Shares to Kenmare on the applicable Drawdown Date (i) shall not be prohibited by any applicable law, rule, regulation or order, and (ii) Kenmare shall have obtained all necessary regulatory approvals applicable to it to permit the purchase of the Common Shares and Kenmare direct or indirect ownership of equity interests of each of Bayshore and Torus Insurance Holdings Limited, and all applicable waiting periods with respect thereto shall have expired or been terminated.

(f) Bayshore and Trident shall be in compliance with all of their respective covenants and agreements under the Trident Subscription Letter, and Trident shall be in compliance with its covenants and agreements under the Investors Agreement, in each case, in all material respects.

4. Assignment. The rights and obligations of the parties hereunder shall not be assigned by Bayshore or Kenmare without the prior written consent of Kenmare and Trident; provided that, Kenmare may assign its rights and obligations under this Agreement to one or more of its Affiliates if such assignment will not disrupt, interfere with or otherwise delay the receipt of any governmental approval required to be obtained in connection with the consummation of the transactions contemplated by the Torus Purchase Agreement ("Permitted Assigns"); provided, further, that no such assignment shall relieve the assigning party of its obligations hereunder.

5. Limited Recourse; Enforcement.

(a) Notwithstanding anything that may be expressed or implied in this Agreement, each party hereto, by its acceptance of the benefits hereof, covenants, agrees and acknowledges that, notwithstanding that any such party may be a partnership, no recourse hereunder or any documents or instruments delivered in connection herewith shall be had against any former, current or future officer, agent or employee of any such party or any director, officer, employee, partner, Affiliate or assignee thereof, whether by or through piercing of the corporate veil, whether by the enforcement of any assessment or by any legal or equitable proceedings, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on, or otherwise be incurred by any such affiliated Person, as such for any obligations of a party under this Agreement or the transactions contemplated hereby, under any documents or instruments delivered in connection herewith, in respect of any oral representation made or alleged to be made in connection herewith or therewith, or for any claim based on, in respect of, or by reason of, such obligations or their creation.

(b) Notwithstanding anything that may be expressed or implied in this Agreement or any document or instrument delivered contemporaneously herewith, Bayshore, by its acceptance of the benefits of the commitment provided herein, covenants, agrees and acknowledges that no Person other than Kenmare and their respective permitted assigns hereunder shall have any obligation hereunder or in connection with the transactions contemplated hereby and that, notwithstanding that Kenmare or any of its permitted assigns may be a partnership or limited liability company, Bayshore has no rights of recovery against, and no recourse hereunder or under any documents or instruments delivered in connection herewith or in respect of any oral representations made or alleged to be made in connection herewith or therewith shall be had against, any former, current or future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, attorneys or other representatives of Kenmare, or any of their successors or assigns, or any former, current or future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, attorneys or other representatives or successors or assignees of any of the foregoing (but not including Kenmare and its permitted assigns hereunder, each, an "Investor Related Party" and collectively, the "Investor Related Parties"),

through Bayshore or otherwise, whether by or through attempted piercing of the corporate veil, by or through a claim (whether at law or equity or in tort, contract or otherwise) by or on behalf of Bayshore against any Investor Related Party, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any applicable law, or otherwise, it being agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Investor Related Party for any obligations of Kenmare of any of its successors or permitted assigns under this Agreement or any documents or instrument delivered in connection herewith or in respect of any oral representations made or alleged to be made in connection herewith or therewith or for any claim (whether at law or equity or in tort, contract or otherwise) based on, in respect of, or by reason of such obligations or their creation.

(c) This Agreement may only be enforced by Bayshore, Veranda Holdings Ltd., a wholly owned subsidiary of Bayshore ("Veranda"), Trident and Enstar. Without limiting the foregoing, none of Bayshore's equityholders (other than Trident as a direct equityholder and Enstar as an indirect equityholder), creditors or counterparties or any creditors or counterparties of any subsidiary of Bayshore shall have any right to enforce this Agreement or to cause Bayshore to enforce this Agreement.

6. Representations and Warranties of Bayshore. Bayshore hereby represents and warrants to Kenmare as of the date hereof and as of each Drawdown Date, that:

(a) (i) Bayshore is duly organized, validly existing and in good standing under the laws of Bermuda. As of the date hereof and prior to funding pursuant to the initial Drawdown, Bayshore's net assets are US$10,000 in cash. (ii) Bayshore has the requisite company power to execute, deliver and perform its obligations under this Agreement, the Trident Subscription Letter and the Shareholders' Agreement and has taken all necessary action to authorize such execution, delivery and performance. This Agreement and the Trident Subscription Letter have been duly executed and delivered by Bayshore and, assuming due authorization, execution and delivery of each such agreement by Trident and Kenmare (as appropriate), each such agreement constitutes a valid and binding agreement of Bayshore enforceable against Bayshore in accordance with its terms, except to the extent that such enforcement may be subject to (x) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and (y) general equitable principles (whether considered in a proceeding in equity or at law). (iii) Except as have already been made or obtained or as may be required prior to the closing for the applicable Drawdown Date, no notices, reports or other filings are required to be made by Bayshore with, nor are any consents, registrations, approvals, permits, orders, licenses or authorizations required to be obtained by it from, any governmental authority or any other Person in connection with the execution, delivery and performance by it of this Agreement, the Trident Subscription Letter and the Shareholders' Agreement and the consummation by it of the transactions contemplated hereby and thereby. (iv) The execution, delivery and performance by Bayshore of this Agreement, the Trident Subscription Letter and the Shareholders' Agreement do not and will not, and the consummation by Bayshore of the transactions contemplated by this

Agreement, the Trident Subscription Letter and the Shareholders' Agreement will not, with or without the giving of notice, the lapse of time, or both, (x) violate or conflict with Bayshore's organizational documents; (y) violate or conflict in any material respects with any applicable law with respect to Bayshore; or (z) breach or result in a default under, permit the termination of, or permit the acceleration of the performance required by, any contract of Bayshore, except, in the case of this clause (z), such instances as would not have a material adverse effect on Bayshore's assets, financial condition, results from operations or business.

(b) Once issued to Kenmare as provided in this Agreement, the Common Shares (i) will have been duly authorized and validly issued; (ii) will be fully paid and nonassessable; and (iii) in reliance upon Kenmare's representations, warranties and acknowledgments set forth in Paragraph 7 hereof, will have been issued in compliance with all applicable laws concerning the issuance of securities or exemptions thereunder; provided, however, that the Common Shares may be subject to restrictions on transfer as set forth in the Shareholders' Agreement or as otherwise required by applicable law at the time such transfer is proposed.

(c) As of the date hereof, except for the commitments to sell Common Shares pursuant to the Trident Subscription Letter, or as described in the Shareholders' Agreement, no shares of capital stock of Bayshore are subject to any preemptive rights, resale rights, rights of first refusal or similar rights.

(d) As of the date hereof, (i) Bayshore is party to no contracts or side letters, other than the Torus Purchase Agreement, the Trident Subscription Letter and the Shareholders' Agreement and any ancillary agreements referred to therein and (ii) each of this Agreement and the Trident Subscription Letter is identical, except that the Cash Pro Rata Percentages, the Total Cash Subscription Commitments and the Overall Pro Rata Percentages shall vary by investor and with other changes necessary to reflect the identities of the applicable investor.

(e) As of the date hereof and the date of the initial Drawdown, Bayshore has not engaged in any business activities or conducted any operations other than in connection with the transactions contemplated hereby and under the Investors Agreement, the Trident Subscription Letter, the Shareholders' Agreement and the Torus Purchase Agreement. As of the date hereof, Bayshore has no subsidiaries other than Veranda and no obligations other than the obligations set forth in the Torus Purchase Agreement, this Agreement, the Investors Agreement, the Trident Subscription Letter and the Shareholders' Agreement.

(f) The foregoing representations and warranties (i) are, with the exception of clause (a)(iii) of this Paragraph 6 to the extent that any required notices, reports or other filings or any required consents, registrations, approvals, permits, orders, licenses or authorizations remain to be made or obtained prior to the closing of a Drawdown, true and accurate as of the date hereof; (ii) shall be true and accurate as of the date of the closing for the initial Drawdown as if made at and as of such date; and (iii) shall be true and accurate in all

material respects as of each other Drawdown Date as if made at and as of such date (except to the extent that any such representation and warranty speaks expressly as of an earlier date, in which case such representation and warranty shall be true and accurate as of such earlier date). If any such representation or warranty shall not be so true and accurate in any respect or in any material respect, as applicable, prior to or as of the applicable Drawdown Date, Bayshore shall give written notice of such fact to Kenmare, specifying which representations and warranties are not so true and accurate and the reasons therefor.

7. Representations and Warranties of Kenmare. Kenmare hereby represents and warrants to Bayshore as of the date hereof and as of each Drawdown Date, that:

(a) (i) It is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization or incorporation. (ii) It has the requisite corporate, limited liability company, partnership or other power and authority to enter into this Agreement and the Shareholders' Agreement and to perform its obligations hereunder and thereunder. The execution and delivery of each of this Agreement and the Shareholders' Agreement and the performance and consummation of the transactions to which Kenmare is a party contemplated hereby and thereby have been duly authorized by all requisite corporate, limited liability company, partnership or other action on the part of Kenmare and no other corporate, limited liability company or other proceedings on the part of Kenmare are necessary to authorize the execution and delivery of this Agreement and the Shareholders' Agreement or to consummate and perform the transactions to which Kenmare is a party contemplated hereby and thereby. This Agreement has been duly executed and delivered by Kenmare and, assuming due authorization, execution and delivery of this Agreement by Bayshore, constitutes a valid and binding agreement of Kenmare enforceable against Kenmare in accordance with its terms, except to the extent that such enforcement may be subject to (x) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and (y) general equitable principles (whether considered in a proceeding in equity or at law). (iii) The execution and delivery by Kenmare of this Agreement and the Shareholders' Agreement does not, and the consummation by Kenmare of the transactions to which it is a party contemplated hereby and thereby and compliance by Kenmare with any of the provisions hereof and thereof will not conflict with or result in any violation or breach of, or default (with or without notice or lapse of time, or both) under, (x) its organizational documents; (y) any material agreement to which Kenmare or any of its subsidiaries is a party or any of its or their respective properties or assets is subject; or (z) any law, rule, regulation or order applicable to Kenmare or any of its subsidiaries, in any manner that would prevent Kenmare from entering into this Agreement or the Shareholders' Agreement or from consummating the transactions contemplated hereby and thereby. (iv) No material consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with any governmental authority on the part of Kenmare is required in connection with the performance and consummation of the transactions contemplated by this Agreement, except any consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing that has been previously obtained or made and is in effect or that may be properly obtained or made after the date hereof.

(b) Kenmare has, or its Affiliates have, such knowledge, sophistication and experience in financial and business matters that Kenmare is capable of evaluating the nature and merits of, and risks attending, investments in Common Shares, and has, to the extent Kenmare believes such discussion necessary, discussed with professional legal, tax and financial advisers the suitability of an investment in Common Shares, and has determined that an investment in Common Shares is consistent with Kenmare's investment objectives. Kenmare understands and acknowledges that Bayshore has a very limited financial and operating history. Kenmare is aware that an investment in Bayshore is highly speculative and subject to substantial risks. Kenmare is capable of bearing the high degree of economic risk and burdens of this investment, including, but not limited to, the possibility of a complete loss of Kenmare's investment in Common Shares and the lack of a public market and limited transferability of Common Shares, which may make the liquidation of this investment impossible for an indefinite period of time.

(c) Kenmare is not acquiring, or committing to acquire, Common Shares based upon any representation, oral or written, by any Person with respect to Bayshore, other than those contained in this Agreement, the Investors Agreement and the Shareholders' Agreement, but rather upon an independent examination and judgment as to the prospects of Bayshore. The Common Shares are being acquired solely for Kenmare's own account, for investment, and are not being purchased with a view to or for the resale, distribution, subdivision or fractionalization thereof; Kenmare has not entered into, and has no plans to enter into, any such contract, undertaking, agreement or arrangement; and, except as may be set forth in the Shareholders' Agreement, Kenmare has not entered into, and has no plans to enter into, any agreement to compel disposition of Common Shares.

8. Headings; Counterparts. The Paragraph headings contained in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement or affect in any way the meaning or interpretation of this Agreement. This Agreement may be executed in any number of counterparts, all of which will be one and the same agreement.

9. Entire Agreement. This Agreement, together with the Investors Agreement and the Exhibits thereto, constitutes the entire agreement, and supersedes all prior agreements, understandings and statements, both written and oral, among the parties or any of their Affiliates with respect to the subject matter contained herein.

10. Severability. The provisions of this Agreement are severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions of this Agreement. If any provision of this Agreement, or the application of that provision to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision will be substituted for that provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of the invalid or unenforceable provision and

(b) the remainder of this Agreement and the application of that provision to any Person or circumstance will not be affected by such invalidity or unenforceability, nor will such invalidity or unenforceability affect the validity or enforceability of that provision, or the application of that provision, in any other jurisdiction.

11. Governing Law; Waiver of Jury Trial.

(a) THIS AGREEMENT AND ALL CLAIMS OR CAUSES OF ACTION (WHETHER AT LAW, IN CONTRACT, IN TORT OR OTHERWISE) THAT MAY BE BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE HEREOF, SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF. The parties hereby irrevocably submit to the personal jurisdiction of the courts of the State of New York and the United States District Court for the Southern District of New York (the "Chosen Courts") solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, or the negotiation, execution or performance hereof, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in the Chosen Courts or that the Chosen Courts are an inconvenient forum or that the venue thereof may not be appropriate, or that this Agreement or any such document may not be enforced in or by such Chosen Courts, and the parties hereto irrevocably agree that all claims, actions, suits and proceedings or other causes of action (whether at law, in contract, in tort or otherwise) that may be based upon, arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, or the negotiation, execution or performance hereof shall be heard and determined exclusively in the Chosen Courts. The parties hereby consent to and grant any such Chosen Court jurisdiction over the person of such parties and, to the extent permitted by law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding to the address set forth in Paragraph 14 shall be valid, effective and sufficient service thereof.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO

REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF SUCH ACTION, SUIT OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS PARAGRAPH 11.

12. No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto, Trident, Enstar, Veranda and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any Person other than Bayshore, Trident, Enstar, Veranda, Kenmare and their respective successors and permitted assigns, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

13. Amendments and Waivers. This Agreement may be amended or modified and the provisions hereof may be waived, only by an agreement in writing signed by each of Bayshore and Kenmare and with the prior written consent of Trident. No waiver by any of the parties of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. No waiver by any of the parties of any of the provisions hereof shall be effective unless explicitly set forth in writing and executed by the party sought to be charged with such waiver.

14. Notice. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent by facsimile or other electronic delivery or sent, postage prepaid, by registered, certified or express mail or overnight courier service, as follows:

if to Bayshore:

c/o Enstar Group Limited
Windsor Place, 3rd Floor
22 Queen Street
Hamilton, Bermuda HM JX
Attn: Richard J. Harris
Facsimile: 441-296-7319

if to Kenmare:

c/o Enstar Group Limited
Windsor Place, 3rd Floor
22 Queen Street

Hamilton, Bermuda HM JX
Attn: Richard J. Harris
Facsimile: 441-296-7319

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day.

[*Signature page follows*]

Very truly yours,

KENMARE HOLDINGS LTD.

By: /s/ Adrian Kimberley
Name: Adrian Kimberley
Title: Director

Accepted and acknowledged:

BAYSHORE HOLDINGS LIMITED

By: /s/ Richard J. Harris
Name: Richard J. Harris
Title: Director

Schedule A

Trident	Cash Pro Rata Percentage	Total Cash Subscription Commitment[1]	Overall Pro Rata Percentage
Trident V, L.P.	45.51384%	$ 159,753,590.48	22.92017%
Trident V Parallel Fund, L.P.	31.91946%	$ 112,037,310.61	16.07422%
Trident V Professionals Fund, L.P.	1.99690%	$ 7,009,098.91	1.00561%
TOTAL	79.43020%	$ 278,800,000.00	40.00000%

Kenmare	Cash Pro Rata Percentage	Total Cash Subscription Commitment	Overall Pro Rata Percentage
Kenmare Holdings Ltd	20.56980%	$ 72,200,000.00	60.00000%[2]

[1] The Total Cash Subscription Amount will equal the Cash Pro Rata Percentage of the cash portion of the Torus purchase price ($692.0 million total, $346.0 million cash), with no reduction for debt, plus transaction expenses (estimated at $5.0 million).

[2] The Overall Pro Rata Percentages reflect the issuance of the Enstar Shares by Enstar, Kenmare's indirect sole owner, under the Torus Purchase agreement in satisfaction of the equity portion of the Torus purchase price.

Exhibit 10.7

July 8, 2013

Bayshore Holdings Limited
c/o Enstar Group Limited
Windsor Place, 3rd Floor
22 Queen Street
Hamilton, Bermuda HM JX

Re: Commitment to Purchase Common Shares (Torus)

Ladies and Gentlemen:

Reference is made to the Investors Agreement (the "Investors Agreement"), dated as of July 8, 2013, by and among ENSTAR GROUP LIMITED ("Enstar"), KENMARE HOLDINGS LTD ("Kenmare"), TRIDENT V, L.P., TRIDENT V PARALLEL FUND, L.P. and TRIDENT V PROFESSIONALS FUND, L.P. (each an "Investor" and collectively, "Trident") and the Torus Purchase Agreement (as defined in the Investors Agreement). Capitalized terms used and not defined herein but defined in the Investors Agreement shall have the meanings ascribed to them in the Investors Agreement.

This letter agreement (this "Agreement") sets forth the commitment of the undersigned Investors with respect to the proposed issuance and sale by Bayshore Holdings Limited ("Bayshore"), and the proposed purchase by the undersigned Investors (and/or one or more of their Permitted Assigns), of common shares in the capital of Bayshore designated as Common Shares (the "Common Shares") at such times as set forth herein. Contemporaneously herewith, Kenmare is delivering to Bayshore a letter agreement in substantially the form of this Agreement (the "Kenmare Subscription Letter"), pursuant to which Kenmare is committing to purchase Common Shares concurrent with purchases of Common Shares by the Investors. Immediately following the execution of this Agreement and the Kenmare Subscription Agreement, Enstar will execute and deliver the Torus Purchase Agreement pursuant to which it will be obligated to deliver Series B Convertible Participatory Non-Voting Perpetual Preferred Stock and ordinary voting shares (collectively, the "Enstar Shares") in connection with the closing of the transaction contemplated by the Torus Purchase Agreement. Bayshore and Trident hereby acknowledge that such shares delivered by Enstar shall be deemed to be part of Kenmare's capital contribution to Bayshore for purposes of the capitalization of Bayshore by Kenmare and Trident.

1. Commitment. Each Investor hereby commits, subject to the terms and conditions set forth herein, including (without limitation) those set forth in Paragraph 2(c) and Paragraph 3 hereof, that it shall purchase, or shall cause its Permitted Assigns to purchase, Common Shares for an aggregate amount equal to such Investor's Total Cash Subscription Commitment set forth on Schedule A hereto (the "Total Cash Subscription Commitment"), for the purposes of funding a portion of the purchase price pursuant to and in accordance with the Torus Purchase Agreement, together with related expenses. Each Investor shall promptly use its

reasonable best efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all governmental authorities that may be or become necessary for the performance of its obligations pursuant to this Agreement or the consummation of the transactions contemplated by the Torus Purchase Agreement. Each Investor shall cooperate fully with each other, Enstar, Kenmare and Bayshore and their Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals. No Investor shall willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

2. Drawdowns.

(a) At any time and from time to time following the date hereof and subject to the terms and conditions set forth herein, including (without limitation) those set forth in Paragraph 2(c) and Paragraph 3 hereof, Bayshore may require each of the Investors to purchase Common Shares (each such purchase, a "Drawdown"), at a purchase price of US$1,000 per share (as such price may be adjusted for any stock splits, subdivisions, combinations, recapitalizations and the like, including any of the foregoing effected by means of a merger or similar transaction) in satisfaction of part or all of the unpaid portion of the Investor's Total Cash Subscription Commitment. With respect to any Drawdown, Bayshore shall cause the amount of each Investor's and Kenmare's portion of the Drawdown to be an amount equal to such Investor's or Kenmare's Cash Pro Rata Percentage (as set forth on Schedule A attached hereto) multiplied by the aggregate amount of the Drawdown. Bayshore shall exercise its rights pursuant to this Paragraph 2 by delivering to each Investor a written notice (a "Drawdown Notice") no later than three (3) Business Days (as defined below) preceding the closing date of the Drawdown (the "Drawdown Date") (provided that Bayshore shall use its reasonable best efforts to deliver to each Investor any such Drawdown Notice as early as possible and to keep the Investors informed of the status of the closing conditions under the Torus Purchase Agreement so as to allow the Investors sufficient time to call capital from their partners in advance of the Drawdown Date). The Drawdown Notice shall make reference to such Investor's obligations hereunder and shall set forth: (i) the number of Common Shares required to be purchased by the Investor; (ii) the terms and conditions of the purchase (which shall not alter the terms and conditions set forth in this Agreement), including the aggregate number of Common Shares to be purchased by the Investors and Kenmare; (iii) wire transfer instructions; and (iv) the Drawdown Date. The Drawdown Notice shall be delivered to each Investor in the manner provided in Paragraph 14 hereof.

(b) After receipt of a Drawdown Notice pursuant to Paragraph 2(a), each Investor shall purchase on the Drawdown Date, at a purchase price of US$1,000 per share (as such price may be adjusted for any stock splits, subdivisions, combinations, recapitalizations and the like, including any of the foregoing effected by means of a merger or similar transaction), that number of Common Shares as is stated in the Drawdown Notice delivered to such Investor. Subject to the terms and conditions of this Agreement, and in reliance upon the representations and warranties contained herein, each Investor shall deliver to Bayshore

consideration for such Drawdown no later than 11:00 a.m. Eastern time on the Drawdown Date by wire transfer of immediately available funds to the account designated by Bayshore in accordance with the wire transfer instructions set forth in the Drawdown Notice relating to such Drawdown. On the Drawdown Date, upon the receipt by Bayshore of the Investor's full consideration for such Drawdown, Bayshore shall issue and deliver (or, if the Common Shares are uncertificated, record on the books of Bayshore) a new, duly executed certificate or duly executed certificates to the Investor evidencing that number of Common Shares issued to the Investor pursuant to such Drawdown.

(c) Bayshore may require a Drawdown only in connection with the consummation of the transactions contemplated by the Torus Purchase Agreement. In no event shall the sum of the portion of all Drawdowns funded by any Investor in accordance with this Agreement exceed the Investor's Total Cash Subscription Commitment.

(d) The Investors' obligations to purchase Common Shares and their obligations to fund all or any portion of their unfunded Total Cash Subscription Commitments shall expire on the earliest of (i) the written agreement of each of Kenmare and Trident; and (ii) the valid termination of the Torus Purchase Agreement in accordance with its terms and with no liability to Enstar or its Affiliates thereunder. Upon expiration of the Investors' obligations, this Agreement shall terminate and the Investors shall not have any further obligations or liabilities hereunder.

(e) The closing of the issuance, sale and purchase by the Investors of the Common Shares in each Drawdown shall take place at the offices of Bayshore, or remotely via the electronic or other exchange of documents and signature pages, contemporaneously with the closing of the issuance, sale and purchase by Kenmare of the Common Shares in each Drawdown, or at such other place or such other date as agreed to by the parties hereto.

3. Conditions to the Purchase of Common Shares. The obligation of the Investors to fund their Cash Pro Rata Percentage of any Drawdown is subject to the satisfaction or waiver (if permitted by applicable law, rule, regulation or order) on or prior to the applicable Drawdown Date of the following conditions:

(a) Bayshore shall be in good standing.

(b) Each of the closing conditions set forth in the Torus Purchase Agreement shall have been satisfied or waived in accordance with the terms of the Torus Purchase Agreement and Section 2.1 of the Investors Agreement.

(c) The representations and warranties of Bayshore made in Paragraph 6 hereof shall be true and correct in all material respects as of the applicable Drawdown Date, except where the failure to be true and correct arises from the identity or the legal or regulatory status of the Investor.

(d) None of Bayshore or any material subsidiary of Bayshore shall have: (i) commenced a voluntary case or other proceeding or filed any petition seeking liquidation, reorganization or other similar relief under any bankruptcy, reorganization, insolvency, dissolution, liquidation or other similar law now or hereafter in effect or sought the appointment of a custodian, trustee, receiver, liquidator or other similar official of Bayshore or any material subsidiary or any substantial part of Bayshore's or any material subsidiary's property; (ii) consented to the institution of, or failed to contest in a prompt manner, any proceeding or petition described in clause (i) above; (iii) applied for or consented to the appointment of a custodian, trustee, receiver, conservator, liquidator or other similar official for Bayshore or for any material subsidiary or for a substantial part of Bayshore's or any material subsidiary's assets; (iv) filed an answer admitting the material allegations of a petition filed against Bayshore or any material subsidiary in any such proceeding; (v) made a general assignment for the benefit of Bayshore's or any material subsidiary's creditors as a result of a bankruptcy, reorganization, insolvency, dissolution, liquidation or similar event; (vi) adopted any resolution of the Board of Directors of Bayshore or any resolution of the board of directors (or comparable governing body) of any material subsidiary for the primary purpose of effecting any of the foregoing; or (vii) admitted in writing generally its inability to pay its debts as they come due. No involuntary proceeding (which remains undismissed) shall have been commenced and no involuntary petition (which remains undismissed) shall have been filed seeking or resulting in: (y) liquidation, reorganization or other similar relief in respect of Bayshore or any material subsidiary of Bayshore or any of Bayshore's or any material subsidiary's debts, or any substantial part of Bayshore's or any subsidiary's assets, under any bankruptcy, reorganization, insolvency, dissolution, liquidation or other similar law now or hereafter in effect; or (z) the appointment of a custodian, trustee, receiver, conservator, liquidator or other similar official for Bayshore or for any material subsidiary or a substantial part of Bayshore's or any material subsidiary's assets, and in each such case, such proceeding or appointment shall remain undismissed as of the applicable Drawdown Date. No order, judgment or decree adjudicating Bayshore or any subsidiary of Bayshore bankrupt or insolvent shall have been entered and no order for relief under any bankruptcy, reorganization, insolvency, dissolution, liquidation or other similar law now or hereafter in effect shall have been entered against Bayshore or any material subsidiary and shall be in effect and not dismissed as of the applicable Drawdown Date.

(e) The purchase, sale and issuance of Common Shares to the Investors on the applicable Drawdown Date (i) shall not be prohibited by any applicable law, rule, regulation or order, and (ii) each Investor shall have obtained all necessary regulatory approvals applicable to it to permit the purchase of the Common Shares and such Investor's direct or indirect ownership of equity interests of each of Bayshore and Torus Insurance Holdings Limited, and all applicable waiting periods with respect thereto shall have expired or been terminated.

(f) Bayshore and Kenmare shall be in compliance with all of their respective covenants and agreements under the Kenmare Subscription Letter, and Kenmare shall be in compliance with its covenants and agreements under the Investors Agreement, in each case, in all material respects.

4. Assignment. The rights and obligations of the parties hereunder shall not be assigned by Bayshore or the Investors without the prior written consent of Kenmare and Trident; provided that, an Investor may assign its rights and obligations under this Agreement to one or more of its Affiliates if such assignment will not disrupt, interfere with or otherwise delay the receipt of any governmental approval required to be obtained in connection with the consummation of the transactions contemplated by the Torus Purchase Agreement ("Permitted Assigns"); provided, further, that no such assignment shall relieve the assigning party of its obligations hereunder.

5. Limited Recourse; Enforcement.

(a) Notwithstanding anything that may be expressed or implied in this Agreement, each party hereto, by its acceptance of the benefits hereof, covenants, agrees and acknowledges that, notwithstanding that any such party may be a partnership, no recourse hereunder or any documents or instruments delivered in connection herewith shall be had against any former, current or future officer, agent or employee of any such party or any director, officer, employee, partner, Affiliate or assignee thereof, whether by or through piercing of the corporate veil, whether by the enforcement of any assessment or by any legal or equitable proceedings, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on, or otherwise be incurred by any such affiliated Person, as such for any obligations of a party under this Agreement or the transactions contemplated hereby, under any documents or instruments delivered in connection herewith, in respect of any oral representation made or alleged to be made in connection herewith or therewith, or for any claim based on, in respect of, or by reason of, such obligations or their creation.

(b) Notwithstanding anything that may be expressed or implied in this Agreement or any document or instrument delivered contemporaneously herewith, Bayshore, by its acceptance of the benefits of the commitments provided herein, covenants, agrees and acknowledges that no Person other than the Investors and their respective permitted assigns hereunder shall have any obligation hereunder or in connection with the transactions contemplated hereby and that, notwithstanding that the Investors or any of their respective permitted assigns may be a partnership or limited liability company, Bayshore has no rights of recovery against, and no recourse hereunder or under any documents or instruments delivered in connection herewith or in respect of any oral representations made or alleged to be made in connection herewith or therewith shall be had against, any former, current or future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, attorneys or other representatives of any Investor, or any of their successors or assigns, or any former, current or future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, attorneys or other representatives or

successors or assignees of any of the foregoing (but not including the Investors or their respective permitted assigns hereunder, each, an "Investor Related Party" and collectively, the "Investor Related Parties"), through Bayshore or otherwise, whether by or through attempted piercing of the corporate veil, by or through a claim (whether at law or equity or in tort, contract or otherwise) by or on behalf of Bayshore against any Investor Related Party, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any applicable law, or otherwise, it being agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Investor Related Party for any obligations of the Investors or any of their successors or permitted assigns under this Agreement or any documents or instrument delivered in connection herewith or in respect of any oral representations made or alleged to be made in connection herewith or therewith or for any claim (whether at law or equity or in tort, contract or otherwise) based on, in respect of, or by reason of such obligations or their creation.

(c) This Agreement may only be enforced by Bayshore, Veranda Holdings Ltd., a wholly owned subsidiary of Bayshore ("Veranda") Kenmare and Enstar. Without limiting the foregoing, none of Bayshore's equityholders (other than Kenmare as a direct equityholder and Enstar as an indirect equityholder), creditors or counterparties or any creditors or counterparties of any subsidiary of Bayshore shall have any right to enforce this Agreement or to cause Bayshore to enforce this Agreement.

6. Representations and Warranties of Bayshore. Bayshore hereby represents and warrants to the Investors as of the date hereof and as of each Drawdown Date, that:

(a) (i) Bayshore is duly organized, validly existing and in good standing under the laws of Bermuda. As of the date hereof and prior to funding pursuant to the initial Drawdown, Bayshore's net assets are US$10,000 in cash. (ii) Bayshore has the requisite company power to execute, deliver and perform its obligations under this Agreement, the Kenmare Subscription Letter and the Shareholders' Agreement and has taken all necessary action to authorize such execution, delivery and performance. This Agreement and the Kenmare Subscription Letter have been duly executed and delivered by Bayshore and, assuming due authorization, execution and delivery of each such agreement by the Investors and Kenmare (as appropriate), each such agreement constitutes a valid and binding agreement of Bayshore enforceable against Bayshore in accordance with its terms, except to the extent that such enforcement may be subject to (x) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and (y) general equitable principles (whether considered in a proceeding in equity or at law). (iii) Except as have already been made or obtained or as may be required prior to the closing for the applicable Drawdown Date, no notices, reports or other filings are required to be made by Bayshore with, nor are any consents, registrations, approvals, permits, orders, licenses or authorizations required to be obtained by it from, any governmental authority or any other Person in connection with the execution, delivery and performance by it of this Agreement, the Kenmare Subscription Letter and the Shareholders' Agreement and the consummation by it of

the transactions contemplated hereby and thereby. (iv) The execution, delivery and performance by Bayshore of this Agreement, the Kenmare Subscription Letter and the Shareholders' Agreement do not and will not, and the consummation by Bayshore of the transactions contemplated by this Agreement, the Kenmare Subscription Letter and the Shareholders' Agreement will not, with or without the giving of notice, the lapse of time, or both, (x) violate or conflict with Bayshore's organizational documents; (y) violate or conflict in any material respects with any applicable law with respect to Bayshore; or (z) breach or result in a default under, permit the termination of, or permit the acceleration of the performance required by, any contract of Bayshore, except, in the case of this clause (z), such instances as would not have a material adverse effect on Bayshore's assets, financial condition, results from operations or business.

(b) Once issued to the Investors as provided in this Agreement, the Common Shares (i) will have been duly authorized and validly issued; (ii) will be fully paid and nonassessable; and (iii) in reliance upon the Investors' representations, warranties and acknowledgments set forth in Paragraph 7 hereof, will have been issued in compliance with all applicable laws concerning the issuance of securities or exemptions thereunder; provided, however, that the Common Shares may be subject to restrictions on transfer as set forth in the Shareholders' Agreement or as otherwise required by applicable law at the time such transfer is proposed.

(c) As of the date hereof, except for the commitments to sell Common Shares pursuant to the Kenmare Subscription Letter, or as described in the Shareholders' Agreement, no shares of capital stock of Bayshore are subject to any preemptive rights, resale rights, rights of first refusal or similar rights.

(d) As of the date hereof, (i) Bayshore is party to no contracts or side letters, other than the Torus Purchase Agreement, the Kenmare Subscription Letter and the Shareholders' Agreement and any ancillary agreements referred to therein and (ii) each of this Agreement and the Kenmare Subscription Letter is identical, except that the Cash Pro Rata Percentages, the Total Cash Subscription Commitments and the Overall Pro Rata Percentages shall vary by investor and with other changes necessary to reflect the identities of the applicable investor.

(e) As of the date hereof and the date of the initial Drawdown, Bayshore has not engaged in any business activities or conducted any operations other than in connection with the transactions contemplated hereby and under the Investors Agreement, the Kenmare Subscription Letter, the Shareholders' Agreement and the Torus Purchase Agreement. As of the date hereof, Bayshore has no subsidiaries other than Veranda and no obligations other than the obligations set forth in the Torus Purchase Agreement, this Agreement, the Investors Agreement, the Kenmare Subscription Letter and the Shareholders' Agreement.

(f) The foregoing representations and warranties (i) are, with the exception of clause (a)(iii) of this Paragraph 6 to the extent that any required notices, reports or other filings or any required consents, registrations, approvals, permits, orders, licenses or authorizations remain to be made or obtained prior to the closing of a Drawdown, true and accurate as of the date hereof; (ii) shall be true and accurate as of the date of the closing for the initial Drawdown as if made at and as of such date; and (iii) shall be true and accurate in all material respects as of each other Drawdown Date as if made at and as of such date (except to the extent that any such representation and warranty speaks expressly as of an earlier date, in which case such representation and warranty shall be true and accurate as of such earlier date). If any such representation or warranty shall not be so true and accurate in any respect or in any material respect, as applicable, prior to or as of the applicable Drawdown Date, Bayshore shall give written notice of such fact to the Investors, specifying which representations and warranties are not so true and accurate and the reasons therefor.

7. Representations and Warranties of the Investors. Each Investor hereby represents and warrants to Bayshore as of the date hereof and as of each Drawdown Date, that:

(a) (i) The Investor is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization or incorporation. (ii) The Investor has the requisite corporate, limited liability company, partnership or other power and authority to enter into this Agreement and the Shareholders' Agreement and to perform its obligations hereunder and thereunder. The execution and delivery of each of this Agreement and the Shareholders' Agreement and the performance and consummation of the transactions to which the Investor is a party contemplated hereby and thereby have been duly authorized by all requisite corporate, limited liability company, partnership or other action on the part of the Investor and no other corporate, limited liability company or other proceedings on the part of the Investor are necessary to authorize the execution and delivery of this Agreement and the Shareholders' Agreement or to consummate and perform the transactions to which the Investor is a party contemplated hereby and thereby. This Agreement has been duly executed and delivered by the Investor and, assuming due authorization, execution and delivery of this Agreement by Bayshore, constitutes a valid and binding agreement of the Investor enforceable against the Investor in accordance with its terms, except to the extent that such enforcement may be subject to (x) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and (y) general equitable principles (whether considered in a proceeding in equity or at law). (iii) The execution and delivery by the Investor of this Agreement and the Shareholders' Agreement does not, and the consummation by the Investor of the transactions to which it is a party contemplated hereby and thereby and compliance by the Investor with any of the provisions hereof and thereof will not conflict with or result in any violation or breach of, or default (with or without notice or lapse of time, or both) under, (x) its organizational documents; (y) any material agreement to which the Investor or any of its subsidiaries is a party or any of its or their respective properties or assets is subject; or (z) any law, rule, regulation or order applicable to the Investor or any of its subsidiaries, in any manner that would prevent the Investor from entering into this Agreement or the Shareholders' Agreement or from consummating the transactions contemplated hereby and thereby. (iv) No material consent, approval, order or authorization of, or registration,

qualification, designation, declaration or filing with any governmental authority on the part of the Investor is required in connection with the performance and consummation of the transactions contemplated by this Agreement, except any consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing that has been previously obtained or made and is in effect or that may be properly obtained or made after the date hereof.

(b) The Investor has, or its Affiliates have, such knowledge, sophistication and experience in financial and business matters that the Investor is capable of evaluating the nature and merits of, and risks attending, investments in Common Shares, and has, to the extent the Investor believes such discussion necessary, discussed with professional legal, tax and financial advisers the suitability of an investment in Common Shares, and has determined that an investment in Common Shares is consistent with the Investor's investment objectives. The Investor understands and acknowledges that Bayshore has a very limited financial and operating history. The Investor is aware that an investment in Bayshore is highly speculative and subject to substantial risks. The Investor is capable of bearing the high degree of economic risk and burdens of this investment, including, but not limited to, the possibility of a complete loss of the Investor's investment in Common Shares and the lack of a public market and limited transferability of Common Shares, which may make the liquidation of this investment impossible for an indefinite period of time.

(c) The Investor is not acquiring, or committing to acquire, Common Shares based upon any representation, oral or written, by any Person with respect to Bayshore, other than those contained in this Agreement, the Investors Agreement and the Shareholders' Agreement, but rather upon an independent examination and judgment as to the prospects of Bayshore. The Common Shares are being acquired solely for the Investor's own account, for investment, and are not being purchased with a view to or for the resale, distribution, subdivision or fractionalization thereof; the Investor has not entered into, and has no plans to enter into, any such contract, undertaking, agreement or arrangement; and, except as may be set forth in the Shareholders' Agreement, the Investor has not entered into, and has no plans to enter into, any agreement to compel disposition of Common Shares.

8. Headings; Counterparts. The Paragraph headings contained in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement or affect in any way the meaning or interpretation of this Agreement. This Agreement may be executed in any number of counterparts, all of which will be one and the same agreement.

9. Entire Agreement. This Agreement, together with the Investors Agreement and the Exhibits thereto, constitutes the entire agreement, and supersedes all prior agreements, understandings and statements, both written and oral, among the parties or any of their Affiliates with respect to the subject matter contained herein.

10. Severability. The provisions of this Agreement are severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions of this Agreement. If any provision of this Agreement, or the application of that provision to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision will be substituted for that provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of the invalid or unenforceable provision and (b) the remainder of this Agreement and the application of that provision to any Person or circumstance will not be affected by such invalidity or unenforceability, nor will such invalidity or unenforceability affect the validity or enforceability of that provision, or the application of that provision, in any other jurisdiction.

11. Governing Law; Waiver of Jury Trial.

(a) THIS AGREEMENT AND ALL CLAIMS OR CAUSES OF ACTION (WHETHER AT LAW, IN CONTRACT, IN TORT OR OTHERWISE) THAT MAY BE BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE HEREOF, SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF. The parties hereby irrevocably submit to the personal jurisdiction of the courts of the State of New York and the United States District Court for the Southern District of New York (the "Chosen Courts") solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, or the negotiation, execution or performance hereof, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in the Chosen Courts or that the Chosen Courts are an inconvenient forum or that the venue thereof may not be appropriate, or that this Agreement or any such document may not be enforced in or by such Chosen Courts, and the parties hereto irrevocably agree that all claims, actions, suits and proceedings or other causes of action (whether at law, in contract, in tort or otherwise) that may be based upon, arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, or the negotiation, execution or performance hereof shall be heard and determined exclusively in the Chosen Courts. The parties hereby consent to and grant any such Chosen Court jurisdiction over the person of such parties and, to the extent permitted by law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action, suit or proceeding to the address set forth in Paragraph 14 shall be valid, effective and sufficient service thereof.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT

SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF SUCH ACTION, SUIT OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS PARAGRAPH 11.

12. No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto, Kenmare, Enstar, Veranda and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any Person other than Bayshore, Kenmare, Enstar, Veranda, the Investors and their respective successors and permitted assigns, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

13. Amendments and Waivers. This Agreement may be amended or modified and the provisions hereof may be waived, only by an agreement in writing signed by each of Bayshore and Trident and with the prior written consent of Kenmare. No waiver by any of the parties of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. No waiver by any of the parties of any of the provisions hereof shall be effective unless explicitly set forth in writing and executed by the party sought to be charged with such waiver.

14. Notice. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent by facsimile or other electronic delivery or sent, postage prepaid, by registered, certified or express mail or overnight courier service, as follows:

if to Bayshore:

c/o Enstar Group Limited
Windsor Place, 3rd Floor
22 Queen Street
Hamilton, Bermuda HM JX
Attn: Richard J. Harris
Facsimile: 441-296-7319

if to any Investor:

c/o Stone Point Capital LLC
20 Horseneck Lane
Greenwich, CT 06830
United States of America
Attn: Stephen Levey
Facsimile: 203-862-2929

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day.

[*Signature page follows*]

Very truly yours,

TRIDENT V, L.P.

By: SPC MANAGEMENT HOLDINGS LLC, its manager
By: STONE POINT CAPITAL LLC, its managing member

By: /s/ Darran Baird
Name: Darran Baird
Title: Principal

TRIDENT V PARALLEL FUND, L.P.

By: SPC MANAGEMENT HOLDINGS LLC, its manager
By: STONE POINT CAPITAL LLC, its managing member

By: /s/ Darran Baird
Name: Darran Baird
Title: Principal

TRIDENT V PROFESSIONALS FUND, L.P.

By: SPC MANAGEMENT HOLDINGS LLC, its manager
By: STONE POINT CAPITAL LLC, its managing member

By: /s/ Darran Baird
Name: Darran Baird
Title: Principal

Accepted and acknowledged:

BAYSHORE HOLDINGS LIMITED

By: /s/ Richard J. Harris
Name: Richard J. Harris
Title: Director

Schedule A

Investors	Cash Pro Rata Percentage	Total Cash Subscription Commitment[1]	Overall Pro Rata Percentage
Trident V, L.P.	45.51384%	$ 159,753,590.48	22.92017%
Trident V Parallel Fund, L.P.	31.91946%	$ 112,037,310.61	16.07422%
Trident V Professionals Fund, L.P.	1.99690%	$ 7,009,098.91	1.00561%
TOTAL	79.43020%	$ 278,800,000.00	40.00000%

Kenmare	Cash Pro Rata Percentage	Total Cash Subscription Commitment	Overall Pro Rata Percentage
Kenmare Holdings Ltd	20.56980%	$ 72,200,000.00	60.00000%[2]

[1] The Total Cash Subscription Amount will equal the Cash Pro Rata Percentage of the cash portion of the Torus purchase price ($692.0 million total, $346.0 million cash), with no reduction for debt, plus transaction expenses (estimated at $5.0 million).

[2] The Overall Pro Rata Percentages reflect the issuance of the Enstar Shares by Enstar, Kenmare's indirect sole owner, under the Torus Purchase agreement in satisfaction of the equity portion of the Torus purchase price.

Exhibit 15.1

August 9, 2013

Enstar Group Limited
3rd Floor, Windsor Place
22 Queen Street
Hamilton HM 11
Bermuda

With respect to registration statements No. 333-149551, 333-148863, 333-148862 and 333-141793 on Form S-8, we acknowledge our awareness of the use therein of our report dated August 9, 2013 related to our review of interim financial information.

Pursuant to Rule 436 under the Securities Act of 1933 (the Act), such report is not considered part of a registration statement prepared or certified by an independent registered public accounting firm, or a report prepared or certified by an independent registered public accounting firm within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG Audit Limited

Hamilton, Bermuda

Exhibit 31.1

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: August 9, 2013

/S/ DOMINIC F. SILVESTER
Dominic F. Silvester
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Richard J. Harris, 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: August 9, 2013

/s/ RICHARD J. HARRIS
Richard J. Harris
Chief Financial Officer

Exhibit 32.1

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 June 30, 2013, 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: August 9, 2013

/s/ DOMINIC F. SILVESTER
Dominic F. Silvester
Chief Executive Officer

Exhibit 32.2

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 June 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard J. Harris, 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: August 9, 2013

/s/ RICHARD J. HARRIS
Richard J. Harris
Chief Financial Officer