Randall & Quilter Investment Holdings Ltd. and its subsidiaries

Financial Condition Report (FCR)

31st December 2017

Company Profile

Randall & Quilter Investment Holdings Ltd. (“RQIH” or “Company”) is registered as an Insurance Group under the Bermuda Insurance Act 1978 and related regulations (“the Insurance Act”). RQIH was incorporated in Bermuda on 22 January 2013. The Company is a limited liability company incorporated and domiciled under the laws of Bermuda with registration number 47341.

i. BUSINESS AND PERFORMANCE

a. Name of Insurance Group

Randall & Quilter Investment Holdings Ltd.

b*. Insurance Group* Supervisor

Bermuda Monetary Authority

BMA House

43 Victoria Street, Hamilton

Bermuda

c. Approved Auditor

Statutory and IFRS Reporting

PKF Littlejohn LLP Chartered Accountants and Registered Auditor

1 Westferry Circus,

Canary Wharf,

London E14 4HD,

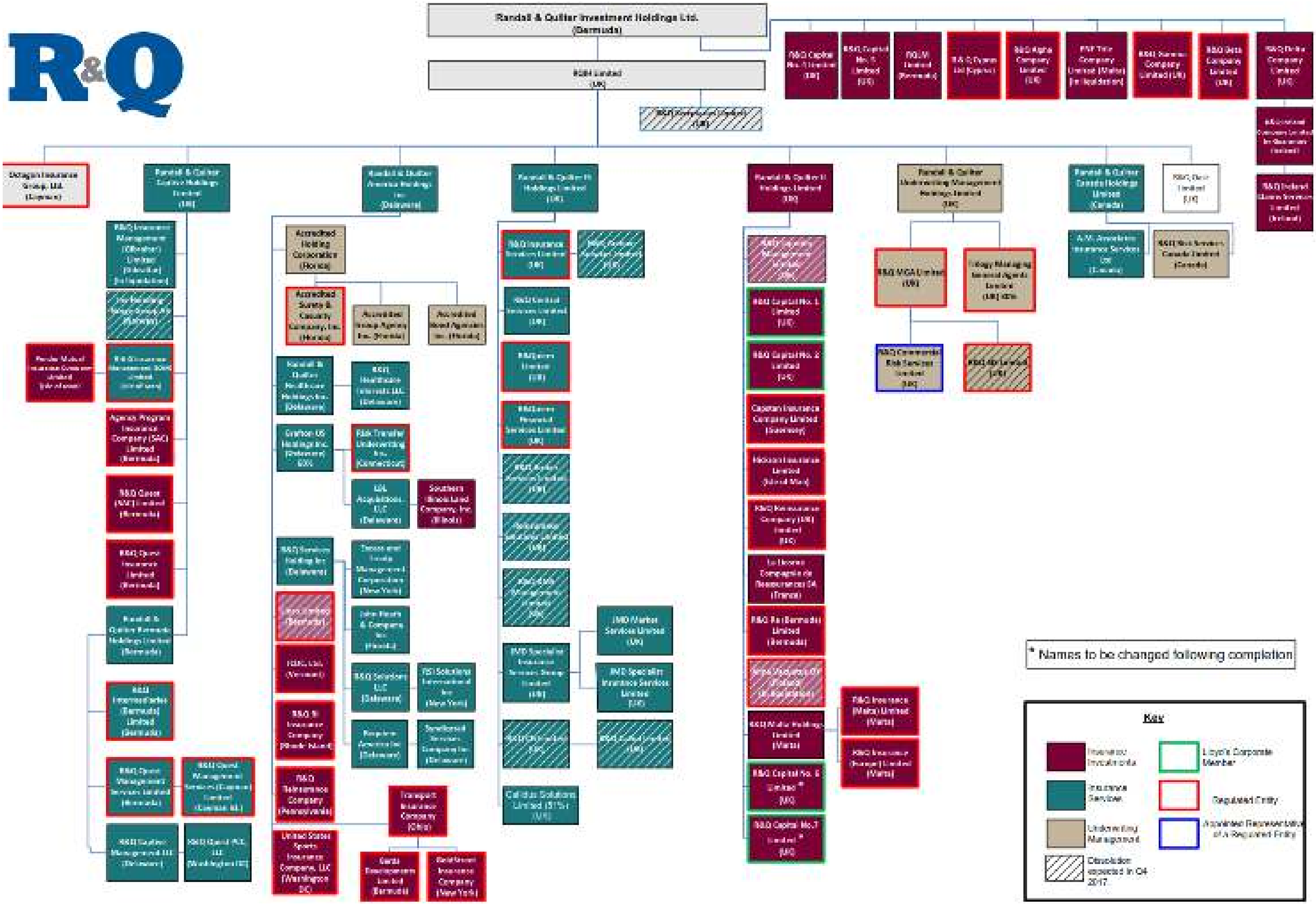
United Kingdom

d. Ownership Details

Randall & Quilter Investment Holdings Ltd (“RQIH”), a Bermuda domiciled exempted holding company. Randall & Quilter Investment Holdings Ltd’s shares were admitted to AIM on 5 July 2013 and is traded on the AIM exchange in London (AIM:RQIH).

e. Group Structure

The following provides Group Structure as at 31st December 2017:


Randall & Quilter Investment Holdings Ltd.
(Bermuda)
RQIH Limited
(UK)
Randall & Quilter America Holdings Inc. (Delaware)
Accredited Holding Corporation (Florida)
R&Q MGA Limited (UK)
Capstan Insurance Company Limited (Guernsey)
IMD Marine Services Limited (UK)
R&Q Insurance (Malta) Limited (Malta)
* Names to be changed following completion
Key
Insurance/ Reinsurance
Insurance Services
Underwriting Management
Dissolution expected in Q4 2017
Lloyd's Corporate Member
Regulated Entity
Appointed Representative of A Regulated Entity

f. Insurance Business Written by Business Segment and by Geographical Region

During 2017, the Company operated in 4 separate business Segments;

1. Insurance Investments
2. Underwriting Management
3. Insurance Services
4. Insurance Management

Note - The Insurance Services and Insurance Management segments are combined for reporting in the Financial Condition Report.

Financial Summary for the Reporting Period
£'000s

Business Segment	Total Income	Operating profit
Insurance Investments	£100,170	£25,356
Insurance Services	£15,099	£(71)
Underwriting Management	£85,748	£4,925

2017 was a year of transformation for Randall & Quilter as we refocused and simplified the business around legacy acquisitions and insurance program underwriting management.

However, this did not divert the business from delivering strong underlying earnings growth of 38%. Pre-tax profits for the year were £23.5m including an £11.8m net profit from the sale of our Lloyd's Managing Agency.

As planned, the additional £47m net capital raised from new and existing shareholders in October has now been fully deployed by increasing the capital of Accredited Surety and Casualty Company Inc. and R&Q Malta. The resulting improvement in Accredited's A.M. Best credit rating and achieving a new A.M. Best A- (Excellent) rating for R&Q Malta has enhanced the range of opportunities available and enabled us to secure increased commission rates.

I am pleased to report that we have an excellent pipeline of new business in both program underwriting management and legacy acquisitions. 2017 saw a further increase in the profit contribution from legacy acquisitions. Program underwriting management business has been building steadily, especially towards the end of the year and we anticipate strong future profit growth from this business area, as commission earnings from new program launches gain momentum from the end of 2018 and beyond.

In 2018 and 2019 we should finally see a positive contribution from our residual participation on Lloyd's Syndicate 1991. There is also potential for an increase in investment earnings as we continue to build our "float" of cash and investments in an expected rising interest rate environment. In this regard, our float has more than doubled since 2015 and now totals over £600m. We shall continue to actively manage our investment portfolios in high quality, fixed income securities with overriding emphasis on protecting capital values whilst benefiting from the anticipated rises in global interest rates.

As a Group we have always seized upon opportunities which inevitably come from market turbulence and this is certainly true today as we witness major upheavals in the global insurance industry – especially those arising out of the challenges posed by Brexit and the emergence of new technologies.

We are progressing with the possible launches of a small number of “Fintech” program underwriting management initiatives and see long term growth potential through using our extensive insurance licences in the USA and Europe to deliver “disruptive” technologies to the market.

The business continues to deliver strong distributions to shareholders. The Board regularly reviews its distribution approach, and after due consideration it has decided to adopt the “return of capital” approach for the next distribution.

In summary, I believe the business is in good shape. With a strong and energized management team, we are very well placed to develop and profit from the multiple opportunities in our chosen business segments.

The overall mission of the Group is to:

- Generate profits and capital extractions from expert management of legacy non-life insurance acquisitions/reinsurances, including in Lloyd's; and
- Grow commission income from its licensed (and rated) carriers in the US and EU/UK, writing niche and profitable program business, largely on behalf of highly rated reinsurers.

Our aim is to continue to grow sustainable profit streams to support our business model and increase book value and cash distributions to shareholders.

We have listened to our stakeholders and we have carefully watched the changing nature and requirements of the global insurance business. From this we have determined that our focus should be on two core areas that provide strong growth opportunities – arguably two of the strongest growth sectors in the global P&C insurance market – where our expertise and infrastructure gives us a competitive advantage.

Industry dynamics are fuelling this strong demand for legacy solutions and program underwriting management services. They combine to provide R&Q shareholders with distinct but complementary earnings: the potential of capital extraction and income generation from legacy acquisitions and regular fee income from program underwriting management.

We have retained a nominal participation on Syndicate 1991 for the 2018 Lloyd’s year of account.

Legacy Acquisitions

Providing creative finality solutions to owners of discontinued (“run-off”) insurance business has been at the heart of the R&Q Group and its predecessor companies for over twenty-five years.

We have always taken pride in being nimble and creative in applying solutions to owners of run-off businesses. In the past, this was often insurers who had ceased underwriting and we have already seen in Q1 2018 that this pattern continues with the recent announcements by the New Zealand insurance group CBL and the Danish insurer Alpha to stop underwriting.

But there are now many other reasons why owners of insurance businesses decide to free themselves of their liabilities. The European-wide Solvency II regulations and the associated equivalence regime means legacy business can lead to onerous capital and reporting obligations. In addition the recent US tax reforms and OECD tax policies could have a significant impact on some self-insurance entities, not least those that are off-shore.

There are also increasing opportunities emerging from industry M&A where acquirers of business decide to sell "run-off" books with a view to freeing up capital. Again, Solvency II and the wider recognition of effective capital management are fuelling this interest.

We continue to deliver a wide range of exit solutions to the captive and self-insured sector, especially through the use of Accredited's statewide licences. Aside from regular captive and cell structures, deals have also been successfully completed with risk retention groups, self-insured funds and corporate deductible buyback programs.

Finally, we see renewed opportunities in Lloyd's run off business and our expertise in this sector was reflected through the successful completion of two new Reinsurance to Close ("RITC") transactions: Prosight's Syndicate 1110 corporate members (effective from 1 July 2017) and Hamilton/Sportscover Syndicate 3334 in conjunction with AXA Liabilities Managers S.A.S. which completed on 1 January 2018.

In total, we completed 19 legacy deals in 2017 (15 in 2016) and 64 since 2009. Our range of solutions was reflected in the different types of transactions: 5 acquisitions, 6 novations, 6 loss portfolio transfers, 1 transfer and 2 run-offs at Lloyd's (one of which was effective on 1 January 2018).

2017 was the year that R&Q capitalised on its long-standing expertise and infrastructure to demonstrate its superior legacy offering. With an extensive pipeline of opportunities and the industry dynamics, we have every confidence in the future.

Legacy acquisition highlights

- 19 transactions in 2017
- Including two new Lloyd's "RITC" deals (one of which was effective on 1 January 2018)
- 2017 fundraisings providing additional balance sheet strength
- New drivers for legacy disposals including M&A and Solvency II

Program Underwriting Management

Our other core business is program underwriting management where R&Q uses its infrastructure - including A.M. Best A- rated insurers in the US and Europe – working with MGAs/MGUs and reinsurers to earn fee income for being their partner and insurance conduit which is mostly re-insured.

A.M. Best has adjusted Accredited's A- (excellent) financial strength rating to the next category, from VI to VII to reflect the higher capital in the business and has recently affirmed our rating with a stable outlook. Again, this move has been well received by our existing clients and prospects. In addition, Accredited is US Treasury Listed to write Federal Bonds (one of the few national program managers that has a T listing).

Encouragingly, the program underwriting management pipeline is strong and we anticipate a lot of new activity in 2018 in both Europe and the US. Earlier this year, A.M. Best awarded R&Q Malta A- (excellent) financial strength rating, the same as Accredited, and this gives our partners and counter-parties greater confidence in our financial strength and enables us to compete in new business lines where rated capacity is important.

Market disruption and the apparent retrenchment of some existing US providers is also providing R&Q with new opportunities in the US and the typical size of transactions we are negotiating is increasing significantly.

In Europe, Solvency II has exposed a number of undercapitalised fronting specialists. "Brexit", and the current uncertainty over how it will impact financial services is creating new opportunities for R&Q which owns a European insurer, R&Q Malta licenced to operate across the European Union and which will continue to do so after "Brexit".

As with legacy acquisitions, the industry dynamics are encouraging for the continued growth of program underwriting management and we believe R&Q is well-positioned to capitalise on the growing demand.

New Fintech/InsureTech initiatives are creating a disruptive force that is encouraging industry entrepreneurs to establish new platforms and ways of writing business. Typically, this is in the form of MGAs and R&Q's insurance platforms can provide the infrastructure to support these new businesses and act as a conduit between them and their (re)insurance capital.

In addition to the encouraging industry dynamics, R&Q has built a superior offering in both the US and Europe.

We provide high-quality, A.M. Best A- (excellent) rated insurance paper to our underwriting partners in both the US and Europe. Our US platform, Accredited, successfully expanded its nationwide P&C licences in 2017 which means we are now able to provide for nearly every type of P&C cover on behalf of our partners.

Unlike some of our competitors, we do not have any direct "channel conflicts" because we do not also participate in direct live underwriting and we select our underwriting partners carefully to ensure we can provide an exclusive service in their area of expertise.

In 2017, we signed 3 program partnerships in Europe and 5 in the US. In 2018, we anticipate signing a further 6 partnerships in Europe and a further 6 in the US.

R&Q typically earns commission revenues from program underwriting management partnerships. While this means it requires a lot of work by R&Q before we begin to earn fee income from new programs, the quality of revenue is very attractive because it is consistent and reliable. Our rated capacity and growing reputation in this field also enables us to compete and win new, more complex accounts where commission rates are often higher. Revenues from our program underwriting management business will be significantly higher in 2018.

Program Underwriting Management highlights

- 8 new programs signed in 2017 (5 in US; 3 in Europe)
- 12 new programs expected in 2018 in US and Europe
- Market disruption in both US and Europe fuelling strong demand and activity
- Positive A.M. Best rating actions underpinning the R&Q offering

Insurance Services

The Insurance Services and Captive Management operations were sold in January 2018 to The Davies Group for £20m (£18.6m net).

Total Income for the year to 31st December 2017 was £29.7m (£29.5m 2016), this included third party income of £19m (£20m 2016) and the operating profit for 2017 was £1.7m (£2m 2016). The net proceeds of £18.6m have now been used to improve the balance sheets of both Accredited and R&Q Malta along with the proceeds from the capital raise in October 2017.

Underwriting Management

The Lloyd's Managing Agency business was sold to Coverys Group in November 2017. The remaining businesses in this division comprise Accredited Surety and Casualty Company, Inc. based in Florida, and, R&Q Commercial Risk Services Limited and Trilogy Managing General Agents Limited in London, which earn fees from underwriting SME commercial insurance risks on behalf of Lloyd's and other insurers. Going forward we expect these MGA's to provide additional business inflows to R&Q Malta.

Geographic Split

	UK	**North America**	**Europe**	**Total**
	£000	**£000**	**£000**	**£000**
Gross assets	548,898	773,043	235,018	1,556,962
Intercompany eliminations	(267,377)	(190,816)	(51,940)	(510,133)
Segment assets	**281,521**	**582,230**	**183,078**	**1,046,829**
Gross liabilities	509,374	716,791	181,361	1,407,526
Intercompany eliminations	(229,871)	(275,139)	(5,123)	(510,133)
Segment liabilities	**279,503**	**441,652**	**176,238**	**897,393**
Revenue from external customers	**52,335**	**118,548**	**14,128**	**185,011**

g. Performance of Investments & Material Income & Expenses for the Reporting Period

Performance of Investments for the Reporting Period

The Group has a Capital and Investment Committee which is responsible, inter alia, for setting and recommending to the Board, an investment strategy for the management of the Group's assets owned or managed by companies within the Group. The investment of the Group's financial assets, except certain deposits with ceding undertakings, is managed by external investment managers, appointed by the Capital and Investment Committee. The Capital and Investment Committee is responsible for setting the policy to be followed by the investment managers. The investment strategy strives to mitigate the impact of interest rate fluctuation and credit risks and to provide appropriate liquidity, in addition to monitoring and managing foreign exchange exposures.

The Capital and Investment Committee is also responsible for keeping under review the investment control procedures, monitoring and amending (where appropriate) the investment policies and oversight, monitoring Group cash flow, oversight of all banking and other financial commitments and covenants across the Group, as well as any regulatory requirements in relation to Group solvency.

The main objective of the investment policy is to maximise return whilst maintaining and protecting the principal value of funds under management. RQIH invests in high investment grade securities, cash and equities. The Company covers its technical provisions with investment grade fixed income securities and is continually monitors its investment portfolio there is a balance between performance and adherence to investment guidelines and asset mix. The investment income for the reporting period was £8.2m (£8.0m 2016).

The investment allocation (including surplus cash) at 31 December 2017 and 2016 is shown below:

£'000s	**2017**	**2016**
Government and Government Agencies	141,278	28,530
Corporate Bonds	159,961	165,043
Equities	21,146	9,382
Cash-based Investment Funds	83,131	42,789
Cash and Cash Equivalent	173,393	141,656
Total	**578,909**	**387,400**

h. Any Other Material Information

None

ii. GOVERNANCE STUCTURE

RQIH has high standards of corporate governance, with a structure designed to establish, implement and maintain the effective controls essential to the Group's long-term success. The role of the Board is to set the Group's strategic objectives, and to oversee and review management performance, ensuring the required resources are available for meeting those objectives. The Board met regularly through the year to debate and conduct these matters.

The Board Committees are:

Capital & Investment Committee

The Capital & Investment Committee consists of the Executive Directors and is chaired by the Chief Financial Officer. The Group Chief Actuary attends every meeting and others attend as appropriate. The committee considered 24 transactions and investment opportunities, as well as reviewing and making recommendations with regard to the Group's investment policy. The committee's primary purpose is to oversee all aspects of the management of corporate, insurance and syndicate assets owned, managed and related arrangements entered into by or on behalf of companies within the Group.

Risk Committee

The Risk Committee is chaired by Philip Barnes and consists of the Chief Governance Officer, Chief Financial Officer, Chief Risk Officer, Group Chief Actuary and the Head of Internal Audit. The Chief Executive Officer is an attendee. The Risk Committee met four times during 2017 and attendance was 92%

The Group Risk Management function is described in Section ii c

Disclosure Committee

The Disclosure Committee was established in October 2016. The Disclosure Committee comprises the Chief Executive Officer (or the Chief Operations Officer as his alternate), the Chief Financial Officer and the Group Company Secretary. It meets at least annually to review the operation, adequacy and effectiveness of the Group's disclosure procedures and as necessary for the purpose of assisting the Board in fulfilling its responsibilities under the Market Abuse Regulation, AIM Rules and Disclosure Guidelines and Transparency Rules.

Remuneration & Nomination Committee

The Remuneration & Nomination Committee consists of the three Non-Executive Directors and is chaired by Michael Smith. The Chief Executive Officer is an attendee and other members of the Executive and senior management attend by request. The Remuneration & Nomination Committee met five times during 2017.

The Remuneration & Nomination Committee's primary focus is on setting the Group's Executive and senior management remuneration policy, in collaboration with the Board as a whole. The Remuneration & Nomination Committee also considers share incentive plans, option grants and other performance-related initiatives as well as approving management's general approach to employee annual bonuses and pay rises, specific awards for senior management and making recommendations as to succession planning.

Reinsurance Asset Committee

The Reinsurance Asset Committee is chaired by Michael Smith and consists of the Head of Claims & Reinsurance (UK), Chief Financial Officer, Chief Executive Officer-Insurance Investments Division, UK Client Services Director, Chief Actuary, Head of Group Credit Control, President and Senior Vice President of US

Insurance Services Division and the US General Counsel. The Reinsurance Asset Committee met four times in 2017.

The Reinsurance Asset Committee monitors and reports on the Group's owned insurance company reinsurance assets and recommends actions to protect such assets. The Reinsurance Asset Committee also reviews bad and doubtful debt provisions proposed by the Group's owned insurance companies, reports on reinsurance litigation/arbitration and commutation activity, and makes recommendations on acceptable levels of security for the purchase of insurance and reinsurance cover.

Audit Committee

The Audit Committee consists of the three Non-Executive Directors, and is chaired by Alastair Campbell. The Executive Directors are attendees and members of the Finance, Actuarial and Internal Audit functions are invited where appropriate. The Group's auditors, PKF Littlejohn LLP, attend at least two meetings per year. The Audit Committee met five times in 2017 and attendance was 100%.

During 2017, the Audit Committee reviewed the Group's full-year and half-year financial statements and associated disclosures and also considered, among other things, the appropriateness of the Group's accounting policies. During the year the Committee reviewed the appointments of the Group Auditor and of those auditors of the significant overseas subsidiaries not audited by the Group Auditor. The Committee received reports from the Actuarial function concerning the claims reserves in the financial statements established by the Group's insurance companies and syndicates. The Committee also approved the work plan for Internal Audit for 2018, received copies of internal audit reports issued by Internal Audit, and received regular reports from the Head of Internal Audit including progress against the three-year internal audit plan and progress made by management on the implementation of internal audit recommendations. The Committee reports its findings to the Board at each regularly scheduled Board meeting.

The Chair of the Audit Committee also chairs twice yearly meetings of the Chairs of the subsidiary Audit Committees to ensure a consistent approach to matters arising and to identify and address issues of common concern.

a. Board and Senior Executive

i. Board and Senior Executive Structure, role, responsibilities and segregation of responsibilities.

RQIH's Governance framework is designed to ensure an effective system of governance which provides for the sound & prudent oversight and effective operation of the Board.

The Board is responsible for ensuring that the principles of good governance are observed and has an internal control and risk management framework and employs the Three Lines of Defence model to manage risk.

The Group System of Governance is also designed to be able to evidence compliance with the BMA regulatory requirements and meets the expectations and requirements of its stakeholders. Board and Committee meetings are held quarterly.

The Board consists of 6 directors, of which 3 are executive directors and 3 are independent non-executive directors. Their roles and responsibilities are outlined in the Company's Byelaws and comply with the regulatory requirements of Bermuda.

b. Fitness and Proprietary Requirements

i. **Fit and Proper Process in assessing the Board and Senior Executive**

RQIH ensures that it is directed and managed by a sufficient number of persons who are fit and proper persons to hold their respective positions and that those Directors and Officers are:

- professionally competent and capable to carry out their responsibilities and have demonstrated this through their experience & training
- honest, have integrity and are reputable.

The assessment of the management and technical competence of an individual is based on their previous experience, knowledge and professional standing, which demonstrates due skill, care, diligence, and compliance with the relevant standards of the area/sector they have worked in. In relation to Director appointments, the assessment also considers how the proposed appointment would augment the collective fitness and proprietary of the Board as a whole.

The assessment of reputation includes checks as to whether there are any reasons to believe from past conduct that an individual may not discharge their duties in line with applicable rules, regulations and guidelines. Assessment is initially made prior to appointment to their role, but will be reassessed on a regular basis as part of an annual performance review process.

ii. **Board and Senior Executives Professional Qualifications, Skills and Expertise**

Below are details of the Board and Senior Executives qualifications, skills and expertise during 2017

Directors

- Kenneth Randall
- Alan K. Quilter
- Thomas A. Booth*
- Philip Barnes
- Michael Smith
- Alastair Campbell

Senior Executives

- Kenneth Randall
- Alan K. Quilter
- Thomas A. Booth*
- Carrie Hewitt
- Susan Young
- Michael Glover

*Note: Thomas Booth left the Group on 30 June 2018. Mark Langridge joined the Board on 8 January 2018.

Director and Senior Executive Bios are included in Appendix 1

ii. Remuneration Policy

The Group's approach to Remuneration is based on personal, local entity and Group performance rather than being driven by underwriting income.

A company may not have full-time staff, seconding in staff from the Group. Group employees, which include the Directors of the local company, are charged to the local company on a time expended basis.

The Group's approach to remuneration for all subsidiaries falls under the oversight of the Group Remuneration & Nomination Committee. The company is committed to ensuring that its practices promote the achievement of the overall aims and objectives of the Group and company, their financial stability and its risk management framework together with the long-term security and wellbeing of its employees.

The RQIH Group provides and will continue to provide appropriate and proportional Governance and control functions.

c. Risk Management and Solvency Self-Assessment

i. Risk Management Process & Procedures to Identify, Measure, Manage and Report on Risk Exposures

R&Q is a diverse Group and continues to be exposed to a variety of risks and uncertainties. The challenge for the Group is to identify, assess, treat and monitor those risks and uncertainties it considers to be critical, and develop and maintain proportionate action to mitigate these risks to an acceptable level.

Overall Responsibility for Risk Management

The Board continues to have overall responsibility for ensuring that the Group and its operating divisions have an appropriate and proportional approach to Risk Management and Internal Control across the Group, and that this approach is properly aligned with the Group's overall corporate strategy. The risks facing the Group continue to evolve and increase/ decrease in potential impact and probability of crystallisation over time. Accordingly, the management of risk and uncertainty remains an iterative process. Risk Management is pervasive to all the Group's activities and that this is reflected in the Risk Management governance framework outlined here.

Three Lines of Defence

The Group's overall Governance Framework, which encompasses its Risk Management Framework, has regard to the principles of the 'Three Lines of Defence' model, comprising first line operational and functional management of risk, second line control and oversight, and third line internal and external audit function, as shown on the following page.

Risk Committee

The Risk Committee is a formally constituted Committee of the Board. The Committee has responsibility for maintaining, on behalf of the Board, the effectiveness of the Group's Risk Management Framework, systems of Internal Control, Risk Policies and Procedures and adherence to Risk Appetite. The Committee is chaired by an independent Non-Executive Director, Philip Barnes. The Committee meets at least quarterly and provides a report on its activity to the Board.

The key areas of focus of the Risk Committee and the Risk Management function during 2016 were to ensure that the Risk Management Framework and oversight continues to be fit for purpose and embedded appropriately within the various operating divisions of the Group. Specifically, the Risk Governance structure and reporting mechanisms within the divisions and legal entities have been subject to ongoing review and refinement commensurate with the needs of internal and external stakeholders. This approach balances proportionality with the requirements of local regulators, and underpinning the Group's strategic priorities.

Risk Management Process

The Group's Risk Management function, headed by the Chief Risk Officer, works closely with divisional and functional heads, and meets regularly with them to monitor existing identified risks and uncertainties, identify new and emerging risks and to ensure that there are appropriate processes and procedures in place to mitigate these risks. The process outlined opposite is adopted. Risk policies, processes and appetites at Group and divisional/ subsidiary level are reviewed at least annually and on an ongoing basis to reflect changes in the underlying risk profiles of the respective businesses.

The Risk Committee is responsible for oversight of the established Risk Management process for identifying and assessing risks, from whatever source, internal or external, and ensuring it is consistently applied. Each identified risk is considered in the context of the Group's strategic objectives and Risk Appetite, having regard to existing mitigating controls.

The Group's risk management framework comprises the following approach:

- **Identify Risk** – identify material risks that could materially affect the corporate objectives of the financial position of RQIH and include risks in the risk registers.
- **Measure** – quantify and measure the risks in RQIH. Each exposure is assessed based on the organisation's risk framework and provides the inherent and residual exposure to the Group and its subsidiaries (exposure, solvency, liquidity, etc.).
- **Manage** – design the risk mitigation and risk controls in response to risk exposure in line with RQIH's risk appetite statement, risk tolerances and risk limits. RQIH ensures that there are controls in place to manage risks.
- **Report -** ensure that the Risk Management function reports to the Board and Board Committees material risk exposures are identified and monitored against the Groups risk appetite and tolerances and any breached are reported to the Board.

ii. Risk Management and Solvency Self-Assessment Systems Implementation

The Group's risk management framework has been implemented through the systems, processes and procedures, and controls developed by management. RQIH's Group Risk Committee, control functions and Internal Audit review the controls in place to ensure they are effective and provide recommendations to the Board and Risk Committee on a quarterly basis.

Senior Management monitor and manage the quantity and quality of capital required to support the Company's business affiliated reinsurance business and the assessment of new business opportunities. Management conduct regular reviews of the Solvency requirements for the Group to ensure that the Company's capital adequacy and liquidity resources are sufficient based on the risks to the Company that arise from its operations.

iii. Relationship Between Solvency Assessment, Solvency Needs & Capital, and Risk Management

The Group's Solvency Self-Assessment is an overview of the Group's business and the risks associated with it. The assessment also shows the latest capital requirement as calculated in Bermuda Solvency and Capital requirement model. This model looks in detail at the capital requirements of the Company and the amount and the quality and quantity of capital needed to support the business. The Solvency Self-Assessment seeks to identify and measure all material risks, and aids in the decision making process regarding which risks it can eliminate, transfer or retain within its agreed risk appetite and tolerance. The Company is currently developing a new dynamic capital model to further enhance the solvency assessment process at the Group level but also to assess the potential impact of new deals, transactions and business initiatives.

iv. Solvency Self-Assessment Approval Process

The Group's Solvency Self-Assessment is prepared by the Group Actuarial and Risk Functions management, in consultation with relevant functions and reviewed by the Executive Board members. After review, and a consideration of completeness the assessment report is provided to the Board for approval with emphasis upon the Group's internal capital, significant changes, current and emerging risk exposures, and how the exposures are mitigated in the risk management framework. The Board also reviews how exposures are in compliance with the Group's risk appetite statements, risk tolerance levels and limits. The process respects the 'Three Lines of Defence' in that it is managed by the Second Line {risk control and compliance}, (rather than First {Management Control}), and is subject to periodic review by the Third Line (Internal Audit).

d. Internal Controls

RQIH has developed a strong internal control processes supported by the Compliance, Actuarial, Risk Management and Internal Audit assurance functions.

i. Internal Control System

RQIH has systems, processes and procedures and controls to ensure that data and reporting is reliable, and financial reporting is accurate. If any deficiencies or material weaknesses are found, they are documented and reported to the Board. The Board monitors the progress on remediation plans through the internal and external audit reporting.

RQIH is committed to operating an effective internal control system with the following objectives:

- Effective and efficient operations in view of its risks & objectives
- Available & reliable financial and non-financial reporting
- Compliance with relevant legislation and regulation

An effective internal control system is fundamental to the successful operation and day-to-day running of RQIH's business and particularly as its activities expand.

The Group's Internal Control System comprises the following key elements:

- Documented governance arrangements continue to evolve along with the overall business strategy.
- Strategic planning process, setting priorities for the forthcoming planning horizon, reviewed by the Board periodically to ensure the Group is focusing on its core strengths.
- Detailed planning/budgeting process, subject to detailed and ongoing oversight and scrutiny delivering forecasts/targets for Board review and approval.
- Management information systems, including corporate reporting on financial/ operating performance.
- Defined risk appetite framework governing management, control and oversight of key risks and issues.
- Overall group capital adequacy planning conducted biannually.
- Compliance arrangements throughout the Group.
- Internal audit function providing third line assurance to the Board via the Audit Committee following a risk-based, approved annual Audit Plan, on the effectiveness of the Group's internal controls in respect of key risks identified.
- Risk Management function, as described above.

The Board considers that the controls in place during 2017 were and continue to be relevant, proportional and appropriate for the needs of the Group, and in addition are sufficiently flexible to evolve with the changing needs of the business. A number of the Group's subsidiaries are regulated and accordingly are subject to the relevant degree of local regulatory oversight. Members of the Board and senior management regularly meet with the Group's various regulatory supervisors, conducting the relationship in an open and constructive manner.

ii. Compliance Function

RQIH's Chief Governance Officer and compliance teams have responsibility to monitor regulatory changes in the relevant jurisdictions and compliance with applicable existing laws, including regulatory reporting and public disclosure requirements. The Group compliance function monitors compliance with organizational policies and procedures and adherence to the Company's Code of Ethics. Any compliance breaches are reported to the Board.

e. Internal Audit

The Group Internal Audit function is headed up by the Group Head of Internal Audit. The Internal Audit function operates independently with the Group Head of Internal Audit reporting to the Chairman of the RQIH Audit Committee.

To ensure Internal Audit remains independent, its employees are not authorised to perform any operational duties or approve any transactions in the organisation. The team is, when required, supplemented by using additional independent in-house resources and external co-sourced resources. The Internal Audit Team monitors compliance with the Code of Ethics of the Chartered Association of Internal Auditors International Professional Practice Framework.

f. Actuarial Function

The Group Actuarial function is headed up by Chief Actuary, who is an Actuary with particular experience in the non-life classes of insurance. The Actuarial team consists of a large team of qualified actuaries, part qualified actuaries and analysts who are based in London. The Group Actuarial function support RQIH's subsidiary operations in each jurisdiction in which it operates.

The key actuarial services provided include:

- Assessment of Technical Provisions accounting purposes, regulatory and internal purposes as required
- Design, implementation, development and validation of the capital models and tolls
- Calculation of regulatory capital requirements
- Capital Modelling to meet regulatory requirements and quantitative analysis for Risk Management purposes
- Pricing support to the Underwriters
- Monitoring and reporting the performance of Syndicates and group owned companies
- Support for the assumption or acquisition of loss portfolio transfers, Lloyd's Syndicates, insurance companies or captives
- Calculation of capital impacts of acquisition and new products

g. Outsourcing

i. Outsourcing Policy and Key Functions that have been Outsourced and ii. Material Outsourcing

RQIH has an outsourcing policy and is very experienced managing outsourced services. RQIH does not outsource any of the Group functions of actuarial, risk management, compliance and internal audit. There functions are all provided by teams of experienced and qualified specialists as details in the analysis for each function.

h. Other Material Information

There is no other material information to report.

iii. RISK PROFILE

a. Material Risks the Insurer is Exposed to During the Reporting Period

The Company's principal risks and uncertainties that are inherent in the underlying insurance business and include the following.

Insurance – Underwriting Risk

Given the diverse nature of RQIH's business portfolio, and the resultant limited potential for accumulations of 'live' risks across individual entities, there is unlikely to be significant benefit in articulating quantitative tolerances in respect of Underwriting Risk at the level of the Group.

At individual entity level, where applicable appetite for Underwriting Risk are established in the context of achieving the entity's overall Strategic Objectives (return, volatility and sustainability). Whilst there is no mathematical approach to translating these objectives in to specific appetites and tolerances, suitable techniques (for example stochastic modelling or other simulation) are used to test the impact of a range of tolerances on the entity's ability to generate a plan that meets the overall objectives.

Additional expressions of appetite and tolerances for live underwriting may refer to combined ratios, price adequacy, premium volumes, concentrations of casualty risk to specific trades or sectors, quality of reinsurance etc.

Insurance – Reserving Risk

Reserve Risk applies to a greater proportion of R&Qs business portfolio and given it is the dominant risk driver in our run-off businesses it attracts attention both at Group and entity level.

As with Underwriting Risk, the diverse nature of our portfolios means that there is likely limited potential for material concentrations of risk to one or more underlying drivers of adverse development save for general economic uncertainty and volatility.

Reserve Risk is extremely difficult to aggregate across entities – even assuming that we quantify risk on a return period / percentile type basis at class or entity level, stochastic modelling is required to understand the impact of diversification of risk across portfolios.

In practical terms, the Group therefore sets its appetite in a way that is meaningful and appropriate (using internally generated actuarial best estimate) and can be monitored 'by exception' across its entities.

Market Risk – Investment

We consider Market Risk as a 'core' risk in that it is one we deliberately exposure ourselves to with the intention of generating a risk adjusted reward.

Unlike Insurance Risk, where there is limited potential for concentrations of risk across entities due to the diversity of actual risk exposures, there is a greater potential for concentrations of Market Risk given that there is a discrete universe of asset classes and geographies in which we can invest and the specific source of funds invested has no bearing on the probability of loss over and above its choice of assets.

Given this, we frame an appetite for investment risk for application across entities and monitor our aggregate exposures.

Appetites and tolerances are framed using one or more of the dimensions of risk / return, concentration / diversification by asset type / quality and value at risk.

Market Risk – Currency

Defined as the risk of adverse variation in the value of net assets in foreign currencies as a result of currency rate movements, this is typically mitigated through the use of effective asset liability matching and, where necessary, hedging any positions outside tolerance.

As with investment risk, the primary driver is external volatility and as such the risk presents potential for concentrations across entities however resultant losses are less likely to result in a material earnings event.

Within an individual entity, we establish an appetite / tolerance around currency risk referring to the need to avoid significant local exposures.

Reinsurance Counterparty Risk

Reinsurance Counterparty risk is relevant to a number of our operations and as a Group we are potentially exposed to concentrations to individual counterparties.

Theoretically, aggregations to individual counterparties relating to incurred / IBNR losses are, where possible, considered at the level of the Group however it is borne in mind that the degree to which we might be able to act upon this information given that the majority of our exposures relate to run off and legacy portfolios is limited.

In respect of live underwriting operations, we set tolerances relating to the need to ensure appropriate diversification across counterparties both within and across reinsurance programmes.

In respect of run off portfolios, much of our counterparty exposure is in respect of inuring treaties over which we have no direct control. In these instances, we assess potential concentrations/exposures in advance as part of the due diligence process. In certain instances, we buy retroactive cover which may be placed with a single counterparty if deemed appropriate and/or where diversifications across counterparties is not possible and/or practical.

These are expressed in terms of a range of maximum percentage participations or maximum aggregate limits exposed through reference to an external credit rating. This simplistic method of considering exposure whilst adequate for the purposes of ensuring diversification on a programme by programme basis does not lend itself to aggregation either across programmes or with actual / modelled reported and IBNR exposures as it takes no account of the likelihood of the reinsurance being triggered.

From a Group perspective therefore, we express our risk appetite at a high level and require that individual entities develop their approach in way that makes sense locally.

Intermediary Counterparty Risk

Where counterparty exposures are a feature of the business, limits are established through reference to individual counterparties' external ratings and tracked on a 'by exception' basis.

Liquidity Risk

This category of risk is applicable to all our operating entities to differing degrees given the varying levels of uncertainty around projected liquidity requirements and how this is addressed through local investment strategies.

We set specific appetites and tolerances around the degree to which we will accept the risk of being unable to meet our liabilities when they fall due. For example:

Operational Risk

As an area of non-core risk, we aim to avoid or mitigate operational risk to the extent that is practicable and economically appropriate.

Due to the nature of operational risk, in practice it is difficult to attempt to aggregate exposures across multiple entities (due to the lack of a common denominator of measurement). It is, however, possible to develop some consistent statements of risk appetite that are then tailored to the specific risk profile of individual entities.

In terms of risk reporting, this is primarily on a 'by exception' basis with breaches of appetite or near miss / actual losses being aggregated across entities.

Regulatory & Legal Risk

These are risks for which there is have zero or very limited appetite and so these are expressed in terms of Group risk appetite on this basis through a series of appropriate statements.

Similarly to generic Operational Risk, whilst difficult to quantitatively aggregate risks across entities, these risks could be reported on the basis of crystallised events or near misses on a ‘by exception’ basis.

Strategic & Group Risk

As described in the Risk Universe Framework, this area of risk is typically assessed qualitatively and as such does not lend itself to aggregation either with other risks or across entities. This covers a range of potential risk exposures including, but not restricted to, Strategy Selection, Strategy adherence, Contagion Risk, Access to Capital etc.

Emerging Risk

By definition, these risks lend themselves neither to a formal expression of a quantitative appetite / tolerance nor to reporting on an aggregate basis.

Accordingly, the Group articulates its appetite in terms of a requirement that individual operating entities have in place a process to identify these risks, operate this process effectively and communicate its outputs to the relevant stakeholders.

Whilst certain emerging risks may have the potential to affect more than one operating entity, local evaluation will rightly tend to be based more upon the specific entity than on that of the wider Group. Rather than creating an industry, the process of reviewing entity analysis and wider market analysis is centralised.

b. Risk Mitigation in the Organization

RQIH has a comprehensive Risk Management framework implemented both at a group level and in each operating subsidiary. The Risk Management Function is under the control of the Group Chief Risk Officer and reports directly to the Group’s Board and the Group Risk Committee.

The Risk Management function has established and implemented risk management across the Group which includes the co-ordination, aggregation, facilitating and enabling the function and is specifically responsible for strategy, risk appetite, risk ownership, risk governance, internal models, emerging risks, risk assessment, risk policies and procedures, risk co-ordination, risk reporting and communications, business continuity, insurance and liaison with external parties.

c. Material Risk Concentrations

The Company has policies governing risk concentrations in relation to counterparties, credit quality, concentration and geographical locations. RQIH monitors exposures, risk limits and concentrations. The Group’s risk exposure monitoring is completed by the Actuarial and Risk Management teams in London.

d. Investment in Assets in Accordance with the Prudent Person Principles of the Code of Conduct

The Company's investment portfolio is managed in accordance with the investment policy and investment guidelines. These guidelines are designed to ensure that highly liquid and low volatility investments support technical provisions to ensure that claims can be paid as they fall due. The investment policy and guidelines are reviewed as required, for example if any significant developments have occurred that affect the financial markets.

e. Stress Testing and Sensitivity Analysis to Assess Material Risks

The Company performs various stress tests on an annual basis to determine the adequacy of capital/solvency/liquidity to ensure regulatory requirements are met. The stress tests performed relate to underwriting risk exposures, interest rate risk, credit risk and reverse stress tests.

iv. SOLVENCY VALUATION

a. Valuation Bases, Assumptions and Methods to Derive the Value of Each Asset Class

The Company has used the valuation principles outlined by Bermuda Monetary Authority's "Guidance Note for Statutory Reporting Regime" for the reporting period's statutory filing. The economic valuation principles outlined in this document are to measure assets and liabilities on a fair value basis (which is the value that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date). The fair value principles used for the assets are as follows:

- Cash and Cash Equivalents – includes cash time deposits. The fair value of these holdings is determined by using mark to market valuation, or quoted market prices in active markets for similar assets with adjustments to reflect differences if mark to market valuation is not possible, or mark to model valuation otherwise.
- Fixed Income Securities – are valued in accordance with mark to market principles where possible or quoted market prices in active markets for similar assets with adjustments to reflect differences if mark to market valuation is not possible. For fixed income securities that are not actively traded and for which similar assets are also not actively traded, the Company uses pricing services to prepare inputs to assist the Company with mark to model valuations.
- Equities and investment funds - includes common stock and preferred shares and are valued using the quoted market prices.
- Accounts Receivable and Premium Receivable – are recorded at a fair value and balances due in more than one year have been discounted at the relevant risk free rate.

b. Valuation Bases, Assumptions and Methods to Derive the Value of Technical Provisions

Insurance technical provisions are valued based on best estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate term structure with an appropriate illiquidity adjustment. In addition, there is a risk margin to reflect the uncertainty contained inherent in the underlying cash flows which is calculated using the cost of capital approach and a risk-free discount rate term structure. The discount rate term structures are prescribed by the Bermuda Monetary Authority for each reporting period.

The best estimate for the loss and loss expense provision is calculated by using IFRS Accounting Principles reserves as the starting point and then performing a series of adjustments:

- Removal of prudence margins.
- Incorporation of expected reinsurance counterparty defaults.
- Incorporation of events not in data (ENID).
- Other adjustments related to consideration for investment expenses, etc.
- Discounting of cash flows.

The best estimate for the premium provision is calculated by using the unearned premium reserve on a IFRS basis, adjusting for bound but not incepted business as at 31st December 2016 and applying expected future loss ratios, expense ratios and appropriate claims pay-out patterns to derive cash flows which are then discounted.

At 31st December 2017, the total Technical Provisions amounted to $600.3m comprising the following (reported in $'000s):

- Best Estimate Loss and Loss Expense Provision $545.6m
- Best Estimate Premium Provision $62m
- Risk Margin $48.4m

c. Valuation Bases, Assumptions and Methods to Derive the Value of Other Liabilities

Similar to the valuation principles for assets, the Company's liabilities follow the valuations principles outlined by Bermuda Monetary Authority's "Guidance Note for Statutory Reporting Regime" which values liabilities at a fair value basis. All other liabilities (with the exception of Notes Payable and Derivative Instruments) are valued on a IFRS basis and settlements not expected to be settled within a year, are discounted using the prescribed discount rates provided by the Bermuda Monetary Authority as at 31st December 2016. Notes Payable are valued on an IFRS basis. In the absence of an active market, prices are based on observable market inputs.

d. Any Other Material Information

No additional material information to report.

v. CAPITAL MANAGEMENT

a. Eligible capital

i. Capital Management Policy and Process for Capital Needs, How Capital is Managed and Material Changes During the Reporting Period

The primary capital management objectives of the Company are to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. The Company strives to achieve an appropriate capital structure that efficiently allocates risk to the Company's capital. The Company's capital and risk management strategy are primarily unchanged over the prior year.

To maintain a strong capital base, the Company identifies, assesses, manages and monitors the various risk sources it faces in the course of business. This process culminates in an assessment of the capital necessary to maintain solvency at the threshold targeted by senior management given the firm's risk profile. The Company's risk profile includes an assessment of the current and anticipated future material risks faced by the Company, the strength of the organisation's risk management, capital measures, qualitative risks, stress testing, liquidity, and financing mechanisms.

Eligible Capital Categorised by Tiers in Accordance with the Eligible Capital Rules

At the end of the reporting period, the Company's Eligible Capital was categorised as follows:

		$000s
Tier 1 Capital	Share Capital	3,365
	Contributed Surplus	83,225
	Statutory economic surplus	70,921
Total Tier 1 Capital		157,511
Tier 2 Capital	Fixed Term Subordinated Debt	49,678
Total Eligible Capital		**207,189**

The Company's Tier 1 Capital, consists of share capital, contributed surplus, and statutory surplus.

The Tier 2 Capital comprises Floating Rate Subordinated Notes due 2023 which were issued in December 2016 and approved by the BMA for R&Q Re (Bermuda) Ltd. as Tier 2 Ancillary Capital. There are no pledged assets that exceed the Company's policyholder obligations, therefore there are no adjustments to the Eligible Capital tiers

ii. Eligible Capital Categorised by Tiers in Accordance to the Eligible Capital Rules Used to Meet ECR and MSM Requirements of the Insurance Act

At the end of the reporting period, the Company's Eligible Capital for its Minimum Margin of Solvency (MSM) and Enhanced Capital Requirement (ECR) was categorized as follows:

The BMA approved for R&Q Re (Bermuda) Ltd. on 19 December 2016 a $20 million Floating Rate Subordinated Notes due 2023 as Tier 2 Ancillary Capital and "Other Fixed Capital" for the purpose of determining RQIH's Statutory Capital and Surplus.

R&Q Insurance (Malta) Limited has €25 million Floating Rate Subordinated Notes due 2025 which have been approved by the Malta Financial Services Authority as Tier 2 Ancillary Capital and included within "Other Fixed Capital" for the purpose of determining RQIH's Statutory Capital and Surplus.

iii. Confirmation of Eligible Capital That is Subject to Transitional Arrangements

There are no transitional arrangements for Eligible Capital

iv. Identification of Any Factors Affecting Encumbrances on the Availability and Transferability of Capital to Meet the ECR

The Company has entered into contracts with affiliated cedants. The Company posts collateral to meet it Funds at Lloyd's obligations. There are no other restricted assets.

v. Identification of Ancillary Capital Instruments Approved by the Authority

None

vi. Identification of Differences in Shareholder's Equity as Stated in the Financial Statements Versus the Available Capital and Surplus

Other than the impact of employing statutory-based technical provision valuation techniques, significant differences between IFRS shareholder equity and available statutory capital and surplus include the reduction in available statutory capital for goodwill and other intangible assets and non-admitted assets.

b. Regulatory capital requirements

i. ECR and MMS Requirements at the End of the Reporting Period

At the end of the reporting period, the Company's regulatory capital requirements were assessed as follows:

Requirement	**$'000**
Minimum Margin of Solvency	$94,589
Enhanced Capital Requirement	$135,424
Target capital level (unaudited)	$162,508
Actual statutory capital and surplus	$207,189

The Company is in compliance with the Liquidity Ratio at 31 December 2017 and 2016.

The Enhanced Capital Requirement of 153% is significantly in excess of the minimum requirement of 100% and above the Target Capital level of 120%.

ii. Identification of Any Non-Compliance with the MMS and the ECR

The Company was compliant with its Minimum Margin of Solvency and Enhanced Capital Requirements during the reporting period.

iii. A Description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures and Their Effectiveness

There was no non-compliance in 2017.

iv. Where the Non-Compliance is not Resolved, a Description of the Amount of the Non-Compliance

The Insurance Group was in compliance in 2017.

c. Approved Internal Capital Model

The company does not use an internal capital model.

vi. Subsequent Events

There were no reportable subsequent events other than those disclosed in appendix 2.

Appendix 1 – Directors Bios

Ken Randall

Director, Group Chairman and Chief Executive Officer

Ken Randall is a Certified Accountant and has worked in the insurance industry for more than 40 years. During the early 1980s, Ken was Head of Regulatory Services at Lloyd's which was then a self-regulated institution. From 1985 until 1991 Ken served as Chief Executive of the Merrett Group, which managed a number of prominent syndicates at Lloyd's and had other insurance interests. In 1991, he left Merrett to set up his own business and in 1992 he teamed up with Alan Quilter. Over the next eight years they developed the Group's principal subsidiary, Eastgate, into the UK's largest third party provider of insurance services with 1,300 employees and a turnover of over £80 million per annum. Following the sale of Eastgate to Capita plc in November 2000, Ken and Alan refocused the Randall & Quilter Group onto the acquisition of nonlife legacy run-off portfolios. After the expiry of non-competition agreements, Randall & Quilter again developed an insurance servicing business in London and the USA, initially focusing on legacy portfolios. Ken led the Randall & Quilter Group admission to AIM in 2007 and remains a significant shareholder.

Alan Quilter

Director, Group Chief Operating Officer & Deputy Group Chief Executive Officer

Alan Quilter is a Chartered Accountant and has worked in the London insurance market since 1969. Between 1980 and 1987, he headed the Market Financial Services Group at Lloyd's before becoming Managing Director of Cheval Investment Management, a specialist investment management company focused on insurance markets in the UK. In 1992, Alan joined Ken Randall to develop what became the Randall & Quilter Group becoming Chief Financial Officer, and in 2011, Group Chief Operating Officer. Alan has been Deputy Group Chief Executive Officer since the relocation of the listed company to Bermuda.

Tom Booth

Director and Chief Financial Officer (left the Group 30 June 2018)

Tom Booth joined the Randall & Quilter Group in October 2009 and was appointed to the Board of R&Q in January 2011, becoming Group CFO in June 2011. Tom moved to Bermuda with the Group's redomicile in July 2013 and has helped grow the Bermuda head office, including building up a North American legacy focused M&A team. With nearly 16 years of experience in the insurance sector, Tom began his career as an investment banker, previously holding the position of Corporate Finance Director at Numis Securities Limited where he was responsible for an extensive LSE-listed client base. Prior to this he advised and raised significant capital for a range of underwriting and other insurance-related entities whilst at Aon Capital Advisory. Tom graduated from Trinity Hall, Cambridge University and holds a First Class MBA in Finance.

Michael Smith
Non-Executive Director

Michael Smith is a solicitor, having spent his professional career at City solicitors Titmuss Sainer & Webb (now international law firm, Dechert) of which he was senior partner from 1990 to 1998, retiring from legal practice in 2001.
He was a corporate lawyer, having specialised from the mid 1980's in the London and international insurance markets, with a concentration on capital transactions of all types.

Philip Barnes
Non-Executive Director

Philip Barnes is a Chartered Accountant and has worked in the insurance industry for the past 31 years. Philip is currently the President of the representative office of the Jardine Matheson Group of Companies in Bermuda. A Fellow of the Institute of Chartered Accountants in England & Wales, Philip qualified with a national firm of accountants in the UK before continuing his career with Deloitte in Bermuda. He then joined Alexander & Alexander which was subsequently acquired by the global broker Aon. During his 25-year career with Aon Philip oversaw the growth and development of the Bermuda office into the leading manager of captives and reinsurance companies on the island. Philip has served on various industry and government advisory committees over the years. He currently holds a number of non-executive directorships of Bermuda insurance and reinsurance companies.

Alastair Campbell
Non-Executive Director

Alastair Campbell qualified as a Chartered Accountant in 1968. After qualifying, he worked with PKF Littlejohn LLP, becoming a partner in 1970. Between 1984 and 1998 he acted as the Senior Partner and Chairman of the firm.

During his 40 years as a partner he acted for a wide range of commercial entities, mainly in the service sector. Throughout his career he has been involved in the London Insurance Market and has extensive experience in the non-life insurance industry, acting for insurers, brokers and agents as auditor and adviser. Following his retirement in 2010, he has worked as a consultant and expert witness on accounting-related projects.

Appendix 2 - Subsequent Events

Acquisition of Constantia Insurance Company

2 January, 2018

R&Q is pleased to announce it has acquired Constantia Insurance Company (Guernsey) Limited ("Constantia"), a captive company now in run-off, from Old Mutual plc ("OM").

Regulatory approval for the acquisition has been granted and Constantia will be amalgamated into Capstan Insurance Company Limited, R&Q's consolidation vehicle in Guernsey, subject to necessary consents.

Constantia wrote professional indemnity & crime programme insurance from 2003 to 30 April 2017 to various OM Group companies.

The agreed purchase price is £1.5m and represents a small discount to Constantia's pro-forma net assets of £3.4m. The transaction will be settled in cash and financed from the Group's existing resources. In the year ended 31 December 2016 Constantia reported a loss before tax of £2.4m.

Commenting on today's announcement, Ken Randall, Chairman and Chief Executive Officer of R&Q, said: "We are delighted to have acquired Constantia and this continues to demonstrate the ability of R&Q to provide exit solutions for end of life captive insurance companies. This continues our excellent track record of acquiring captive insurance companies and we remain excited about our legacy acquisition pipeline."

Senior Management Changes

8 January, 2018

Randall & Quilter (R&Q), the specialist non-life legacy insurance investor and capacity provider of US and European MGA programme business, today announces changes to its senior management team, as progress continues towards the simplification of the Group.

Tom Booth, Group Chief Financial Officer, has resigned as a Director with immediate effect and will be leaving the employment of the R&Q Group effective 30th June 2018 to pursue alternative opportunities.

Ken Randall, Group Chairman said: "Tom joined the Group almost ten years ago, shortly after R&Q listed on the AIM market of the London Stock Exchange. He has made a significant contribution to the development of R&Q's business and we shall miss his intelligence and energy. I wish him every success in his future career.

"Alan Quilter, Group Deputy Chairman, will re-assume the role of Group Chief Financial Officer, a position which he has held previously, with immediate effect. Alan will additionally take the lead as regards Group-wide development of programme business.

"I will continue as Group Chairman and Chief Executive Officer.

"Mark Langridge, CEO of Insurance Investments, who has been with the Group since 2008, will be appointed to the Group Board and will continue to be responsible for Group-wide legacy acquisitions and management.

"R&Q continues to make excellent progress. The simplification of the Group is proceeding well, most recently with the completion of the disposal of our Lloyd's Managing Agency to Coverys. Further disposals are expected to be agreed and announced shortly.

"The pipeline of new business opportunities remains strong, particularly in the high growth areas of insurance legacy and programme business, which is mostly reinsured to high quality insurance carriers.

"The Group has also made good progress with deployment of the cash raised in the recent funding round.

"We are today announcing a number of internal promotions across the Group and there is to be some re-alignment of senior management responsibilities. We have a highly focused, talented and experienced management team and we are all excited about the prospects for growth. The business is performing well and we have an excellent and growing pipeline of new business opportunities both in legacy and insurance programme business.

"The management changes being announced today are designed to enhance business development, capital management and operational efficiency. The simplification of our business following recent and planned disposals, will enable Alan Quilter and I to devote more time to 'hands on' business development. The reaction from the (re)insurance market to our business initiatives has been extremely positive and momentum has increased as a result of uncertainties around Brexit and wider insurance industry developments."

Appointment of Executive Director

9 January, 2018

Randall & Quilter Investment Holdings Ltd., the non-life legacy insurance investor and capacity provider of US European MGA programme business, is pleased to announce the appointment of Mark Andrew Langridge, Chief Executive Officer, Insurance Investments Division, to the board as an Executive Director of the Company.

Mark has worked within the London insurance industry since 1980 when he began his career with the Prudential Corporation, qualifying as an accountant in 1987. In 1993 he joined KWELM Management Services which was subsequently acquired by the Group. He has been Chief Executive Officer of the R&Q Insurance Investments Division for approximately 5 years.

Ken Randall, Group Chairman, commented:

”Mark has held a senior management position within the Group for some years. Prior to joining R&Q he was responsible for managing the legacy of the defunct HS Weavers' underwriting pool which had liabilities of more than $9bn and which presented unique challenges for the P&C industry in London and internationally.

“Mark is well known and highly regarded throughout the run-off sector.

“Within R&Q he is responsible for all legacy acquisitions and management, including our Lloyd's run off portfolios. I value his contribution and commitment to the business and look forward to working with him as a member of the Group Board.”

R&Q sells its Insurance Services and Captive Management operations

15 January, 2018

Randall & Quilter Investment Holdings Ltd. ('R&Q' or 'the Group') is pleased to announce the sale of its Insurance Services and Captive Management Operations to Davies Group (“Davies”) a leading operations management, consultancy and digital solutions provider.

The transaction involves the sale of the entire share capital of JMD Specialist Insurance Services Group Limited and its subsidiaries, R&Quiem Limited, John Heath & Company Limited and AM

Associates Insurance Services Limited as well as Randall & Quilter Bermuda Holdings Limited and its Quest subsidiaries.

The sale follows the previously announced decision to simplify the Group's operations to focus on its core, high growth activities which include:

(i) the acquisition/assumption of run-off portfolios; and

(ii) the use of its licensed companies in the US and EU as conduits for niche and profitable books of insurance business, primarily to highly rated reinsurers.

The agreed valuation of the businesses being sold is £20m. Net cash consideration payable by Davies, after deducting net debt applicable to the businesses, is approximately £18.6m.

The sale agreement provides for a post completion adjustment in relation to working capital requirements, but the overall impact of the disposal on the Group is expected to be broadly neutral to book value and earnings after allowance for transaction expenses, related incentive payments, working capital adjustments and goodwill written off.

As anticipated in the October 2017 Share Placing, there will be a consequential uplift to the Group's tangible net assets of approximately £12m as a result of the transfer of value from goodwill to cash.

The net proceeds of the sale will be deployed to help finance the growing legacy transaction pipeline, especially in the US and Lloyd's, and to generate commission income from the use of Accredited and Malta's direct licenses.

Ken Randall, R&Q Chairman and CEO, commented: "The sale of our Insurance Services and Captive Management operations is a significant milestone in the Group's decision to simplify its operations and focus on our core areas of legacy acquisitions and the writing of quality programme business, which is mostly reinsured to highly rated reinsurers.

"The Insurance Services and Captive Management operations are market leading, well-developed and scalable and we are confident the operations will prosper under the stewardship of Davies. As we have progressed discussions with Davies we have developed a good working relationship and hope to be able to develop business between our two organisations in the future.

"The sale will enable us to focus further on our core operations where we remain excited about the growth potential in the current year and beyond, underpinning the Group's financial performance and distribution policy."

R&Q completes assumption from a Risk Retention Group

24 January, 2018

Randall & Quilter Investment Holdings Ltd. (“R&Q”) is pleased to announce the assumption of auto liabilities from a Connecticut domiciled risk retention group (“RRG”) to R&Q’s wholly owned A-admitted carrier, Accredited Surety and Casualty Company, Inc.

The Connecticut risk retention group, with estimated reserves of circa $1.6m, wrote auto liability policies in California during 2015. This transaction, through Accredited, provided full finality to the RRG for the auto liabilities assumed, which now enables the entity to wind up.

Ken Randall, Chairman and Chief Executive Officer of R&Q, explained: “We are very pleased to announce our first assumption with a risk retention group was completed prior to yearend. This transaction is evidence of our unique ability to provide finality solutions to U.S. self-insurers through the use of Accredited and is an area which we are looking to expand in 2018.”

R&Q Malta receives A- rating from A.M. Best

5 February, 2018

R&Q Investment Holdings Ltd. (R&Q) is pleased to announce that it has received an A- (Excellent) credit and financial strength rating from A.M. Best for its European subsidiary R&Q Insurance (Malta) Limited (R&Q Malta).

It is the first time R&Q Malta has received a published A.M. Best rating and it is an important milestone in the execution of R&Q’s new strategy of focusing on its long-standing business of acquiring & managing run-off portfolios, together with providing much in-demand programme management capacity on behalf of MGAs and their reinsurers.

In 2017, R&Q unveiled a new, focused strategy based on these two core propositions which are delivered through its Bermuda, US, European (Malta) and Lloyd’s platforms. As part of this strategy, R&Q has made a number of divestments of its non-core businesses and also raised £65m net funds through two separate equity placings in 2017.

In addition to the A- (excellent) rating with a stable outlook for R&Q Malta, A.M. Best's analysis of the R&Q Group has resulted in bbb- rating with a stable outlook for Randall & Quilter Investment Holdings Ltd.

The rating development also follows an affirmation last year by A.M. Best of Accredited Surety & Casualty's (Accredited) A- (excellent) financial strength rating. Accredited is R&Q's Florida domiciled insurer which is licensed in all fifty states, together with the District of Columbia, to write Property & Casualty business.

Ken Randall, chairman and CEO of R&Q welcomed the development:

"We are delighted that A.M. Best has recognised the quality of R&Q's balance sheet, our group risk and operational management and our new, strategy focused around two core offerings: legacy acquisitions and programme management.

"The A- rating for our European insurance company, R&Q Malta, is an important step in our new strategy and gives our customers and counterparties even greater confidence in our ability to meet their needs in providing solutions to exiting run-off business and in being their programme underwriting partner of choice.

"I can also confirm that the proceeds of the fundraise in October 2017 have now been fully deployed, as planned, by way of additional capital injections into Accredited and R&Q Malta.

"With a strong pipeline of business and the completion of our non-core divestments, the newly focused R&Q looks forward to 2018 with confidence".

Completion of Reinsurance to Close of Syndicate 3334

19 February, 2018

On 20 December 2017 Randall & Quilter (R&Q) announced it had reached agreement with Hamilton Underwriting Limited (Hamilton) to provide capital, in conjunction with AXA DBIO, to support the Reinsurance to Close (RITC) of Syndicate 3334's 2014 and prior years of account.

We are now pleased to announce that all of the necessary approvals have been obtained and the transaction has completed, with an inception date of 1st January 2018.

As previously announced, the RITC has been written by Syndicate 3330, managed by Coverys Managing Agency and consists of net reserves of circa £30m.

Commenting on the transaction, Ken Randall, Chairman and CEO of R&Q said:

“We are pleased to have concluded this RITC with Hamilton in respect of the run-off of their legacy Sportscover business. We continue to build on our relationship with Coverys Managing Agency and are delighted to have a strong partner in AXA Liabilities Managers. We look forward to completing further Lloyd’s legacy transactions in the future, building on the recent success here.”

R&Q writes Adverse Development Cover to a Risk Retention Group

9 March, 2018

Randall & Quilter Investment Holdings Ltd. (“R&Q”) is pleased to announce the issuance of adverse development reinsurance covering medical professional liability and general liability risks. This coverage was written by R&Q’s wholly owned A- admitted carrier, Accredited Surety and Casualty Company, Inc. for the benefit of a U.S. domiciled Risk Retention Group (“RRG”) and provides $70m of coverage to protect the RRG from downside risk on their legacy insurance program.

Ken Randall, Chairman and Chief Executive Officer of R&Q, explained “This transaction adds to the continued development of exit solutions to risk retention groups within the U.S. We are excited to expand our capabilities using Accredited Surety & Casualty to assist in solving various issues that arise on legacy liabilities for RRG’s, self-insurers, and corporates within the U.S.”

Accredited Surety & Casualty Inc (Accredited) is a wholly owned subsidiary of the R&Q Group. Forty-five years old and headquartered in Florida, Accredited is an A.M. Best A- (Excellent) rated insurance company that is licensed in all fifty states to write admitted business.

R&Q completes novation from two Texas self-insurers

12 March, 2018

Randall & Quilter Investment Holdings Ltd. (“R&Q”) is pleased to announce the assignment and assumption of the liabilities of two Texas domiciled self-insurance groups to the R&Q owned A- rated carrier, Accredited Surety and Casualty (“Accredited”).

Ken Randall, Chairman and Chief Executive Officer of R&Q, explained “We are delighted to complete these assumptions in the State of Texas, which represents 2 more successful transactions with self-insurers in the United States. This deal reinforces our team’s innovation in structuring transactions to provide full finality in legacy liability exit solutions and working cohesively with the respective insurance regulators to provide these solutions”.

R&Q completes assignment of large deductible liabilities from U.S. Manufacturer

13 March, 2018

Randall & Quilter Investment Holdings Ltd. (“R&Q”) is pleased to announce the assignment of insurance liabilities under deductible policies.

The underlying liabilities relate to workers’ compensation policies issued to a US corporate from a large US carrier. This transaction allowed the carrier to assign the insurance liabilities under the deductible policies, therefore providing full finality to the corporate, while keeping the original carrier fully collateralized.

Ken Randall, Chairman and Chief Executive Officer of R&Q, explained “We are excited to continue to provide unique exit solutions for legacy insurance liabilities to U.S. corporates. This transaction further demonstrates the depth of our penetration into providing innovative solutions to North American self-insured risks.”

A.M. Best affirms Accredited’s A- financial strength rating

10 April, 2018

Accredited Surety & Casualty Company, Inc ('Accredited'), the Florida-headquartered US insurance company that is licenced to write admitted P&C business in all fifty states, has had it's A.M. Best A- (Excellent) financial strength rating affirmed.

In a statement, A.M. Best said the "ratings reflect Accredited's balance sheet strength, which A.M. Best categorizes as very strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management".

Earlier this year, A.M. Best raised its A- group rating on Accredited from VI to VII to reflect the company's increased capital base and surplus.

A.M. Best also said it has a stable outlook on Accredited's rating as it expects "operating results will continue to be profitable".

Earlier this year, A.M. Best awarded Accredited's European sister company, R&Q Insurance (Malta) Limited a first-time A- rating.

Accredited begins new program partnership with American Team Managers

11 April, 2018

R&Q Investment Holdings Ltd ('R&Q'), is pleased to announce that Accredited Surety & Casualty Company Inc ('Accredited'), the Florida-headquartered insurance company that is licensed in all 50 states to write admitted business, has closed another program underwriting partnership in 2018. Accredited is a subsidiary of R&Q.

From 1 April 2018, Accredited became the issuing carrier on behalf of American Team Managers ('ATM'), an independently owned insurance MGA and wholesaler that specialises in providing cargo insurance for the US inland transportation industry.

Accredited will act as the insurer on behalf of ATM, on a fully reinsured basis, and as a conduit between the firm and its insurance capital providers providing its infrastructure and licenced paper to enable ATM to focus on servicing its customers. The cargo insurance program provides coverage in 12 western states with limits of up to $250,000.

Todd Campbell, the President and CEO of Accredited, commented: “We are delighted to be working with ATM, a leading MGA in the inland transportation sector and with a well-deserved reputation for excellence and superior service”.

“Accredited completed five new program underwriting partnerships in 2017. With a strong pipeline of new partnerships in first half of 2018, Accredited is excited about delivering on our mission to be the program insurer of choice for US MGAs and their capital partners”.

Ken Randall, the CEO of R&Q, added: “Accredited is delivering on our mission to be a leading provider of program underwriting services to MGAs/MGUs. We look forward to partnering with ATM and in completing other new partnerships in the second quarter, 2018”.

Accredited announces new program underwriting partnership with Renaissance MGA

25 April, 2018

R&Q Investment Holdings Ltd (‘R&Q’), is pleased to announce that Accredited Surety & Casualty Company, Inc (‘Accredited’) the Florida-headquartered insurance company that is licensed in all 50 states to write admitted business, has closed another program underwriting partnership in 2018. Accredited is a subsidiary of R&Q.

From 1 May, Accredited will underwrite on behalf of Renaissance Managing General Agency, LLC, a highly regarded Miami, Florida-based MGA that specializes in providing customer-focused, technologically driven private passenger automobile insurance coverage.

Florida-headquartered Accredited will act as the program underwriting manager on behalf of Renaissance and as a conduit between the firm and its insurance capital providers.

Todd Campbell, CEO of Accredited, commented: “We are delighted to be working with Renaissance, a leading Florida writer of non-standard auto coverage.”

“Accredited closed five new program underwriting partnerships in 2017 and Renaissance is our second new one for 2018. With a strong pipeline of new partnerships in first half of 2018, Accredited is excited about delivering on our mission to be the program underwriter of choice for US MGAs and their capital partners”.

Ken Randall, CEO of R&Q, added: "Accredited is at the forefront of R&Q's new strategic focus on the provision of program underwriting services in the US and Europe. We look forward to partnering with Renaissance and in completing other new partnerships in the second quarter, 2018".

A further two transactions completed by R&Q

11 June, 2018

Transaction from California self-insured

Randall & Quilter Investment Holdings Ltd. ("R&Q") is pleased to announce the completion of a transaction to provide full finality to a California based self-insurer by the R&Q owned A- rated carrier, Accredited Surety and Casualty ("Accredited"). This is the first transaction with a self-insurer in California and the fourth across the U.S. over the past 2 years.

Ken Randall, Chairman and Chief Executive Officer of R&Q, explained "We are delighted to complete this assumption in the State of California, which represents another successful transaction with self-insurers in the United States. This deal reinforces our team's innovation in structuring transactions to provide full finality for legacy liabilities and working cohesively with the respective insurance regulators to provide these solutions".

Captive reinsurance transaction for a large US corporate airline

Randall & Quilter Investment Holdings Ltd. ("R&Q") is pleased to announce the issuance of a reinsurance agreement assuming the legacy liabilities of the Bermuda domiciled captive of a US corporate airline by the R&Q owned A- rated carrier, R&Q Insurance Malta ("RQIM"). We were able to provide the corporate economic relief from their legacy liabilities and we look to continue to provide innovative solutions to meet the needs of our counterparties.

Ken Randall, Chairman and Chief Executive Officer of R&Q, explained "We are delighted to complete another transaction with another large US corporate. This deal highlights our continued efforts to service the US corporate market and become a trusted counterparty for reinsurance transactions of this type".

Accredited announces new program underwriting partnership with Atlas General Services Insurance LLC

31 July, 2018

Randall & Quilter Investment Holdings Ltd. ('R&Q'), is pleased to announce that its wholly owned subsidiary Accredited Surety & Casualty Company, Inc ('Accredited') the Florida-headquartered insurance company that is licensed in all 50 states to write admitted business, has closed its largest ever program underwriting partnership.

From 1 July 2018, Accredited began underwriting on behalf of Atlas General Services Insurance LLC ("Atlas"), the leading US program management administrator.

Headquartered in California, Atlas is one of the nation's leading workers' compensation administrators and has evolved to provide coverage for a number of different classes including construction, habitational risks, hotels and office/retail.

The partnership is initially focussed on workers' compensation and is estimated to be worth an initial c$30mn in annual GWP. Atlas and R&Q expect this figure to grow significantly over the next two to three years.

It is the third new program underwriting partnership agreed by Accredited in 2018 and draws on parent company R&Q's decades of experience in managing long-tail claims and Accredited's balance sheet strength which is reflected in its A- (Excellent) financial strength rating and its admitted licences in all fifty states.

Atlas works closely with a panel of highly rated reinsurance companies and Accredited will provide coverage supported by 100 percent quota share reinsurance.

Todd Campbell, CEO of Accredited, commented: "We are delighted to be working with Atlas, a 'best-in-class' MGA that is one of the nation's leading providers of workers' compensation products."

"Accredited closed five new program underwriting partnerships in 2017 and Atlas is our third new one for 2018. With a strong pipeline of new partnerships, Accredited is excited to be delivering on our mission to be the program underwriter of choice for US MGAs and their capital partners".

Ken Randall, CEO of R&Q, added: "This partnership with Atlas is based on R&Q and Accredited's more than 30 years' experience of insurance management in different risk classes and Accredited's fully admitted status in all fifty states.

“We look forward to working with Atlas and will be making further announcements regarding additional partnerships in the second half of 2018”.

Randall & Quilter agrees three additional European program underwriting partnerships.

17 August, 2018

Randall & Quilter Investment Holdings Ltd. (“R&Q”) is pleased to announce that its wholly-owned European subsidiary R&Q Insurance (Malta) Ltd (“R&Q Malta”) has signed three new program underwriting partnerships with European Managing General Agents (“MGAs”).

They are:

- Futura, a Spanish MGA specialising in surety bonds
- Inspire, a UK based MGA providing private motor insurance
- All Risks, an Italian MGA specialising in surety bonds, professional indemnity and third-party liability

These transactions confirm the ongoing execution of R&Q’s strategy to provide high quality program underwriting facilities to MGAs in the EU, and in the USA via R&Q Malta’s sister company, Accredited Surety & Casualty Company Inc. (“Accredited”), by providing licenced insurance capacity and infrastructure to act as a conduit between MGAs and reinsurance capital providers.

R&Q Malta – which is licenced to write all non-life classes in all European Union (“EU”) member states and is A- (Excellent) AM Best rated – provides a ready-made Brexit solution to European MGAs and reinsurers.

Colin Johnson, CEO of R&Q UK & European Program Management, said: “We are delighted to confirm these three transactions and we look forward to finalising a number of other deals in the coming months as we expand both the geographical spread and the number of classes we underwrite”.

Ken Randall, R&Q CEO and Chairman, added: “These three transactions demonstrate R&Q’s ability to provide high quality insurance coverage to MGAs throughout the EU. With a strong pipeline of new partnerships, R&Q is on target to exceed its expectations of at least 15 new program partnerships in Europe and the USA in 2018.

"To date R&Q Malta and Accredited have contracted live programs expected to produce in excess of US$200m in annual gross premiums and are on track to more than double this figure before year-end."

R&Q provides $146m legacy reinsurance for a USA domiciled Risk Retention Group

4 September, 2018

Randall & Quilter Investment Holdings Ltd. ("R&Q") is pleased to announce the issuance of a loss portfolio transfer reinsurance covering commercial auto liability risks. This coverage was underwritten by R&Q's wholly owned A- admitted carrier, Accredited Surety and Casualty Company, Inc. for the benefit of a U.S. domiciled RRG. This reinsurance provides $146m of ground-up limit which provides the RRG with significant limit to cover their unpaid liabilities which are estimated to be in excess of $100m.

Dan Linden, Head of M&A Operations (US/Bermuda), commented: "This transaction is a further example of our team's commitment to developing legacy liability solutions to assist counterparties in achieving their strategic goals."

Ken Randall, Chairman and Chief Executive Officer of R&Q, explained "This loss portfolio transfer adds to our continued development of legacy solutions for risk retention groups within the U.S and is our third risk retention group transaction within the past year. This transaction confirms our penetration into the larger value legacy space which we hope to build on going forward. We are excited to expand our capabilities using Accredited Surety & Casualty to provide legacy solutions for RRG's, self-insurers, and corporates within the U.S."

Corporate Restructuring for R&Q's growing Program Business Initiative

7 September, 2018

R&Q Investment Holdings Ltd "R&Q" is pleased to announce a corporate restructuring to create a newly named division, Accredited, which comprises its fast growing US and European program management businesses.

Accompanying this initiative is a renaming of R&Q's Malta domiciled insurance platform, R&Q Insurance (Malta) Limited, to Accredited Insurance (Europe) Limited. This change is effective immediately.

Accredited will be jointly run by Todd Campbell, as CEO of its US business, and Colin Johnson, as CEO of its European division. Both individuals report to Alan Quilter, co-founder of R&Q and Group CFO.

Accredited is one of two core businesses of R&Q – the other being legacy acquisitions and the claims management of discontinued business – and its strategic aim is to provide high quality and fully licenced capacity for MGAs and other counter-parties on both sides of the Atlantic.

The name change is designed to reflect the importance of this core business to the Group and also to provide a simplified, single brand that provides the same level of service and client understanding to its customers on both sides of the Atlantic.

Both Accredited Surety and Casualty Company, Inc. the Group's wholly owned US platform, and its European equivalent, Accredited Insurance (Europe) Limited enjoy an A- (Excellent) financial strength rating from AM Best. Accredited Surety & Casualty Inc. also had its rating affirmed this year by AM Best while being upgraded to group VII under its classifications, reflecting its larger capital base.

Both platforms are enjoying high demand for their services at a time of significant market turmoil in the sector which includes the partial or complete withdrawal of other program capacity providers in 2017-18 (both in the US and Europe), continuing uncertainty over "Brexit", the emergence of disruptive fintech initiatives challenging the status quo and the desire for entrepreneurs to launch new Insurance businesses but require a program partner to provide licenced paper and infrastructure that acts as a conduit between them, their policyholders and their reinsurance capital providers.

A total of 7 new program underwriting partnerships have been entered into this year by the Group. Since R&Q's program initiative began last year, the Group has entered into partnerships that are the equivalent to circa $200mn in annualised GWPs and it expects this number to at least double by year-end.

Domiciled in Florida, Accredited Surety & Casualty Inc. is licenced in all fifty states to write admitted business for all P&C classes.

After Brexit takes place – as it is currently scheduled to do in March 2019 – Accredited Insurance (Europe) Limited will remain fully licenced to write every P&C class across all remaining 27 EU member states. In addition, a UK branch office will enable it to write business on behalf of UK MGAs, ensuring R&Q has a "gold-plated" Brexit solution for all its program partners.

Colin Johnson, CEO of UK and European Program Management, commented: "R&Q is, of course, well known for legacy acquisitions and for providing first class innovative exit solutions to owners of discontinued business.

“Since 2017, we have brought this same level of professional, client-focussed attention to MGAs in the US and in Europe who require a program underwriting partner who can act as the conduit between them and their reinsurers”.

Todd Campbell, President and CEO of Accredited Surety & Casualty Inc., added: “There is a growing demand for program partnerships and Accredited is determined to be the market’s go-to choice on both sides of the Atlantic”.

Novation of Insurance Liabilities

11 September, 2018

Randall & Quilter Investment Holdings Ltd (‘R&Q’ or ‘the Group’) is pleased to announce that its wholly owned Guernsey subsidiary, Capstan Insurance Limited, has signed an agreement to accept a novation of the insurance liabilities of the Sitex Cell in Windward Insurance PCC Limited, from its owners, Orbis Protect Limited (“Orbis”). The SITEX Cell insured the deductible amounts payable under Liability policies, including Employers’ Liability, for the years 2004 to 2014.

The residual liabilities, which will be managed by R&Q, comprise primarily of Employer’s Liability deductible exposures arising in the UK.

Commenting on today’s announcement, Ken Randall, Chairman and Chief Executive Officer of Randall & Quilter, said: “We are delighted to announce this transaction with Windward Insurance PCC Ltd which demonstrates R&Q’s appetite and ability to provide flexible exit solutions to owners of discontinued insurance businesses.

“We have a strong pipeline of acquisitions and expect to announce a number of additional transactions before the end of the year.”

R&Q acquires Global U.S. Holdings Incorporated

19 September, 2018

Randall & Quilter Investment Holdings Ltd. is pleased to announce that it has signed a definitive agreement to acquire, Global U.S. Holdings Incorporated from AXA DBIO, SCA, a subsidiary of investment funds managed by AXA Liabilities Managers SAS ("AXA LM").

Global U.S. Holdings Incorporated is the 100% parent of GLOBAL Reinsurance Corporation of America (collectively, "Global Re US"). Global Re US is a New York domiciled insurance company in run-off that underwrote predominantly property and casualty pro-rata treaties and facultative business for regional and specialty insurance companies on non-standard automobile, multi-peril and general liability lines in the US. In August 2002, it went into run-off and was acquired by an investment vehicle managed by AXA LM in June 2014.

As at 31 December 2017, Global Re US reported total assets of $260m, gross reserves of $146m and $107m of shareholders' equity. In the year to December 2017, it made a profit of $15m after tax. During 2018 the company has distributed $25m of its shareholder's equity to an investment vehicle managed by AXA LM and has reported a small trading profit.

R&Q will acquire Global Re US for a consideration of approximately $80.5m in cash at closing from R&Q's cash at hand and debt facilities. This represents a small discount to the company's current net assets. Global Re US will be managed by R&Q, which is a specialist in managing US asbestos, pollution and health hazard ("APH") exposures.

The acquisition is subject to regulatory approval from the New York Department of Financial Services. The investment vehicle managed by AXA LM may also seek to extract additional capital prior to completion. Should regulatory approval for a further capital extraction be received prior to completion, this will be reflected in a dollar for dollar reduction in the consideration price.

Based on R&Q's own reserve assessment and significant operational synergies, the acquisition will generate a material gain for the Group. Should regulatory approval be received and completion occurs before the end of 2018, it is expected to result in the Group's profit for full year 2018 being substantially ahead of market expectations.

Ken Randall, Chairman and Chief Executive Officer of R&Q said: "R&Q is delighted to agree terms to acquire Global U.S. Holdings Incorporated. We are very experienced in managing portfolios of this nature which reflects our expertise in managing long-tail US liabilities.

"It is a significant legacy transaction for the Group and, with a continuing pipeline of further potential acquisitions, we anticipate an active second half of the year. Two weeks ago we announced our largest ever legacy reinsurance transaction providing a limit of $146m for a US based Risk Retention Group for a premium of approximately $108.5m. These transactions demonstrate both the breadth of our ability to provide exit solutions and our continuing penetration into larger deal activity."

R&Q acquires MPS Risk Solutions Limited

19 September, 2018

Randall & Quilter Investment Holdings Ltd. ('R&Q' or 'the Group') is pleased to announce that its wholly owned European Insurance Company, Accredited Insurance (Europe) Limited (previously R&Q Insurance (Malta) Limited (RQIM)) has signed an agreement to acquire, subject to regulatory approval from each of the MFSA, PRA and FCA, the entire issued share capital of MPS Risk Solutions Limited ('MPSRS') ('the Company') from its owners The Medical Protection Society Limited ('MPS'). MPSRS was formed in January 2004 as a UK authorised insurer subsidiary of MPS. It ceased active underwriting in October 2012.

The residual liabilities comprise primarily Professional Liability exposures arising in the UK. MPSRS had gross claim reserves as at 31st December 2017 amounting to £2.4m. The consideration payable by R&Q, in cash from existing resources, is £16.0m. This represents a small discount to the Company's net assets of £17.8m. In the year to 31st December 2017 MPSRS recorded a profit before tax of £2.3m.

Commenting on today's announcement, Ken Randall, Chairman and Chief Executive Officer of Randall & Quilter, said: "We are delighted to have agreed terms to acquire MPSRS. R&Q takes pride in assisting companies to dispose of companies in run-off and providing finality for the owners. We expect to announce a number of additional acquisitions before year-end".

R&Q writes Novation for Barbados based captive

20 September, 2018

Randall & Quilter Investment Holdings Ltd. ("R&Q") is pleased to announce the novation of the commercial general liabilities of a Barbados based captive which reinsured the liabilities of its Canadian corporate parent. The liabilities were novated into R&Q's Bermuda based segregated account company.

Ken Randall, Chairman and Chief Executive Officer of R&Q, explained "We are delighted to have completed this transaction which further broadens R&Q's field of activity across North America and the Caribbean. We continue to work diligently with a number of captive owners on solutions for partial or full disposal of their liabilities freeing up capital and removing management distractions."