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Randall & Quilter Investment Holdings Ltd.

Insurance Business Transfer of ECRA Pool Liabilities

27 August 2021

Randall & Quilter Investment Holdings Ltd. (AIM-RQIH) (“R&Q”), the leading non-life global specialty insurance company focusing on Program Management and Legacy Insurance businesses, is pleased to announce that the Oklahoma District Court (‘the Court’) has given its final approval to the Insurance Business Transfer (‘IBT’) of a portfolio of Sentry Insurance Company (‘Sentry’) reinsurance policies to National Legacy Insurance Company (‘NLIC’), an R&Q wholly owned subsidiary. The policies relate to Sentry’s involvement as a member of the Excess & Casualty Reinsurance Association pool (‘ECRA’).

In considering the IBT application, the Court reviewed extensive financial information, including a report from an Independent Expert, noting that the Insurance Commissioner had previously approved the transaction.

In sanctioning the transfer, the Court also noted that, following a robust notification and communication plan implemented by the parties, there were no stakeholder objections to the transaction. This is the first time the Oklahoma IBT process has been used to transfer business between two entirely separate counterparties.

This transfer of Sentry’s ECRA pool insurance liabilities to NLIC, effective from 26 August 2021, will not change policy terms, rights and obligations or the way the policy is administered.

Modelled on the successful Part VII transfer process in the UK and EU, Oklahoma’s IBT legislation provides a mechanism for insurers to legally transfer (re)insurance business to another insurance company following consultation with stakeholders and a Court hearing.

Mike Walker, Head of Transformation at R&Q said: “The process which the Court has sanctioned today has been extremely rigorous, with regulatory oversight, an Independent Expert review and a communication process which enabled stakeholders to engage. As US companies look to redeploy capital and seek to exit lines of business, this innovative solution – tried and tested in other jurisdictions - will continue to be attractive.”

Ends

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Notes to Editors:

Unique Transaction

Global non-life legacy liabilities are estimated at US\$860 billion. The US is the industry's largest non-life legacy market with liabilities estimated at \$400bn. Until recently, however, there has not been a mechanism like the Part VII transfer process, available in the UK/EU, which enables insurance liabilities to be transferred between counterparties. This mechanism enables owners of business, including discontinued business, to achieve legal finality.

In 2020, the first transfer took place under Oklahoma's Insurance Business Transfer legislation. However, this was an internal portfolio transfer between two entities with a common parent. Today's development is the first time a transfer has taken place between two entirely separate counterparties. It has the potential to be a major milestone in the development of the US P&C legacy market.

About R&Q

R&Q is a non-life global specialty insurance company operating two core, highly complementary, businesses: Program Management and Legacy Insurance. Both these businesses are leaders in markets with high barriers to entry and significant secular growth opportunities.

Legacy Insurance generates profits and capital extractions from expert management of legacy non-life insurance portfolios. Program Management generates commission income from its licensed (and rated) carriers in the US, EU and the UK, writing niche and profitable program business, largely on behalf of highly rated reinsurers.

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