



Enstar Announces Recapitalization of StarStone U.S. with New Leadership and Significant Investment led by SkyKnight Capital, Dragoneer Investment Group and Aquiline Capital Partners

June 10, 2020

- **StarStone U.S. positioned to be a market leader in the specialty property & casualty insurance markets**
- **Jeff Consolino to be named CEO and Ed Noonan Executive Chairman**
- **Dragoneer, SkyKnight and Aquiline's investment to provide fresh capacity to specialty property & casualty markets, including E&S property**

HAMILTON, Bermuda, June 10, 2020 (GLOBE NEWSWIRE) -- Enstar Group Limited (NASDAQ:ESGR) ("Enstar") announced today that it has agreed to a recapitalization of StarStone U.S. Holdings, Inc. ("StarStone U.S." or the "Company") led by SkyKnight Capital, L.P. ("SkyKnight"), Dragoneer Investment Group ("Dragoneer") and Aquiline Capital Partners LLC ("Aquiline," and together with SkyKnight and Dragoneer, the "Investors"). The Investors have committed \$610 million in new equity capital which, together with the rollover of Enstar's existing ownership, and an additional equity commitment of over \$20 million from management, will increase the equity capitalization of StarStone U.S. to over \$850 million. Enstar will receive a combination of cash consideration and shares in the recapitalized StarStone U.S., valued at a modest premium to book value.

As part of the capital infusion, a new management team and Board of Directors will be appointed to StarStone U.S. Jeff Consolino will be CEO and Ed Noonan will be Executive Chairman. The new Board of Directors will include Messrs. Noonan and Consolino; Paul O'Shea and Robert Campbell from Enstar; Steve DeCarlo; Matthew Ebbel, Managing Partner of SkyKnight; Marc Stad, Managing Partner of Dragoneer; and Chris Watson, Partner of Aquiline.

In conjunction with the capital infusion, one of Enstar's wholly owned subsidiaries will enter into a combination loss portfolio and adverse development cover reinsurance agreement with StarStone U.S. The recapitalization is expected to close in the second half of 2020 after obtaining customary regulatory approvals.

Dominic Silvester, CEO of Enstar, said: "This is a pivotal moment for StarStone U.S. as we reposition the Company towards specialty E&S growth. In partnership with experienced investors and a talented management team, which have built and led winning organizations, Enstar is committed to realizing StarStone U.S.' full potential as a specialty commercial property & casualty insurer. StarStone U.S. will work with Enstar, as opportunities warrant, in our ongoing acquisition activities."

Jeff Consolino is an experienced insurance industry leader with over 28 years of industry experience. Most recently, Jeff was Executive Vice President, Chief Financial Officer and a Director of American Financial Group, Inc. He was previously a founding executive of Validus Holdings, Ltd. ("Validus Group") where he served as President and Chief Financial Officer.

"I am delighted and honored to take on the role of CEO of StarStone U.S.," said Mr. Consolino. "I am looking forward to working with the Company's many talented underwriters, employees, and distribution partners as well as the reconstituted Board of Directors to build a market leading specialty insurance company. We observe premium pricing increasing and capacity contracting across multiple classes of business including commercial property, D&O, excess casualty, marine & aviation and professional liability. Social inflation and natural catastrophe losses, including floods and wildfires, have also added to market rate momentum. In addition, the COVID-19 pandemic has led to market dislocation and additional capital need. We believe a specialist insurance company with the right leadership, financial backing, protection from legacy exposures and niche orientation can create significant value in this environment."

Ed Noonan brings more than 40 years of industry experience to the Company. He served most recently as Chairman and CEO of Validus Group, a position he held from 2005 to 2018. Under Mr. Noonan's leadership, Validus Group experienced significant growth, and ultimately was acquired by AIG in 2018 after more than a decade as a leading independent public company. Mr. Noonan also served as President and CEO of American Re from 1997 to 2002, after joining the firm in 1983. A recognized market leader, Mr. Noonan brings vast expertise to the position of Executive Chairman.

Mr. Noonan said: "Having had the chance to work with the StarStone U.S. team, I am really pleased to have the opportunity to help them build on the excellent work they have done. We have assembled a Board comprised of company founders and business builders which we believe is second to none. I have worked closely with Jeff and many of the directors for years and believe the mix of their skills and experience will greatly benefit the development of the enhanced StarStone U.S. business plan. We are very pleased to have the opportunity to partner with patient, long-term investors Dragoneer and SkyKnight who bring a valuable network across both the technology and insurance industries. Following the formation and successful sale of Validus, we are also excited that Aquiline will again invest with us."

Mr. Ebbel said: "We are excited to partner with Jeff, Ed, Steve, and Enstar to build StarStone U.S. into an exceptional specialty carrier executing across both admitted and E&S lines of business. This partnership has been nearly a decade in the making, and we believe this is the ideal time for StarStone U.S. to execute on an expansion strategy with both a clean balance sheet and fresh capital."

Mr. Stad said: "At Dragoneer, we focus on partnering with exceptional teams that are building truly differentiated businesses in large markets. We look forward to working with Jeff and Ed as they build a leading specialty carrier at a time when we see very positive, long-term market trends. We have been impressed by Jeff and Ed's track record of operational excellence, orientation towards disciplined underwriting, and usage of both data and technology."

Jeff Greenberg, Chairman and CEO of Aquiline, said: "Today's dynamic market conditions have created a need for dedicated underwriting capacity across multiple E&S and admitted lines of business. We witnessed the strength of the Validus management team first-hand and believe Jeff and Ed

will build a market leader at StarStone.”

Enstar today also announced that StarStone International has contributed its renewal rights to Atrium Underwriters Limited, which manages Lloyd's Syndicate 609. International business not assumed by Atrium will be placed into an orderly run-off.

With the signing of the transaction, John Hendrickson stepped down from his role as StarStone Group CEO. Mr. Silvester commented, “I would like to thank John for his significant contribution to StarStone, and we all wish him well with his future endeavors.”

StarStone U.S.

StarStone U.S. offers a diversified range of property and casualty insurance products for small to mid-sized businesses. From eight underwriting offices spanning the U.S., StarStone U.S. focuses on niche markets, local distribution, and superior underwriting knowledge, offering traditional as well as innovative insurance solutions to meet the needs of its customers and brokers. StarStone U.S. is an insurance holding company operating through StarStone Specialty Insurance Company, a U.S. excess and surplus lines insurer, and StarStone National Insurance Company, a U.S. admitted markets insurer. StarStone is rated A- (Excellent) by A.M. Best.

Enstar Group Limited

Enstar is a multi-faceted insurance group, with approximately \$19.1 billion in assets, that offers innovative capital release solutions and specialty underwriting capabilities through its network of group companies in Bermuda, the United States, the United Kingdom, Continental Europe, Australia, and other international locations. Enstar is a market leader in completing legacy acquisitions, having acquired approximately 100 companies and portfolios since its formation in 2001. Enstar Group includes the StarStone group of companies, an A- rated global specialty insurance group with multiple global underwriting platforms, and the Atrium group of companies, which manage and underwrite specialist insurance and reinsurance business for Lloyd's Syndicate 609. For further information about Enstar, see www.enstargroup.com.

SkyKnight Capital, L.P.

Founded in 2015, SkyKnight manages over \$1 billion in private equity capital on behalf of institutional family offices and leading foundations and endowments. SkyKnight makes long-term investments into high-quality businesses in acyclical growth sectors alongside exceptional management teams.

www.skyknightcapital.com

Dragoneer Investment Group

Dragoneer is a growth-oriented investment firm with over \$10 billion in long-duration capital from many of the world's largest endowments, foundations, sovereign wealth funds, allocators, and family offices. Dragoneer has a history of partnering with management teams in companies characterized by sustainable differentiation and superior economic models. The firm has a global orientation and invests in market leaders, primarily in the financial services and technology sectors.

<https://dragoneer.com/>

Aquiline Capital Partners LLC

Aquiline Capital Partners, founded in 2005, is a private investment firm based in New York and London investing in businesses across the financial services sector in financial technology, insurance, investment management, business services, credit and healthcare. The firm has \$5.3 billion in assets under management as of December 31, 2019. For more information about Aquiline, its investment professionals, and its portfolio companies, please visit: www.aquiline.com.

Cautionary Statement

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include statements regarding the intent, belief or current expectations of Enstar and its management team. Investors are cautioned that any such forward-looking statements speak only as of the date they are made, are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors, including the evolving COVID-19 pandemic and the related uncertainty and volatility in the financial markets. Important risk factors regarding Enstar can be found under the heading "Risk Factors" in our Form 10-K for the year ended December 31, 2019 and in our Form 10-Q for the three months ended March 31, 2020 and are incorporated herein by reference. Furthermore, Enstar undertakes no obligation to update any written or oral forward-looking statements or publicly announce any updates or revisions to any of the forward-looking statements contained herein, to reflect any change in its expectations with regard thereto or any change in events, conditions, circumstances or assumptions underlying such statements, except as required by law.

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