



This is an important letter regarding the transfer of certain insurance business. You are not required to take any action in respect of this letter.

However, if you have any questions please visit our website www.rsagroup.com/RSATransfers or call us on +44 121 415 0966. Details of how to raise any concerns in relation to the transfer are set out below.

07 February 2019

Dear Sir/Madam,

Transfer of Certain Insurance Business

On 7 February 2017, RSA Insurance Group plc ("**RSA**") announced that two of its subsidiaries, Royal & Sun Alliance Insurance plc ("**RSAI**") and The Marine Insurance Company Limited ("**MIC**") (together the "**Transferors**"), had contracted with certain subsidiaries of Enstar Group Limited ("**EGL**") to dispose of certain of their UK-based general commercial insurance businesses (the "**Business**").

Subject to the approval of the High Court of Justice of England and Wales (the "**Court**"), the Business will be transferred to Mercantile Indemnity Company Limited ("**Mercantile**") (a regulated entity within the group of EGL) by way of an insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000 ("**FSMA**") (the "**Scheme**"). As explained below, we enclose various information regarding the Scheme including a summary of the Business that is to be transferred (which is set out in section 2 of the document titled 'Summary of the Scheme and the Independent Expert Report').

Why we are writing to you?

This letter is being sent to you because we believe that you are or might be a reinsurer of one or more of the Transferors in respect of the Business. We are writing to provide you with important information regarding the proposed transfer to Mercantile of the policies underwritten by the Transferors and of the benefits of certain reinsurance contracts which are associated with the Business.

How does this transfer affect you?

Broadly, the effect of the Scheme is that RSAI's and MIC's rights and obligations under the policies comprising the Business will be transferred without alteration to Mercantile. In addition, the whole or part of certain reinsurance contracts protecting the Business will continue in force

with the substitution of Mercantile in place of the Transferors as the reinsured party, on the terms that applied before the Scheme took effect. Your rights and obligations as a reinsurer will remain unchanged but will, following the Scheme, be exercisable against or owed to Mercantile to the extent such reinsurance contracts protect the Business.

The Scheme will be valid and binding on reinsurers notwithstanding, for example, any restriction in a contract on transferring or assigning the contract. The Scheme will be deemed to take effect on the basis that it does not contravene any such restriction and does not give rise to any right to terminate, modify, acquire or claim an interest or right, or to treat an interest or right as being terminated or modified.

What happens next?

The insurance business transfer process requires that the Court approves the Scheme. The Court will only approve the Scheme if certain legal requirements are satisfied and if, in all the circumstances of the case, the Court considers it appropriate to approve the Scheme. In reaching its decision, the Court will consider the views of policyholders, the Independent Expert (referred to below), the Prudential Regulation Authority, the Financial Conduct Authority and any person who alleges that they would be adversely affected by the Scheme.

A hearing is scheduled for 13 June 2019 for the Court to consider and, if considered appropriate, approve the Scheme. At the hearing, the Court will also be asked to transfer the benefit of all outwards reinsurance contracts associated with the Business to Mercantile. Provided that the Court approves the Scheme, the actual transfer of your contract is expected to take place on 1 July 2019. Unless the Scheme takes effect on or before 1 October 2019 (or a later date, if allowed by the Court), it shall lapse.

Report of the Independent Expert

When the Court is asked to approve an insurance business transfer, an independent expert is required to report, pursuant to section 109 of FSMA, on the effects of the transfer on policyholders and policyholders' protection. For these purposes, "policyholder" includes both the legal holder of the policy and any person to whom, under the policy, a sum, periodic payment or benefit is or may become due or payable.

An independent expert, Derek Newton of Milliman LLP (the "**Independent Expert**"), has prepared a report confirming that he believes: (i) the security of benefits of policyholders of the Transferors will not be materially adversely affected by the implementation of the Scheme on the effective date of the Scheme; and (ii) the Scheme will have no impact on service standards experienced by the policyholders of the Transferors.

Important documents enclosed

Enclosed with this letter is a communications pack containing further information about the Scheme, which we urge you to read. The communications pack includes the following documents:

- Summary of the Scheme and the Independent Expert Report;

- Frequently asked questions; and
- the formal notice of the Scheme.

Further information, including the full Independent Expert's report, is available at www.rsagroup.com/RSATransfers. Alternatively, you can obtain a copy of the Independent Expert's report free of charge by writing to us at the address below or calling us on the telephone number below.

What do you do now?

Unless you have any concerns about this proposal, you do not have to take any action. If, after reading the communications pack, you think that the Scheme would adversely affect you, you have the right to make representations and/or to appear at the Court hearing, which is currently scheduled to take place on 13 June 2019 at the High Court of Justice of England and Wales (High Court), 7 Rolls Building, Fetter Lane, London EC4A 1NL.

The RSA website (www.rsagroup.com/RSATransfers) will be updated to include details of the proposed hearing time and of any changes to the proposed hearing date or time. While you are not required to inform anyone in advance, if you intend to make representations (either in writing or by telephone) and/or appear at the hearing (either in person or using legal representation), we would encourage you to please call us on +44 121 415 0966 or write to us at RSA Insurance Group, 20 Fenchurch Street, London EC3M 3AU (Attention: Jonathan Colson) prior to the date of the hearing.

If you have any questions or concerns about this letter, the communications pack or the Scheme, please contact us (either in writing or by telephone) using the details below.

Yours sincerely,



Scott Egan
CEO UK and International

Relevant Contact Details

If you have any questions or concerns about this letter, the communications pack or the Scheme, please contact RSA as follows:

Telephone: +44 121 415 0966

Address: Jonathan Colson
RSA Insurance Group
20 Fenchurch Street
London EC3M 3AU

Email: RSATransfers@equiniti.com

Website: www.rsagroup.com/RSATransfers