

StarStone almost doubles profits in tough market

27 February 2017 – LONDON: StarStone, the global specialty insurer and subsidiary of Enstar Group Limited (Enstar), today announced net earnings including non-controlling interests of US\$42.8m for the year ended December 31, 2016, as reported by Enstar.

Full year financial highlights

- Net earnings of \$42.8 million (2015: \$23.2 million)
- Net loss ratio of 59.7% (2015: 57.4%)
- Combined ratio of 98.6% (2015: 98.6%)
- Gross written premium of \$855 million (2015: \$825 million)
- Investments results of \$27.9m (2015: \$6.2m)

Operational highlights

- Continued disciplined underwriting focus with further improvement in year-on-year result
- Despite challenging market net loss ratio remains below 60%
- Improvement in operating expense ratio drives consistent combined ratio
- Strong profit contributions, in particular from Marine Liability, Offshore Energy and Terrorism lines as well as US Excess Casualty portfolio which is distributed through StarStone's award-winning broker portal, ESCAPE
- Actively managed market cycle by growing business lines where pricing adequate while shrinking in lines where rates are under significant pressure
- Invested in further operational efficiencies including new policy, claims and administration systems
- Continued Stable outlook from A.M. Best

Demian Smith, Group Chief Executive Officer of StarStone, said:

“In a challenging market, StarStone continued to develop its niche specialty expertise and increase its distribution footprint while retaining the focus and discipline required to maintain underwriting profitability. The diligence and

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focus of our staff in servicing our clients while seeking areas of long-term profitability remains our primary focus. Our improved profits, in a very difficult market, is testament to the efforts of my colleagues in StarStone and the wider Enstar Group in transforming StarStone since we were acquired in April 2014. With no immediate signs of improvement in the pricing environment we continue to focus on doing the basics well, delivering for our clients, underwriting for profit not scale, and management of expenses.”

-Ends-

ABOUT STARSTONE

StarStone is an international, A- rated insurance group with six wholly owned insurance platforms, including Lloyd's Syndicate 1301. StarStone underwrites business across the Property, Specialty and Casualty risk classes from operations in London, Continental Europe, Australia and the US. StarStone is owned by Enstar Group Limited, the Trident V funds managed by Stone Point Capital LLC and Dowling Capital Partners I, L.P. For further information about StarStone, see www.starstone.com.

ABOUT ENSTAR

Enstar is a multi-faceted insurance group 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 over 75 companies and portfolios since its formation in 2001, and has over \$12 billion in total assets. Enstar's active underwriting businesses include 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.

ABOUT STONE POINT CAPITAL

Stone Point Capital LLC is a financial services-focused private equity firm based in Greenwich, Connecticut. The firm has raised six private equity funds – the Trident Funds – with aggregate committed capital of approximately \$13 billion. In addition to the capital invested by the Trident Funds, Stone Point Capital has secured approximately \$7 billion of equity co-investments since 2001. Stone Point Capital targets investments in the global financial services industry, including investments in companies that provide outsourced services to financial institutions, banks and depository institutions, asset management firms, insurance and reinsurance companies, insurance distribution and other insurance-related businesses, specialty lending and other credit opportunities, mortgage services companies and employee benefits and healthcare companies. For further information about Stone Point Capital, see www.stonepoint.com.

ADDITIONAL INFORMATION AND NON-GAAP FINANCIAL MEASURES

This press release refers to certain financial information of Enstar. For complete financial information regarding Enstar, refer to its annual report on Form 10-K filed with the SEC on February 24, 2016, which can be found at www.enstargroup.com/financials.cfm.

StarStone was acquired April 1, 2014 and is owned by StarStone Specialty Holdings Limited ("StarStone Holdings"), an entity owned 59% by Enstar, with the Trident Funds owning 39.3% and Dowling Capital Partners owning 1.7%. Net earnings attributable to Enstar for its ownership interest in StarStone's were \$25.2 million and \$13.7 million for the years ended December 31, 2016 and 2015.

The loss ratio and combined ratio for StarStone are non-GAAP financial measures, which may be defined or calculated differently by other companies. There are no comparable GAAP measures to StarStone's loss ratio and combined ratio. The ratios exclude expense and net premiums earned amounts related to StarStone Holdings, which we believe is the most meaningful presentation because these amounts are not incremental and/or directly related to the individual underwriting operations. For more information on these non-GAAP financial measures, refer to "Item 7. Management's Discussion and Analysis – Non-GAAP Financial Measures" in Enstar's Annual Report on Form 10-K for the year ended December 31, 2016.

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, StarStone and their respective management teams. 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. Important risk factors regarding Enstar can be found under the heading "Risk Factors" in Enstar's Form 10-K for the year ended December 31, 2016 and are incorporated herein by reference. Furthermore, Enstar and StarStone undertake 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.

PRESS CONTACT: UK:

Jenna Kerr

Enstar Group / StarStone Communications

jenna.kerr@enstargroup.com

+44 (0)20 3206 8251