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FOR IMMEDIATE RELEASE

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A.M. Best Affirms Ratings of StarStone Insurance Bermuda Limited and Its Subsidiaries

LONDON, 10 June 2016—A.M. Best has affirmed the financial strength rating of A- (Excellent) and the issuer credit ratings of “a-” of **StarStone Insurance Bermuda Limited** (StarStone Bermuda) (Bermuda), **StarStone Insurance Limited** (StarStone UK) (United Kingdom), **StarStone Insurance Europe AG** (StarStone Europe) (Liechtenstein), **StarStone Specialty Insurance Company** (StarStone Specialty) and **StarStone National Insurance Company** (StarStone National). StarStone Specialty and StarStone National are domiciled in Wilmington, Delaware, USA. All companies are collectively referred to as StarStone. The outlook for each rating remains stable.

StarStone has been owned by **Enstar Group Limited** (Enstar) and the Trident Funds funds, managed by Stone Point Capital LLC (Stone Point), since April 2014. The support of Enstar and Stone Point is a positive rating factor. The group’s owners provide strategic and operational support to StarStone, as well as financial assistance if needed. Both companies have a proven track record of building strong and profitable insurance businesses, Enstar in insurance run-off and Stone Point in active underwriting.

StarStone benefits from strong risk-adjusted capitalisation on a consolidated basis and for each rated operating company. StarStone Bermuda is the group holding company and operates as the carrier of most of the group’s underwriting risk through 65% quota share treaties and aggregate stop loss contracts with StarStone UK, StarStone National and StarStone Specialty; a 95% quota share treaty with StarStone Europe; and an 85% quota

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share treaty with StarStone's **Lloyd's** corporate members. StarStone Bermuda also reinsures 100% of its operating subsidiaries' discontinued lines. The owners are committed to maintaining StarStone's risk-adjusted capitalisation at a level that is supportive of the ratings. In 2014, StarStone entered into a loss portfolio transfer reinsurance agreement (LPT) between StarStone Bermuda and a cell of Fitzwilliam Insurance Limited (Fitzwilliam), which is a subsidiary of Enstar, domiciled in Bermuda. The LPT covers reserves for the group's discontinued lines at 1 January 2014.

An underwriting profit was achieved in 2015, and performance over 2014 and 2015 has been broadly in line with expectations. However, StarStone's historical consolidated financial performance previously was weak with underwriting losses each year from 2010 to 2014. Also, the 2014 and 2015 underwriting results benefited from the LPT with Fitzwilliam. Management, supported by the group's new owners, is committed to further improving financial performance. Action has been taken to achieve significant expense savings, and underperforming lines have been discontinued. A.M. Best believes that achieving sustainable and sufficiently profitable results remains a challenge given the strong competition in StarStone's main business lines and the company's limited profile.

Since its launch in 2008, StarStone has built scale through a combination of acquisitions of teams and businesses, and organic growth. As a result, StarStone now writes a diversified specialist portfolio from operations in London, Bermuda, the United States and Continental Europe.

This press release relates to rating(s) that have been published on A.M. Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best's [Recent Rating Activity](#) web page.

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