

[Date]

Dear Sir / Madam

THIS LETTER AND ITS ENCLOSURES ARE IMPORTANT – PLEASE READ THEM CAREFULLY

RiverStone Insurance Limited (*RIL*), previously known as Brit Insurance Limited - proposed intra-group insurance business transfer to RiverStone Insurance (UK) Limited (*RIUK*)

We are writing to you in connection with a proposed transfer of insurance business scheme under Part VII of the Financial Services and Markets Act 2000 (as amended) (*FSMA*) (the *Transfer*).

This letter is being sent to you as we believe that you (and/or your predecessor entities) placed business with or bound business on behalf of RIL in relation to the Transfer.

This communication is not related to any business of Brit Limited, which continues to underwrite specialty insurance and reinsurance.

Introduction

RIL is incorporated in the United Kingdom and is part of the RiverStone Europe group of companies (the *RiverStone Group*). RIL was previously known as Brit Insurance Limited, but it changed its name to RIL on 15 October 2012. RIL is an indirect, wholly-owned subsidiary of Fairfax Financial Holdings Limited, a company domiciled in Canada and listed on the Toronto Stock Exchange. The RiverStone Group includes other insurance and reinsurance business written by other members of the RiverStone Group that is administered in the United Kingdom. The RiverStone Group is proposing to transfer all of RIL's business to RIUK, another member of the RiverStone Group.

In summary, the purpose of the Transfer is to simplify and consolidate the legal structure of the run-off businesses of the RiverStone Group in line with the existing operational, administrative and functional arrangements. Combining RIL's run-off liabilities with those of RIUK (instead of being operated through separate companies within RiverStone Group), the RiverStone Group will be able to reduce costs and achieve greater capital efficiency. RIUK is also the RiverStone Group's main transferee for other transfer schemes, which have recently been implemented.

The Transfer

The Transfer will formally take place by way of an insurance business transfer scheme under Part VII of FSMA.

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Registered Office: Park Gate, 161-163 Preston Road, Brighton, East Sussex, UK BN1 6AU Company Registration No. 2763688 (England and Wales). Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

To become effective the Transfer must be sanctioned by the High Court of Justice in England (the **Court**). The Court will consider whether the Transfer is fair and whether policyholders' interests are safeguarded. In doing so, it will take into account the views of the UK financial regulators, the Prudential Regulation Authority (**PRA**) and the Financial Conduct Authority (**FCA**), as well as the opinion of an independent expert, Mr Philip Tippin of KPMG LLP (the **Independent Expert**), whose appointment has been approved by the PRA in consultation with the FCA, and any objections received from affected parties, including RIL's policyholders.

The Court hearing which will consider and if appropriate sanction the Transfer is currently scheduled for 7 September 2018 and, if sanctioned, it is expected that the Transfer will become effective on 28 September 2018.

The Transfer will include all corresponding assets, including reinsurance assets, matching the insurance and reinsurance policies to be transferred.

The Transfer will allow for any legal proceedings, commenced prior to the date on which the Transfer becomes effective by or against RIL under or in relation to any of the policies that are being transferred to continue by or against RIUK.

The Transfer will have no effect on:

- the terms and conditions of cover; or
- the duration of policy/policies; or
- any claim which has been made (or may be made) under any policy/policies.

Report of the Independent Expert

As required by Part VII of FSMA, when the Court is asked to sanction an insurance business transfer under FSMA, an Independent Expert must report on the effects of the Transfer on the policyholders of the parties involved.

A summary of the Independent Expert's report is enclosed; his overall conclusion is as follows: "*I have considered the Transfer and its likely effect on each of the policyholder groups. I have concluded that the risk of any policyholder being adversely affected by the proposed Transfer is sufficiently remote for it to be appropriate to proceed with the proposed Transfer as described in my report.*"

Action required

We would encourage you (and any of your clients that you believe may be affected by the Transfer) to read carefully the material in this letter and its enclosures so that you (and your clients) can consider the implications of the Transfer. It is important that you (and your clients) consider the effect of the Transfer yourself and do not simply rely on the Independent Expert's conclusions, or the reviews of the FCA, PRA or the Court.

A letter providing direct notice of the Transfer will be sent by the Transferor to any of its policyholders that have open claims or who have had any claims closed in the last five years and for whom an address has been traced. In addition, a letter will also be sent to all reinsurers for whom an address has been traced. However, given the maturity of the business to be transferred and the limited availability of name and address details within the companies' records, not all of your clients who may be affected by the Transfer will receive a letter directly from the Transferor with notice of the Transfer. **We therefore ask that you notify any of your clients that you believe may be affected by the Transfer with a copy of this letter and its enclosures (and we can provide you with multiple copies for this purpose).**

If any party believes that they will be adversely affected by the Transfer, they have the right to make written representation to the Court or be heard at the Court hearing to sanction the Transfer (in person or by legal representation). The Court hearing is currently scheduled to take place on 7 September 2018 at the Rolls Building, Royal

Courts of Justice, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL, United Kingdom. Any person who intends to appear at the Court, or to make representations in writing, is requested to notify the RiverStone Group's solicitors, Freshfields Bruckhaus Deringer LLP, as soon as possible and ideally at least five days before the Court hearing at 65 Fleet Street, London, EC4Y 1HS (Ref 166187:0001/GHFS/LEH), although even if parties do not do so, it is still possible to make representations up to and at the Court hearing. Parties can also call or write to RIL using the contact details set out under "Further information" below. We will bring any representations received to the attention of the PRA, FCA and the Court at the hearing when it decides whether to sanction the Transfer.

However, unless they are unsure about the proposals, have any questions, want clarification or think they may be adversely affected, policyholders and reinsurers are not required to take any action in relation to the Transfer. If sanctioned by the Court, the above business will automatically transfer to RIUK. The Transfer will have no impact on policies except that the policy provider will change to RIUK. Other than this, there will be no change to any policy terms or the way in which claims are administered and all existing contact details will remain the same. Claims will continue to be managed by either the current run-off manager, RiverStone Management Limited, which is also part of the RiverStone Group, or the relevant third party administrator which previously managed the claim.

Further information

A summary of the key terms of the Transfer is provided in the enclosed Explanatory Booklet along with a summary of the Independent Expert's report. A set of frequently asked questions and answers and a legal notice setting out the date of the Court hearing and further details of how parties can object to the Transfer are also included in the Explanatory Booklet.

If you would like any further information or copies of the Transfer documents, or have any other queries relating to the Transfer please contact the Transfer helpline on 01273 792 007 (or, if resident outside the UK, on +44 1273 792 007), or by email to riltoriuk@rsml.co.uk, or in writing to F.A.O. Fraser Henry, RiverStone Insurance Limited, Park Gate, 161-163 Preston Road, Brighton, East Sussex, BN1 6AU, United Kingdom. The helpline will be open between the hours of 9.30 a.m. and 5.30 p.m. from Monday to Friday UK time (excluding Bank Holidays).

Alternatively, copies of all documents relating to the Transfer, including the full terms of the legal document that will give effect to the Transfer (the Scheme Document) and the full report of the Independent Expert, can be downloaded, from the Transfer website at www.riltoriuk.co.uk. Updates regarding the Transfer will be posted onto the website from time to time including any changes to the date of the Court hearing and a copy of any supplementary report prepared by the Independent Expert.

We would encourage any person to discuss with us any queries that they may have regarding the Transfer as soon as possible.

Yours faithfully



Luke Tanzer
Managing Director of RiverStone Insurance Limited

Enclosed: Explanatory Booklet