

Insurance Business Transfer Plan (“IBT”)

In respect of the transfer of Insurance Business between

Providence Washington Insurance Company

(“Transferring Insurer”)

And

Yosemite Insurance Company

(“Assuming Insurer”)

1. A. NAME, ADDRESS AND TELEPHONE NUMBER OF TRANSFERRING INSURER

Providence Washington Insurance Company, 475 Kilvert St. Suite 330, Warwick, RI 02886.

Tel: 401 453 7000

1. B. NAME, ADDRESS AND TELEPHONE NUMBER OF ASSUMING INSURER

Yosemite Insurance Company, 475 Kilvert St. Suite 330, Warwick, RI 02886.

Tel: 401 453 7000

1. C. NAME, ADDRESS AND TELEPHONE NUMBER OF DIRECT AND INDIRECT CONTROLLING PERSONS

Enstar Holdings (US) LLC,

150 2nd Ave N 3rd floor,

St. Petersburg, FL 33701

Tel: 727 217 2900

Enstar USA, Inc,

150 2nd Ave N 3rd floor,

St. Petersburg, FL 33701

Tel: 727 217 2900

Enstar (US Asia-Pac) Holding Limited (UK)

3 Guildford Business Park

Guildford

Surrey, GU2 8XG

United Kingdom

Tel: +44 1483 452 622

Kenmare Holdings Ltd (Bermuda)

Windsor Place

3rd Floor, 22 Queen Street,

Hamilton, HM 11
Bermuda
Tel: 441 292 3645

Enstar Group Ltd (Bermuda)
Windsor Place
3rd Floor, 22 Queen Street,
Hamilton, HM 11
Bermuda
Tel: 441 292 3645

2. SUMMARY OF INSURANCE BUSINESS TRANSFER PLAN

i) Definitions

“Affiliated Reinsurance” means certain reinsurance agreements listed in Exhibit [G].

“Assuming Insurer” means Yosemite Insurance Company

“ECL” means the Enstar Commitment Letter by Enstar Group dated September 2nd, 2016 whereby Enstar Group agrees to refund any extracted dividend from the Transferring Insurer in the event that the RBC of the Transferring Insurer drops below an agreed risk based capital level.

“Enstar Group” means Enstar Group Limited, a publicly traded Bermuda exempted company in the business of acquiring and operating insurers and reinsurers worldwide which are in run-off.

“Enstar Holdings” means Enstar Holdings (US) LLC

“Enstar US” means Enstar US Inc, a service company, wholly owned by Enstar Holding and an affiliate of the Insurers.

“IBT” means Insurance Business Transfer in accordance with the Oklahoma Insurance Business Transfer Act of 2018.

“Insurers” means the Assuming Insurer and the Transferring Insurer together

“Other Assets” means such other assets as are required to capitalize the Assuming Insurer.

“Policy” or “Policies” means any policy or policies of insurance or reinsurance forming part of the Subject Business.

“PWIC” means Providence Washington Insurance Company.

“Reinsurance Agreement” means the 100% net retained lines agreement between the Transferring Insurer and Assuming Insurer effective 12/31/2018.

“Subject Business” means all the insurance and reinsurance business of the Transferring Insurer more specifically described in Section 3 below.

“Subsequent Policies” means Policies that will be transferred at the Subsequent Transfer Date.

“Subsequent Transfer Date” means to the extent that any state requires that the Assuming Insurer have a license to manage any Subject Business in such state, the date on which the Assuming Insurer receives such license.

“Third Party Reinsurance” means reinsurance with non-affiliated reinsurers, protecting the Transferring Insurer in respect of the Subject Business.

“Transfer Date” shall mean the date of the transfer of the Subject Business under the IBT, or with respect to such states that require additional licenses, the date on which such license is obtained with respect to Policies underwritten in such State.

“Transferring Insurer” means Providence Washington Insurance Company.

“Unigard Policies” means all policies issued by Unigard Security Insurance Company and ceded to Unigard Insurance Company/Unigard Mutual Insurance Company pursuant to a reinsurance agreement dated December 10th, 1993.

ii) Overview

The Insurers are currently wholly owned by Enstar Holdings which is ultimately owned by Enstar Group. The Insurers are in run-off and no longer issue new policies of insurance. The Insurers have entered into the Reinsurance Agreement, whereby the Assuming Insurer reinsures the Transferring Insurer in respect of all the Subject Business net of the Third Party Reinsurance and Affiliated Reinsurance. Under the proposed IBT Plan, the Transferring Insurer intends to transfer the Subject Business, together with the Affiliated Reinsurance and Third Party Reinsurance, to the Assuming Insurer.

The Insurers currently have substantially the same management team and all the Subject business is administered by Enstar US. Enstar US will remain the administrator of the Subject Business, such that the policyholders of Transferring Insurer will receive the identical service after the transfer to the Assuming Insurer.

The Assuming Insurer is currently licensed in 48 states and District of Columbia, and is in the process of applying for all other states licenses. To the extent that any state requires that the Assuming Insurer have a license to manage any Subject Business in such state, the transfer of the Subject Business with respect to such state shall occur on the receipt of such license¹. Until such time, such Subject Business will continue to be administered by the Assuming Insurer under the Reinsurance Agreement.

iii) Transfer

On the Transfer Date, the Transferring Insurer shall transfer to the Assuming Insurer:

- (a) All Policies with the exception of the Subsequent Policies and the Unigard Policies;
- (b) The Third Party Reinsurance;
- (c) The Affiliated Reinsurance;
- (d) The Other Assets.

¹ Currently the Assuming Insurer is looking to obtain licenses in the following states: MA, NY

On any Subsequent Transfer Date, the Transferring Insurer shall transfer to the Assuming Insurer, the Subsequent Policies.

Subsequent to the Transfer Date, the Assuming Insurer will maintain a minimum risk based capital at an agreed level and Enstar Group will transfer the benefit of the ECL to the Assuming Insurer.

iv) Continuity of Proceedings

On or after the Transfer Date, all proceedings which are pending, threatened or in contemplation against the Transferring Insurer with respect to the Subject Business shall continue against the Assuming Insurer in all respects and the Assuming Insurer shall be substituted as successor in interest to the Transferring Insurer in any such proceedings. For the avoidance of doubt, any and all future proceedings with respect to the Subject Business shall be brought directly against the Assuming Insurer.

3. IDENTIFICATION AND DESCRIPTION OF SUBJECT BUSINESS

The Subject Business includes all of the insurance and reinsurance business underwritten by the Transferring Insurer, including but not limited to any (re)insurance business underwritten by any predecessor or merged entity, but excluding the Unigard Policies. The Subject Business consists of:

1. **PWIC direct business** – PWIC was a direct writer of both (a) personal lines through independent agents including automobile, homeowners and miscellaneous coverages and (b) commercial lines of business, including workers' compensation, and commercial multi-peril and other liability containing asbestos and environmental exposures. In 2004, PWIC ceased writing new policies and renewals in the aforementioned lines and began operating in run-off. PWIC also wrote assumed reinsurance business, from 1941 through 1992, which has asbestos & environmental or Long Tail exposures. Additionally, PWIC has a book of claims liabilities arising from workers' compensation business transferred from Reciprocal of America in Receivership ("ROA") to PWIC pursuant to a Loss Portfolio Transfer Agreement dated as of July 6, 2012 and approved by order of the Commonwealth of Virginia State Corporation Commission on June 16, 2014. Due to the transfer of these claims in connection with the receivership of ROA, the Transferring Insurer functions as the direct writer of the policies relating to the claims transferred. Lastly, PWIC has a book of multi-peril coverage of condominium associations and small commercial business originally written by Capital Assurance Company, Inc. ("CAC"). CAC's business went into run-off in 1996. Enstar acquired CAC in 2008 and then merged CAC into PWIC in 2013.
2. **Seaton business** – In 2010, Enstar acquired Seaton Insurance Company which was merged into PWIC in 2015. Seaton had three categories of business: a) Reinsurance Assumed b) Facultative and Special Risk ("FASR"), and c) the Unigard Policies (which do not form part of the Subject Business.) The Reinsurance Assumed book includes property and casualty assumed and retrocessional business written from 1969 through 1974. The FASR book is Long Tail business consisting of (i) casualty business written during the years 1969 through 1974 on a direct basis, and (ii) property and casualty assumed and retrocessional business, also written from 1969 through 1974.

3. **Assumed reinsurance portfolios** – These PWIC portfolios are broken down as follows: workers’ compensation business, the Capital Assurance Company block, and certain pools. Specifically, PWIC acquired various books of workers’ compensation business, during the period from 2012 to 2015, from other insurance carriers, namely, American Physicians Assurance Corporation, AP Specialty Insurance Company, American Healthcare Indemnity Company and related entities. Lastly, in 2008, PWIC assumed workers’ compensation business from pools administered by the National Council on Compensation Insurance (“NCCI”), and is a participant in the Excess Casualty Reinsurance Association (“ECRA”), a group of reinsurers who were ultimately exposed to asbestos, environmental and mass tort claims.

4. AUDITED FINANCIAL STATEMENTS, STATUTORY ANNUAL AND QUARTERLY REPORTS OF TRANSFERRING AND ASSUMING INSURER

See Attached Exhibit [A]

5. ACTUARIAL REPORT AND OPINION QUANTIFYING LIABILITIES ASSOCIATED WITH THE SUBJECT BUSINESS

See Attached Exhibit [B] – Confidential and nonpublic submitted under separate cover.

6. PRO FORMA FINANCIAL STATEMENTS AND PROJECTIONS

See Attached Exhibit [C]

7. OFFICERS CERTIFICATES

See Attached Exhibit [D]

8. PROPOSAL FOR PLAN IMPLEMENTATION AND ADMINISTRATION AND FORM OF NOTICE

See Attached Exhibit [E] – Communications Plan

9. DESCRIPTION AS TO HOW NOTICE SHOULD BE PROVIDED

See Attached Exhibit [E] – Communications Plan

10. DESCRIPTION OF REINSURANCE ARRANGEMENTS TO BE TRANSFERRED TO ASSUMING INSURER

On the Transfer Date, the Transferring Insurer will transfer the Third Party Reinsurance and Affiliated Reinsurance.

The Third Party Reinsurance is listed in Exhibit [F]

The Affiliated Reinsurance is listed in Exhibit [G]

11. DESCRIPTION OF GUARANTEES OR ADDITIONAL REINSURANCE TO COVER THE SUBJECT BUSINESS

On the Transfer Date, the Assuming Insurer will receive the benefit of the ECL. Under the ECL, Enstar Group has committed to maintain the risk based capital at an agreed level. See **Confidential and nonpublic** Exhibit [H].

12. ASSUMING INSURERS PROPOSED INVESTMENT POLICIES, ANY THIRD PARTY CLAIMS ARRANGEMENTS

The Assuming Insurers Investment Policies will be in compliance with Oklahoma Insurance Law and Regulation and substantially in the same form as those currently in force with the Transferring Insurer.

Claims of the Transferring Insurer are currently managed by Enstar US, which also manages the claims of the Assuming Insurer. Any Third Party Claims arrangements of the Transferring Insurer will be transferred to the Assuming Insurer.

13. EVIDENCE OF APPROVAL OR NON-OBJECTION OF THE TRANSFER BY THE CHIEF INSURANCE REGULATOR OF THE TRANSFERRING INSURER'S DOMICILE

See Attached Exhibit [I]

14. INDEPENDENT EXPERT OPINION REPORT

See Attached Exhibit [J]

15. CONFIDENTIAL AND PROPRIETARY INFORMATION

All documents and exhibits marked "confidential and nonpublic" shall constitute examination work papers under 36 O.S. §§ 309.1 – 309.7, and shall be given confidential treatment.