

Blue Capital Reinsurance Holdings Ltd. (BCRH)

Investor Update

3Q18

Safe Harbor Statement

Some of the statements in this presentation may include, and Blue Capital Reinsurance Holdings Ltd. (the “Company” or “BCRH”) and the Company’s manager, Blue Capital Management Ltd. (“Blue Capital”), may make related oral forward-looking statements which reflect our current views with respect to future events and financial performance. Such statements may include forward-looking statements both with respect to us in general and the insurance and reinsurance sectors specifically, both as to underwriting and investment matters. Statements that include the words “should,” “would,” “expect,” “estimates,” “intend,” “plan,” “believe,” “project,” “target,” “anticipate,” “seek,” “will,” “deliver,” and similar statements of a future or forward-looking nature identify forward-looking statements in this presentation for purposes of the U.S. federal securities laws or otherwise. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the Private Securities Litigation Reform Act of 1995.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or may be important factors that could cause actual results to differ materially from those indicated in the forward-looking statements. These factors include, but are not limited to, the effects of competitors’ pricing policies, greater frequency or severity of claims and loss activity, changes in market conditions, decreased demand for property and casualty reinsurance, changes in the availability, cost or quality of reinsurance or retrocessional coverage, our inability to renew business previously underwritten or acquired, uncertainties in our reserving process, changes to our tax status, reduced acceptance of our existing or new products and services, a loss of business from and credit risk related to our broker counterparties, assessments for high risk or otherwise uninsured individuals, possible terrorism or the outbreak of war, a loss of key personnel, political conditions, changes in insurance regulation, operational risk, including the risk of fraud and errors and omissions, as well as technology breaches or failure, changes in accounting policies, our investment performance, the valuation of our invested assets, a breach of our investment guidelines, a breach in our underwriting guidelines, potential treatment of us as an investment company or a passive foreign investment company for purposes of U.S. securities laws or U.S. federal taxation, respectively, our dependence as a holding company upon dividends or distributions from our operating subsidiaries, the unavailability of capital in the future, developments in the world’s financial and capital markets and our access to such markets, government intervention in the insurance and reinsurance industry, illiquidity in the credit markets, changes in general economic conditions and other factors described in our Annual Report on Form 10-K for the year ended December 31, 2017.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included herein and elsewhere, including the risk factors included in the Company’s most recent Annual Report on Form 10-K and other documents on file with the Securities and Exchange Commission. Any forward-looking statements made in this presentation are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company or its business or operations. Except as required by law, the Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Regulation G Disclaimer

In this presentation, management has included and discussed certain non-GAAP measures. Management believes that these non-GAAP measures, which may be defined differently by other companies, better explain the Company’s results of operations in a manner that allows for a more complete understanding of the underlying trends in the Company’s business. However, these measures should not be viewed as a substitute for those determined in accordance with GAAP.

Blue Capital Reinsurance Holdings Ltd. Overview

About Blue Capital Reinsurance Holdings (“BCRH”)

- A Bermuda based specialist reinsurance holding company listed on the NYSE since November 2013 (ticker “BCRH”)
- Exclusive focus on reinsurance exposures, providing investors with return profile largely uncorrelated to financial markets
 - Well diversified exposure risk profile across insurance clients, global markets and geographies
 - Unique access to traditional and collateralized reinsurance markets to build portfolio with attractive risk adjusted returns
 - Limited financial market exposure as collateral held in cash equivalent investments
- Target return on common equity of 800 bps over the three-month U.S. Treasury yield per annum¹ with target dividend and share repurchase distribution of 90% of annual distributable income
- Managed by Blue Capital Management Ltd., a specialist alternative investment manager focused exclusively on the reinsurance risk class.

BCRH’s Financial Highlights

- 2017 results were significantly impacted by Hurricanes Harvey, Irma and Maria and California wildfires
- Achieved growth of book value per share inclusive of dividends in excess of 7.5% in three out of four years
- \$115.5 million of shareholders’ equity as of September 30, 2018

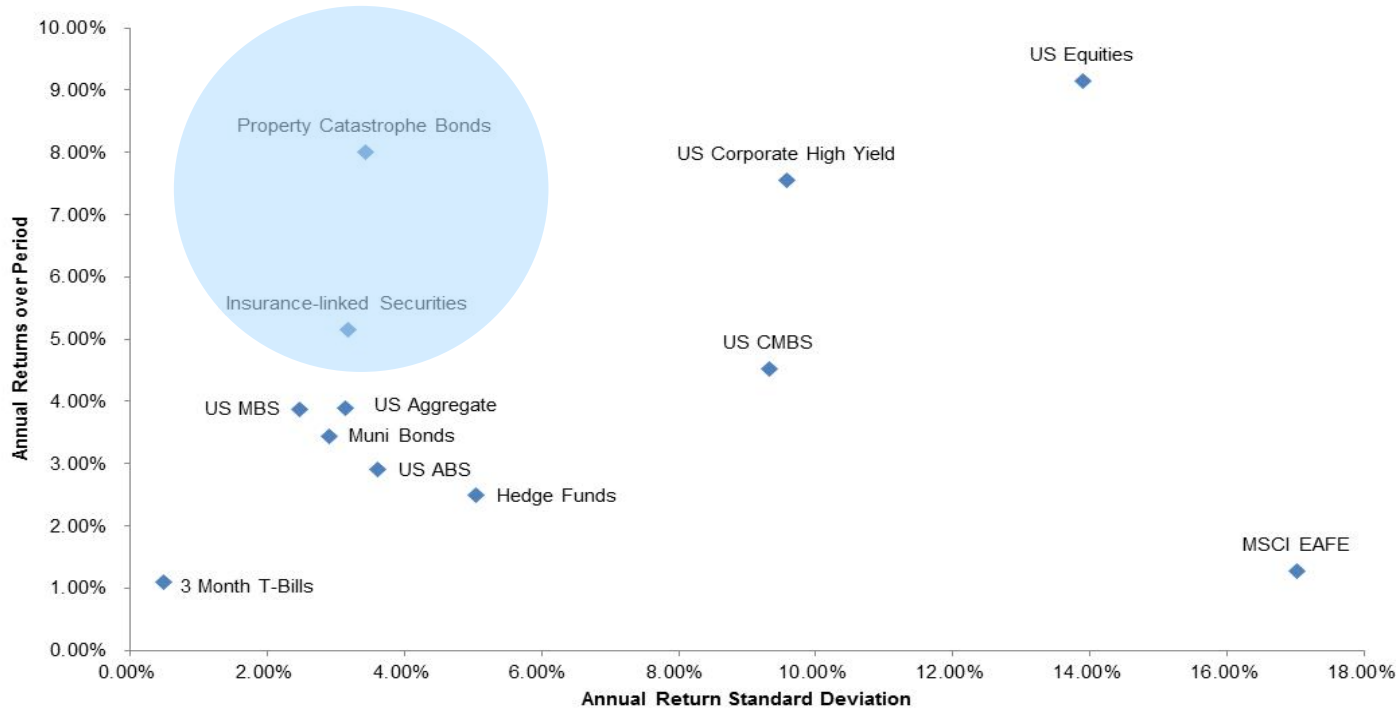
Strategic Support from Lead Investor

- Blue Capital Management Ltd. is a wholly owned subsidiary of Sampo International, a leading global insurer and reinsurer.
- Sampo International holds a 33% strategic investment in BCRH, provides infrastructure and underwriting support services and is a significant source of business and market access for BCRH.

¹The target net return referenced above is a forward-looking statement that involves risks and uncertainties. Accordingly, there are or may be important factors that could cause actual returns to differ materially from the target net return. Realization of the target net return is dependent upon, (i) the portfolio of risks that BCRH constructs, (ii) the pricing BCRH is able to attain for the risks underwritten, (iii) BCRH’s investment return, (iv) the efficacy of the proprietary catastrophe modeling tools utilized by BCRH in estimating claims activity, (v) the claims activity BCRH actually experiences and (vi) BCRH’s ongoing corporate expenses. For a listing of risks related to BCRH and its future performance, please see “Risk Factors” in BCRH’s most recent Annual Report on Form 10-K.

Attractive Market With Appropriate Risk/Reward Dynamics

Global Index Return vs. Volatility (December 2005 – September 2018)^{1,2}



- Returns directionally uncorrelated to other asset classes
- Sizeable and structured market

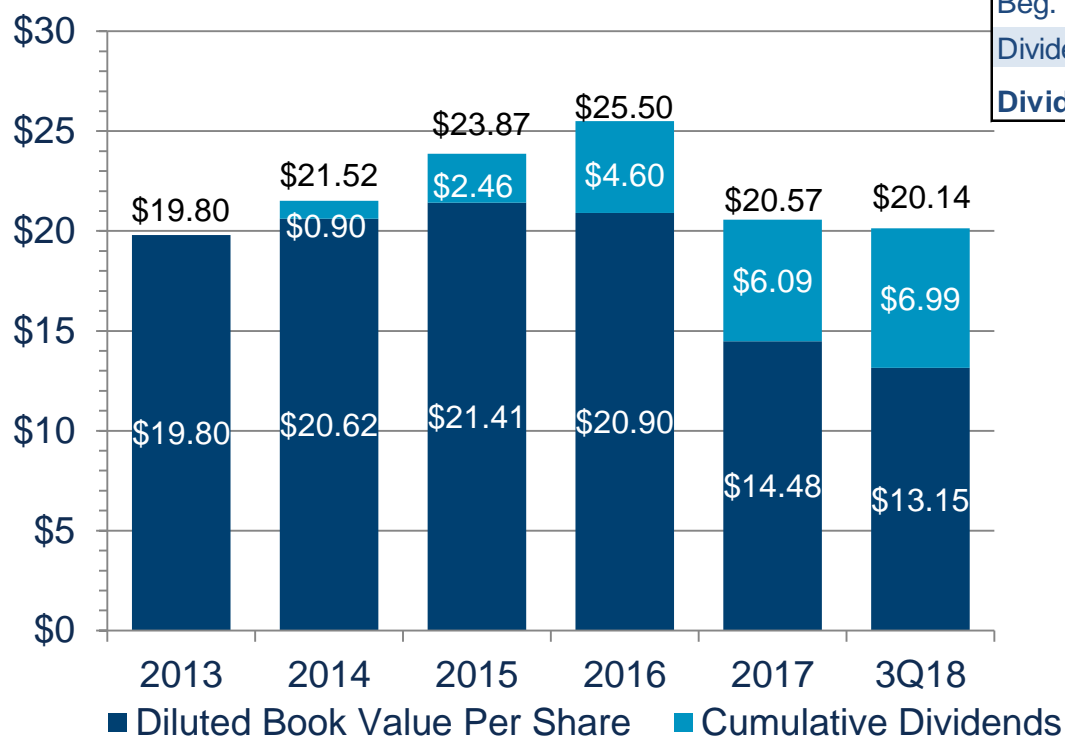
1. Property Catastrophe: Swiss Re Cat Bond Total Return Index; Insurance-linked Securities: Eureka ILS Advisors Index; US Corporate High Yield: Barclays U.S. Corporate High Yield Total Return Index; US Equities: S&P 500; MSCI EAFE: a free-float weighted equity index covering developing markets in Europe, Australasia and Far East regions; US Aggregate: Barclays U.S. Aggregate Total Return Index. Source: Bloomberg

2. The highlighted blue circle above and around the Property Catastrophe Bonds, and Insurance-linked Securities data points is not indicative of a range of possible outcomes, and is only used for presentation illustrative purposes.

BCRH Has Attractive Yield and Earnings Distribution History

Fully Converted Book Value Per Common Share

From December 31, 2013 – September 30, 2018



Attractive Dividend Yields¹

From December 31, 2013 – September 30, 2018

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 YTD</u>
Beg. Stock Price \$	18.37	\$ 17.75	\$ 17.15	\$ 18.45	\$ 12.05
Dividends Paid \$	0.90	\$ 1.56	\$ 2.14	\$ 1.49	\$ 0.90
Dividend Yield	4.9%	8.8%	12.5%	8.1%	7.5%

- The company intends to continue to distribute through dividends or share repurchases a minimum of 90% of its annual distributable income
- Dividends have historically included a recurring dividend for the first three quarters of the year and a special dividend paid in the first quarter of the following year
- BCRH paid regular dividends of \$0.30 on April 13, 2018, July 13, 2018 and October 15, 2018

1. Dividend yield calculated by dividing dividends paid during the year by the beginning of the year share price.

Successful Strategy

▪ **Leveraging the strength and expertise of Sompo International**

- Sompo International has a successful multi-year track record in global insurance and reinsurance
- Strategic relationship with Sompo International provides BCRH access to Sompo International's expansive global footprint, staffing, distribution and well diversified global portfolio
- Financial strength and market presence of Sompo International (previously Endurance Specialty Holdings Ltd.) was strengthened following acquisition by Sompo Holdings, Inc.

▪ **Specialized underwriting and portfolio construction provides differentiated opportunity**

- Seasoned underwriting teams leveraging sophisticated risk management and proprietary pricing and portfolio management system
- Returns are generated from the construction of a portfolio of traditional reinsurance contracts not normally available to investors
- BCRH underwriting team combines quota share from Sompo International's portfolio with direct written contracts to optimize portfolio returns

▪ **Minimal underlying investment asset risk**

- Invested collateral is cash or cash equivalent securities held in custody by Bank of New York Mellon
- Portfolio returns predominantly generated from reinsurance premiums

Experienced Team and Strong Oversight

BCRH Board Of Directors

Mike McGuire
Chairman of The Board

- CFO of Endurance/Sompo International since 2006
- Extensive insurance industry experience

D. Andrew Cook
*Audit Committee
Chairman*

- Former CFO Global Partners Acquisition Corp
- Financial Expert

Eric Lemieux
Lead Director

- Extensive catastrophe risk management experience
- Fellow of the Casualty Actuarial Society

John Weale
*Compensation &
Nominating Committee
Chairman*

- Has held numerous industry executive roles
- Over 30 years industry experience

John Del Col
Director

- General Counsel of Endurance/Sompo International since 2003
- Extensive legal and insurance industry experience

BCRH Officers

Mike McGuire
Chief Executive Officer

Greg Garside
Chief Financial Officer

John Del Col
Secretary

BCRH Leverages Strong Support Provided by Somp International

A significant number of Somp International professionals (including several executive team members) are actively involved in the support of BCRH. Somp International has maintained a long term strategic investment in Blue Capital.

Management

Investment Committee

- Mike McGuire (Director)
- John Del Col (Director)
- Stephen Young

Underwriting Committee

- Chris Gallagher
- David Bigley
- Jose Barroso

Risk Management Committee

- Chris Gallagher
- Tahinde Frederick
- Allison Kiene
- Mike McGuire (Director)
- Manjit Varwandkar
- Navid Zarinejad

Portfolio Management

Portfolio Management

- Will Haddrell
- Manjit Varwandkar
- Tahinde Frederick
- Helena Bickley

Investments

- Mark Silverstein

Risk Management & Modeling

- Andrew Bubniak
- Jeff Dollinger
- Tahinde Frederick
- Chris Gallagher
- Andrew McLennan
- Manjit Varwandkar
- Navid Zarinejad

Finance, Compliance & Infrastructure

Finance & Accounting

- Greg Garside
- Asa Zuill
- Kalena Burgess
- Greg Schroeter

Legal & Compliance

- John Del Col (Director)
- Allison Kiene
- Daniel Lurie

Operations, Systems & Other

- Ryan Grabowski
- Jarryd Dillas
- Anne Madeiros
- Nichola Simons

Members of Somp International's Executive Team

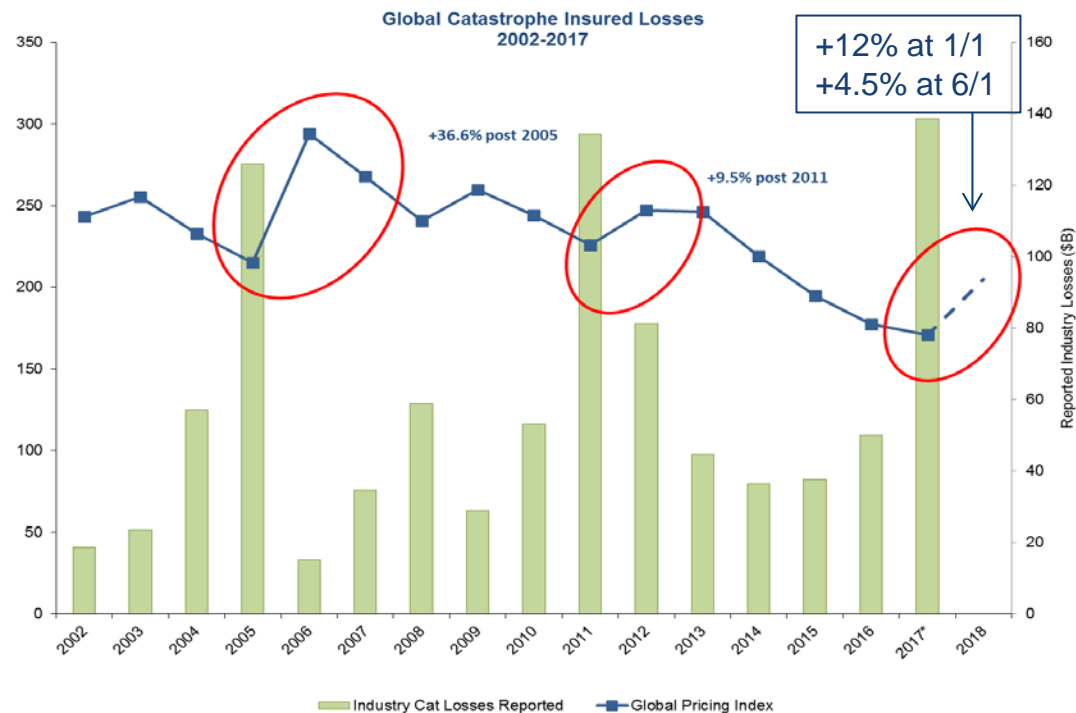
What Differentiates BCRH from a Traditional Reinsurer?

	Blue Capital Reinsurance Holdings Ltd.	Traditional Reinsurer
Business Focus	Collateralized reinsurance	Diversified portfolio of short-tail and long-tail reinsurance and other specialty insurance and reinsurance lines
Security Offered Clients	Cash collateral, no leverage	“Promise to Pay” backed by financial strength ratings
Capital Management Policy	Target minimum dividends and/or share repurchases of 90% of distributable income	Low single-digit dividend yield (typically 1-3%)
Risk Profile	Primarily natural catastrophe risks, predefined single event exposures	Multitude of different risks including catastrophe risks, other frequency and severity insurance risks, interest rate, credit risk, equity risk, long-tail reserve risk, capital management, etc.
Investment Profile	Cash and cash equivalents, minimal investment risk and volatility	Portfolio of fixed income, equity and hedge fund investments with interest rate, credit and market risk

BCRH is a “pure play” reinsurance alternative investment, which has paid out at least 90% of its distributable income for 2014 through 2018

2017 Events Leading to Rate Increases

2017 was one of the most costly catastrophe loss years in industry history



- **Hurricane Harvey** (highest wind of 130 mph, insured loss of \$25-\$35 billion, largest auto loss in U.S. history and wettest tropical cyclone on record in the U.S.)
- **Hurricane Irma** (highest wind of 185 mph, insured loss of \$35-\$55 billion, largest Caribbean insurance loss in history). Loss estimates have increased +30% since November 2017.
- **Hurricane Maria** (highest wind of 175 mph, insured loss of \$15-\$30 billion, costliest Puerto Rico loss in history)
- Additional events included Mexican earthquakes, Hurricane Nate and California Wildfires

Market pricing improved in 2018 following these events

- Overall average risk adjusted prices increased 12% during January renewals and 4.5% during June renewals

Source: Statista 2017 and Guy Carpenter
 *Estimated industry losses

BCRH's Performance Impacted by 2017 Events, Probability of Modelled Loss Scenarios Reduced in 2018

Modelled Annual Aggregate Loss Probabilities on Shareholders' Equity¹

Modelled Loss Scenario	2018		2017	
	Modelled Return Probability	Return Period	Modelled Return Probability	Return Period
Loss Greater than 5%	11%	9.4 Years	12%	8.3 Years
Loss Greater than 10%	7%	15 Years	9%	11.1 Years
Loss Greater than 15%	4%	22.9 Years	6%	16.7 Years
Loss Greater than 25%	2%	46.1 Years	3%	33.3 Years
Loss Greater than 35%	1%	95.9 Years	2%	50 Years

¹This in force portfolio return summary produced in 2017 and 2018 is provided for illustrative purposes only to show BCRH's historic modelled returns for 2017 compared to 2018. The projections were derived by reference to BCRH's portfolios as at 30 June 2017 and 2018 using AIR Worldwide ("AIR") Version 17.0 results extracted from CATM®, Sompo International's proprietary technology, and did not take into account actual costs, expenses or other factors which are not attributable to the portfolio. The Return Period is calculated by dividing the 1 year period by the modelled return probability.

BCRH's 2017 event losses to date were within expected levels given the magnitude of the events

- Hurricane Harvey \$6.3 million in estimated losses
- Hurricane Irma \$41.6 million in estimated losses
- Hurricane Maria \$4.3 million in estimated losses
- 2nd event/Aggregate losses triggered by multiple events estimated losses of \$22.0 million
- California wildfires \$2.8 million in estimated losses
- \$8.9 million in estimated losses from smaller events and attritional losses

Majority of current capital base expected to be available for upcoming renewals:

- In addition to estimated losses that have reduced shareholders equity, contractual buffer loss provisions locked up approximately 13% of projected shareholders' equity at January 1, 2018 renewals. These lockups are projected to be released systematically through the course of 2018 and 2019.

Geographic Distribution of Premiums

Portfolio of risks globally diversified by over 1,400 underlying contracts*

(\$ in millions)	Year to Date September 30, 2018	
Worldwide ⁽¹⁾	\$17.6	73%
USA:		
Nationwide	\$0.8	3%
Florida	\$4.1	17%
Gulf region	\$0.5	2%
Midwest region and other	\$0.5	2%
Worldwide, excluding U.S. ⁽²⁾	\$0.6	3%
	\$24.1	100%

(1) “Worldwide” comprises reinsurance contracts that cover risks in more than one geographic area and do not specifically exclude the U.S.

(2) “Worldwide, excluding U.S.” comprises reinsurance contracts that cover risks in more than one geographic area but specifically exclude the U.S.

- BCRH maintains a diversified portfolio of global risks
- Successfully bound indemnity reinsurance contracts at June 1, 2018 with expected total premiums of \$25.6M
- Inforce portfolio as of June 1, 2018 consisted of 93.7% first event coverages compared to 76.6% as of June 1, 2017
 - Net rate on line improved
 - Eliminated exposure in ILW’s and aggregate accounts given price movements post 2017 events

* Investors who invest in a single share of BCRH enjoy the benefit of investing in a share that is diversified by underlying investments of greater than 1,400 positions in catastrophe related insurance contracts, as at June 1, 2018.

Financial Highlights

Financial Results	2014	2015	2016	2017	3Q18 YTD
Production:					
Gross Premiums Written <i>(in millions)</i>	\$45.0	\$38.6	\$43.2	\$46.1	\$24.1
Net Premiums Earned <i>(in millions)</i>	\$43.9	\$38.3	\$43.6	\$46.0	\$21.3
Underwriting Results:					
Loss Ratio - Current Year	39.0%	8.5%	31.5%	169.1%	56.7%
Loss Ratio - Prior Year	0.0%	-1.6%	0.0%	2.5%	24.9%
Loss Ratio	39.0%	6.9%	31.5%	171.6%	81.6%
Expense Ratio	28.2%	38.4%	33.5%	29.7%	43.1%
Combined Ratio	67.2%	45.3%	65.0%	201.3%	124.7%
Accident Year Combined Ratio	67.2%	46.9%	65.0%	198.8%	99.8%
Per Share Data:					
Earnings per Share	\$1.72	\$2.36	\$1.63	(\$4.94)	(\$0.42)
Regular Dividends Declared	\$0.90	\$0.90	\$0.90	\$0.90	\$0.90
Special Dividends Declared*	\$0.66	\$1.24	\$0.59	\$0.00	\$0.00
Total Dividends Declared	\$1.56	\$2.14	\$1.49	\$0.90	\$0.90
Earnings Payout Ratio	90.4%	90.4%	90.6%	NM	NM
Fully Converted Book Value Per Share	\$20.62	\$21.41	\$20.90	\$14.48	\$13.15
Growth in Book Value Per Share, Including Dividends Paid	8.7%	11.4%	7.6%	-23.6%	-3.0%

* For this exhibit, special dividends are included in the period to match underlying earnings that were generated to fund the dividend and not when they were ultimately paid.

- Third quarter YTD 2018 results:
 - Consistent with the industry, BCRH experienced an increase in estimated losses related to Hurricane Irma which made landfall in Florida in September 2017
 - Included losses related to Hurricane Florence
 - The expense ratio was higher reflecting lower earned premiums. Year to date expenses were lower than a year ago.
- Historically, strong results were achieved in BCRH's first three full years of operations
 - 8.8% Growth in Book Value Per Share inclusive of dividends paid for 2014 through 2016
 - Returned in excess of 90.0% of distributable income through regular and special dividends

Risk Management: Single Event Loss Exposure Maintained Within Underwriting Guidelines

Projected Net Impact From Single Event Losses⁽¹⁾ at Specified Return Periods

	June 1, 2018 Net Impact ⁽²⁾ (millions)	Return Period ⁽³⁾	June 1, 2018 as a % of September 30, 2018 Shareholders' Equity	June 1, 2017 as a % of September 30, 2016 Shareholders' Equity
U.S. - Florida Hurricane	\$ 37	1 in 100 year	32%	33%
California Earthquake	\$ 22	1 in 250 year	19%	14%
Japan – Earthquake	\$ 19	1 in 250 year	17%	24%
All other zones			less than 15%	less than 15%

(1) Our single event loss estimates represent snapshots as of June 1, 2018 and June 1, 2017. The composition of our in-force portfolio may change materially at any time due to the acceptance of new policies, losses incurred, the expiration of existing policies and changes in our ceded reinsurance and derivative protections.

(2) **Actual realized catastrophic losses could differ materially from our net loss estimates and our net loss estimates should not be considered as representative of the actual losses that we may incur in connection with any particular catastrophic event.** The net loss estimates above rely significantly on computer models created to simulate the effect of catastrophes on insured properties based upon data emanating from past catastrophic events. Since comprehensive data collection regarding insured losses from catastrophe events is a relatively recent development in the insurance industry, the data upon which catastrophe models is based is limited, which has the potential to introduce inaccuracies into estimates of losses from catastrophic events, in particular those that occur infrequently. In addition, catastrophe models are significantly influenced by management's assumptions regarding event characteristics, construction of insured property and the cost and duration of rebuilding after the catastrophe. For a listing of risks related to BCRH and its future performance, please see "Risk Factors" in BCRH's most recent Annual Report on Form 10-K.

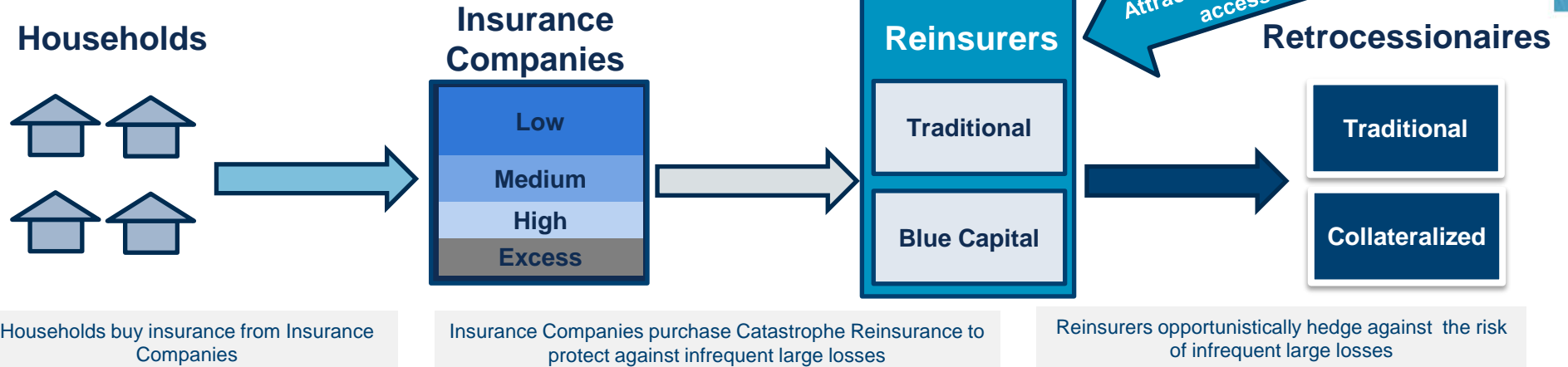
(3) A "100-year" return period can also be referred to as the 1.0% occurrence exceedance probability ("OEP"), meaning there is a 1.0% chance in any given year that this level will be exceeded. A "250-year" return period can also be referred to as the 0.4% OEP, meaning there is a 0.4% chance in any given year that this level will be exceeded.

- BCRH offers an attractive return from direct investments in reinsurance contracts. Returns are largely uncorrelated to other financial market risks.
- BCRH benefits from relationship with Sompo International, a market recognized leading global specialty insurer and reinsurer
 - Provides access to greater than 90% of market of catastrophe risk opportunities which enhances diversification and risk selection
 - Sompo International expertise enables differentiated reinsurance risk selection and portfolio construction
- Close alignment of interest between Sompo International, BCRH and shareholders. Sompo International maintains a 33% ownership position in BCRH.
- Market conditions improved during 2018 renewals

Appendix

Introduction to Reinsurance Risk Transfer

Risk Distribution Chain



Reinsurance Products



Catastrophe Bonds Bonds issued by an insurance company with funding tied to the company's losses from disasters, or acts of God. A loss exceeding a certain size triggers a reduction in the bond value or a change in the bond structure as loss payments are paid out of bond funds.

Collateralized Reinsurance A contract where a trust account is created at the inception of the contract term and funds the account in an amount equal to the contract limit (less certain deductions).

Industry Loss Warranty (ILW) An insurance or reinsurance contract in which coverage is triggered when the losses experienced by an industry exceed a specific threshold.

Reinsurance A contract under which a reinsurer agrees to pay specified types and amounts of underwriting loss incurred by an insurer or another reinsurer in return for a premium. Reinsurance may be proportional or non-proportional and may take the form of a cover in respect of an individual risk exposure or cover in respect of multiple risk exposures.

Retrocession Reinsurance of a reinsurer by another reinsurer. It serves to reduce the risk of the company that is being reinsured.

Retrocessionaires The reinsurer under a retrocession.

Quota Share Reinsurance A reinsurance treaty which provides that the reassured shall cede to the reinsurer a specified percentage of all the premiums that it receives in respect of a given section or all of its underwriting account for a given period in return for which the reinsurer is obliged to pay the same percentage of any claims and specified expenses arising on the reinsured account.

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