



Blue Capital Reinsurance Holdings (in liquidation) Reports Third Quarter 2020 Financial Position

HAMILTON, Bermuda - October 30, 2020 - Blue Capital Reinsurance Holdings Ltd. (in liquidation) (OTC:BCRHF) (the "Company"), a Bermuda holding company, today reported its financial position for the third quarter of 2020. The Company, through its operating subsidiaries, previously offered collateralized reinsurance in the property catastrophe market and invested in various insurance-linked securities. The Company is currently winding down its operations.

Net assets in liquidation declined \$2.2 million dollars in the current quarter largely driven by a \$3.1 million loss (\$0.35 per diluted share), previously announced by the Company on August 14, 2020, that related to an Industry Loss Warranty ("ILW") issued by the Company in 2017. The ILW was triggered by an aggregation of 2017 loss events that exceeded the ILW's loss threshold upon the upwards revision by ISO's Property Claims Service of its industry loss estimate for Hurricane Irma. While the loss represented a significant portion of the remaining net assets in liquidation as of June 30, 2020, the loss represented only 1.7% of the Company's shareholders' equity as of January 1, 2017, when the contract was written. Partially offsetting the ILW loss was favorable reserve development from 2018 loss events.

The Company's fully converted book value per common share was \$0.50 at September 30, 2020, reflecting a 33.3% decrease for the quarter.

About the Company

Blue Capital Reinsurance Holdings Ltd. (in liquidation), is currently winding down its operations. The Company, through its operating subsidiaries, previously offered collateralized reinsurance in the property catastrophe market, leveraging underwriting expertise and infrastructure from established resources. Underwriting decisions, operations and other management services are provided to the Company by Blue Capital Management Ltd., a subsidiary of Sompo International Holdings Ltd. (a wholly owned subsidiary of Sompo Holdings, Inc.), a recognized global specialty provider of property and casualty insurance and reinsurance and a leading property catastrophe and short tail reinsurer since 2001. Additional information can be found at www.bcapre.bm.

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Forward-Looking Statements

Some of the statements in this press release may include, and the Company 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 press release.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or may be important factors that could cause the Company's run-off performance and the timing and amount of special distributions to differ materially from those indicated in the forward-looking statements. These factors include, but are not limited to, greater frequency or severity of claims and loss activity, uncertainties in our reserving process, changes to our tax status, 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, 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, government intervention in the insurance and reinsurance industry, illiquidity in the credit markets, changes in general economic conditions and other factors.

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 financial statements posted on the Company's website. Any forward-looking statements made in this material 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.

The contents of any website referenced in this press release are not incorporated by reference herein.

BLUE CAPITAL REINSURANCE HOLDINGS LTD. (in liquidation)
CONSOLIDATED STATEMENT OF NET ASSETS IN LIQUIDATION
(Liquidation Basis)
Unaudited

(In millions of U.S. dollars)	September 30, 2020
Assets	
Cash and cash equivalents	\$ 0.5
Reinsurance premiums receivable	1.1
Funds held by ceding companies	36.7
Other assets	—
Total Assets	<u>\$ 38.3</u>
Liabilities	
Loss and loss adjustment expense reserves	\$ 29.2
Reinsurance balances payable	2.9
Other liabilities	0.7
Liability for estimated costs in excess of estimated receipts during liquidation	1.1
Total Liabilities	<u>33.9</u>
Net Assets in Liquidation	<u><u>\$ 4.4</u></u>

BLUE CAPITAL REINSURANCE HOLDINGS LTD. (in liquidation)
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS IN LIQUIDATION
(Liquidation Basis)
Unaudited

(In millions of U.S. dollars)	Three Months Ended September 30, 2020
Net Assets in Liquidation at beginning of period	\$ 6.6
Changes in net assets in liquidation:	
Changes in liquidation value of reinsurance premiums receivable	—
Changes in liquidation value of loss and loss adjustment expense reserves	(2.2)
Remeasurement of assets and liabilities	—
Liquidating distributions to shareholders	—
Net Assets in Liquidation at end of period	<u><u>\$ 4.4</u></u>

BOOK VALUE AND FULLY CONVERTED BOOK VALUE PER COMMON SHARE
Unaudited

	September 30, 2020	June 30, 2020	December 31, 2019	September 30, 2019
Book value per share numerator (in millions of U.S. dollars):				
[A] Shareholders' Equity (in millions of U.S. dollars)	\$ 4.4	\$ 6.6	\$ 67.3	\$ 71.9
Book value per share denominators (in thousands of shares):				
[B] Common Shares outstanding	8,802	8,786	8,775	8,775
Restricted Share Units outstanding	—	16	27	27
[C] Fully converted book value per common share Denominator	8,802	8,802	8,802	8,802
Book value per common share [A]/[B]	\$ 0.50	\$ 0.75	\$ 7.67	\$ 8.19
Fully converted book value per common share [A]/[C]	\$ 0.50	\$ 0.75	\$ 7.65	\$ 8.17
Change in fully converted book value per common share:⁽¹⁾				
From June 30, 2020	(33.3)%			
From December 31, 2019	(5.4)%			
From September 30, 2019	(4.4)%			

(1) Computed as the change in fully converted book value per common share plus common dividends/special distributions declared of \$0.00, \$6.74 and \$7.31 during the three, nine and twelve month periods ended September 30, 2020, respectively.