

This document constitutes a registration document (the "**Registration Document**") relating to Conduit Holdings Limited (the "**Company**" or "**Conduit**") prepared in accordance with the prospectus regulation rules (the "**Prospectus Regulation Rules**") of the Financial Conduct Authority (the "**FCA**") made under section 73A of the Financial Services and Markets Act 2000 (the "**FSMA**"). A copy of this Registration Document has been filed with the FCA and has been made available to the public in accordance with the Prospectus Regulation Rules. This Registration Document has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The FCA only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer that is the subject of this Registration Document.

The Company, each of the directors of the Company (the "**Directors**") and the proposed director of the Company (the "**Proposed Director**"), whose names appear in the section of this Registration Document headed Part III - "Directors, Proposed Director, Secretary, Registered and Head Office and Advisers", accept responsibility for the information contained in this Registration Document. To the best of the knowledge of the Company, the Directors and the Proposed Director, the information contained in this Registration Document is in accordance with the facts and this Registration Document makes no omission likely to affect the import of such information.

This Registration Document should be read in its entirety. See Part I - "Risk Factors" of this Registration Document for a discussion of certain risks relating to the Company.

Conduit Holdings Limited

(Incorporated and registered in Bermuda under the Companies Act 1981 (Bermuda) with registration number 55936)

No representation or warranty, express or implied, is made and no responsibility or liability is accepted by any person other than the Company, the Directors and the Proposed Director, as to the accuracy, completeness, verification or sufficiency of the information contained herein and nothing contained in this Registration Document is, or shall be relied upon as, a promise or representation by any of the Company's advisers or any of their respective affiliates as to the past, present or future. The delivery of this Registration Document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Registration Document or that the information contained herein is correct as at any time subsequent to its date. No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document and, if given or made, such information or representation must not be relied upon as having been authorised by the Company. Without limitation, the contents of the website of the Company, including the websites of the Group's business units, do not form part of this Registration Document and information contained therein should not be relied upon by any person.

This Registration Document may be combined with a securities note and summary to form a prospectus in accordance with the Prospectus Regulation Rules, under which a securities offering may in the future be made. A prospectus is required before an issuer can offer transferable securities to the public or request the admission of transferable securities to trading on a regulated market. This Registration Document makes reference to and describes the proposed admission of the Company's securities to the standard listing segment of the Official List and to trading on the London Stock Exchange's Main Market ("**Admission**"). Prior to any application for Admission being made, this Registration Document will be combined with a securities note and summary to form a prospectus. However, this Registration Document, where not combined with a securities note and summary to form a prospectus, does not constitute an offer or invitation to sell or issue, or a solicitation of an offer or invitation to purchase or subscribe for, any securities in the Company in any jurisdiction, nor shall this Registration Document alone (or any part of it), or the fact of its distribution, form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to any offer or otherwise.

Any securities referred to in this Registration Document have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**US Securities Act**") or with any securities regulatory authority of any state of the United States, and may not be offered or sold in the United States absent registration under the US Securities Act except to qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the US Securities Act ("**Rule 144A**") pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act. Any securities referred to in this Registration Document have not been and will not be registered under the applicable securities law of Canada, Australia, the Republic of South Africa or Japan and, subject to certain exceptions, may not be

offered or sold within Canada, Australia, the Republic of South Africa or Japan or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan.

The distribution of this Registration Document in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been taken or will be taken by the Company to permit the possession or distribution of this Registration Document in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Persons into whose possession this Registration Document comes are required by the Company to inform themselves about and observe any such restrictions. In the United States, this Registration Document may not be distributed nor may copies of it be made available without the Company's prior written consent other than to people who have been retained to advise in connection with this Registration Document or persons reasonably believed by the Company to be QIBs. Accordingly, neither this Registration Document nor any advertisement nor any offering material may be distributed or published in any jurisdiction, other than in the United Kingdom, except under circumstances that will result in compliance with any applicable laws and regulations. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The contents of this Registration Document are not to be construed as legal, financial or tax advice. Each recipient of this Registration Document should consult his, her or its own legal, financial or tax adviser for advice.

Certain terms used in this Registration Document are defined in Part IX - "Definitions". This Registration Document speaks as at the date hereof.

The date of this Registration Document is 5 November 2020.

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PART I - RISK FACTORS

The risks and uncertainties described below represent those that the Company and its subsidiaries and its subsidiary undertakings (together the "Group") considers to be material at the date of this Registration Document. The risk factors described below are not an exhaustive list or explanation of all risks relating to the Group and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse impact on the Group's business, results of operations, financial condition or prospects.

This Registration Document contains "forward-looking" statements that involve risks and uncertainties. The actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include those discussed below and elsewhere in this Registration Document.

RISKS RELATING TO THE GROUP

A. RISKS RELATING TO THE GROUP'S BUSINESS ACTIVITIES AND INDUSTRY

- 1 *The Group is a start-up operation with no history of operations and the delay or the failure to build or sustain a business of writing reinsurance from that starting position will have a material adverse effect on the Group's business, financial condition, results of operations and prospects.*

As at the date of this Registration Document, the Group is composed of newly incorporated commercial entities which have not yet commenced business and have no history of operations or financial history, which presents substantial business and financial risks that may result in the Group failing to implement its business plan or suffering significant losses. The Group's ability to enter the reinsurance market and to implement and sustain its business plan depends on, among other things, its ability to do the following in a timely manner:

- attract cedant insurers and develop distribution channels;
- attract and retain personnel with management, regulatory, underwriting, investment, financial, actuarial and credit analysis expertise;
- evaluate effectively the risks that the Group intends to assume under the reinsurance contracts that it plans to write;
- obtain and maintain relevant licences and ratings, including the targeted A.M Best financial strength rating of "A-" (Excellent) (see Risk Factor A.4 of this Part I for more information (*The Group may not obtain or maintain its desired financial strength rating from A.M. Best.*)) and the relevant insurance licences; and
- enter into operational arrangements with third parties required in order for the Group to operate the business in the United Kingdom and elsewhere.

It is possible that the Group may not be successful in implementing its business plan or in completing the development of the infrastructure necessary to run its business for any reason, including those set out above, which will result in a material adverse effect on its business, financial condition, results of operations and prospects.

- 2 *The Group's assessment of potential underwriting losses may be materially inaccurate.*

The Group's operating results and financial condition will depend upon its ability to assess accurately the potential underwriting losses associated with the risks that it reinsures.

The inherent uncertainties of estimating underwriting loss reserves are often greater for reinsurance companies as compared to primary insurers, due to, among other reasons:

- the significant lapse of time from the occurrence of the event giving rise to a claim, to the reporting and inception and ultimate resolution or settlement of the claim;
- the potential divergence of the actual outcomes from the expected outcomes; and
- the necessary reliance on the ceding insurer for information regarding claims.

Any of those factors could be further exacerbated by the impact of the COVID-19 pandemic (see Risk Factor A.15 (*The COVID-19 pandemic, including the related disruptions and the COVID-19-related*

governmental actions, could materially and adversely affect the Group's business, financial condition, results of operations and prospects). Furthermore, the Group's estimations and allocations of underwriting loss reserves, as a new business, may be inherently less reliable than the underwriting loss reserve estimations of a business with operating history, a stable volume of accounts and an established loss history. Actual underwriting losses and underwriting loss adjustment expenses paid may substantially deviate from the illustrative loss reserves contained in the Group's business plan and, in the future, estimated underwriting loss reserves contained in its financial statements. If the Group's underwriting loss reserves are subsequently determined to be inadequate, the Group will be required to increase its claim reserves with a corresponding reduction in net income in the period in which the Group identifies the deficiency. In addition, losses on underwriting could exceed the Group's available capital, underwriting loss reserves and underwriting loss expense reserves. If the Group's underwriting losses were to exceed its underwriting loss reserves, this would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3 *The Group may not be able to implement its strategy in a timely manner or at all.*

There can be no guarantee that the Group will be successful in accomplishing the tasks necessary to implement its proposed strategy, or that it will be able to implement the strategy within the timeframe or in the manner outlined in this Registration Document. If the Group is unable to implement its strategy, the Group's financial results may vary substantially from the illustrative KPIs and premium targets presented in this Registration Document. See Risk Factor C.2 (*The Group's actual results of operations and financial results may vary, potentially substantially, from the illustrative key performance indicators ("KPIs") and premium targets.*) below for more information. Any failure to implement the Group's strategy or any delay in its implementation could result in material adverse effects on its business, financial condition, results of operations and prospects.

Further, there may not be sufficient demand for the reinsurance products the Group plans to write to support the Group's planned level of operations. If there is insufficient demand for the reinsurance products that it intends to write, the Group may decide to amend its business strategy to focus on other types of reinsurance products, for which it may need to obtain licences or regulatory approvals. The costs of obtaining such licences or the changes to the Group's business model may have a material adverse effect on the Group's business performance, financial condition, results of operations and prospects.

4 *The Group may not obtain or maintain its desired financial strength rating from A.M. Best.*

Third-party rating agencies assess and rate the claims-paying ability of reinsurers based upon criteria established by the rating agencies. These ratings are often a key factor in the decision by an insured or a broker/intermediary whether to place business with a particular insurance or reinsurance provider. The Group considers A.M. Best to be the key rating agency for the insurance and reinsurance industries. An "A-" (Excellent) financial strength rating from A.M. Best is the minimum rating normally required for access to key parts of the Group's target market.

The Group is targeting the receipt of a Preliminary Credit Assessment from A.M. Best prior to Admission and the formal issuance and release of an A.M. Best rating conditional on Admission taking place. Whilst the Group is targeting an A.M. Best financial strength rating of "A-" (Excellent) for Conduit Reinsurance, there can be no guarantee of the rating that A.M. Best may assign to Conduit Reinsurance Limited ("Conduit Reinsurance"), or that A.M. Best will provide a financial strength rating at all.

A.M. Best will also review Conduit Reinsurance's financial strength rating and may revise it downwards or revoke it at A.M. Best's sole discretion, based primarily on its analysis of the Group's balance sheet strength, operating performance and business profile. Factors that may affect such an analysis include:

- if Conduit Reinsurance changes its business practice from its business plan in a manner that no longer supports its A.M. Best rating;
- if unfavourable financial or market trends adversely affect Conduit Reinsurance;
- if Conduit Reinsurance's actual losses significantly exceed its loss reserves;
- if the Group is unable to obtain and retain key personnel;
- if the Group's investments incur significant losses; and
- if A.M. Best alters its capital adequacy assessment methodology in a manner that would adversely affect Conduit Reinsurance's rating.

A downgrade or revocation of Conduit Reinsurance's future financial strength rating could provide certain

customers with a right to terminate their reinsurance contracts with Conduit Reinsurance, discourage new customers engaging with Conduit Reinsurance and could also adversely affect the volume and quality of business presented to Conduit Reinsurance. Consequently, a downgrade of Conduit Reinsurance's future financial strength rating would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

5 ***The Group expects to compete with established and/or new reinsurance businesses with greater resources, lower target returns, different approaches to risk management or pricing, and with alternative insurance products, which may make it difficult or impossible to market the Group's products effectively or offer the Group's products at prices that allow the Group to generate a profit.***

The Group expects to compete with major and established reinsurance businesses; many of which will have substantially greater financial, marketing and human resources than the Group. The Group may also face competition from new entrants to the reinsurance market.

If competitive pressures from larger, better funded or more aggressive competitors were to make it difficult or impossible to market the Group's products effectively, or forced the Group to reduce its prices, the Group would expect to write fewer policies, which would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group also expects to compete with capital market participants that create alternative products, such as catastrophe bonds, that are intended to compete with traditional reinsurance products. The availability of these non-traditional products could reduce the demand for both traditional insurance and reinsurance products and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6 ***The Group may not be able to obtain sufficient reinsurance business.***

There can be no assurance that reinsurance business will be available to the Group on terms, at the volumes or at a pricing that it considers to be attractive, nor can there be any assurance that if such terms and pricing exist initially, they will continue. Factors which may inhibit or preclude the Group from obtaining reinsurance business at the desired rates include:

- an unexpected softening of conditions in the insurance and reinsurance markets targeted by the Group which would depress premium rates and would force the Group either to underwrite at rates that adversely affect its profits or forego underwriting at all;
- insurance and reinsurance prices not responding favourably to a significant loss event;
- continued willingness by other market participants to write insurance and reinsurance business at rates which are at best marginally profitable;
- difficulty penetrating existing program structures due to established relationships between such cedants (or their intermediaries) and reinsurers, or clients and their insurers previously on the programs;
- intermediaries entering into bilateral arrangements with single carriers or markets, where previously the business was more widely available; and
- possible unwillingness of prospective cedants (or their intermediaries) or clients and their insurers to accept the Group's participations based on competitors' ratings being higher than the expected ratings of the Group, the Group's lack of experience and performance history or concerns about the Group's investment strategy.

Any failure to obtain reinsurance business at the desired rates, including due to the above factors, would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

7 ***The Group expects to depend on third-party brokers to distribute its reinsurance products, and the failure to obtain business from, or loss of business provided by, such third-party brokers could adversely affect it.***

The Group expects to be dependent upon third-party brokers to distribute its reinsurance products. Brokers are independent and, therefore, no broker is committed to recommend or sell the Group's reinsurance products. Accordingly, the Group's relationships with brokers distributing its reinsurance products are expected to be important, and any failure, inability or unwillingness of brokers to distribute the Group's products could have a material adverse effect on the Group. Furthermore, although the Group's founders,

Neil Eckert and Trevor Carvey (the "Founders"), have long running relationships with key brokers who have a global presence covering the key jurisdictions for the Group, there is no guarantee that all of these third-party brokers will establish or maintain a long-term relationship with the Group or that the Group will be able to write sufficient volume of reinsurance through such brokers to support its business. Additionally, the past performance of such brokers is not indicative of their future performance or impact on the business of the Group. A failure to obtain or loss of business received from third-party brokers may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

8 ***The past performance of the Founders and the companies which they have been involved in does not indicate future results.***

This Registration Document contains details of the Founders' previous experience and underwriting track record. It is likely that market conditions prevailing now, and in the future, will differ from those prevailing in the past and the business written by the Group may not correspond to the previous businesses that the Founders were involved in. Information on such previous performance is not intended as, and under no circumstances should be construed as, a prediction of the Group's performance. There can be no assurance that the Founders will be able to deliver the same level of performance in the future and any failure to do so could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

9 ***Failure to retain key personnel, including the senior management team, or attract new employees could have a negative impact on the Group's ability to conduct its business and implement its strategy.***

The Group's future success depends to a significant extent on the efforts of its senior management, in particular the Founders and other key personnel and underwriters. There can be no assurance that these key personnel will remain with the Group and the loss of such key personnel is a material risk. Further, there are only a limited number of available and qualified executives with substantial experience in the insurance and reinsurance industry. Accordingly, the loss of the services of one or more of the members of the senior management team, in particular the Founders, or other key personnel could delay or prevent the Group from fully implementing its business strategy and, consequently, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Most of the Group's key personnel will be based in Bermuda, including the Group's CEO, Deputy CEO, CFO and General Counsel. Under Bermuda law, persons who are not Bermudian or a spouse of a Bermudian usually may not engage in any gainful occupation in Bermuda without a valid governmental work permit. A work permit is issued with an expiry date, and no assurances can be given that any work permit will be issued or, if issued, renewed upon the expiration of the relevant term. If work permits are not obtained, or are not renewed, for the relevant members of the Group's key personnel based in Bermuda, the Group would lose their services, which could delay or impair its ability to fully implement its business plan and could have a material effect on its business, financial condition, results of operations and prospects.

10 ***If the Group incorrectly structures its underwriting operations and investments in relation to each other, the Group's ability to conduct its business could be significantly and negatively affected.***

The Group will seek to maintain an investment portfolio with a high credit profile in order to protect its solvency capital base to focus purely on underwriting activities. The Group's ability to forecast and manage the respective risks in its underwriting operations and its investments will be crucial to its success. In particular, the Group's ability to forecast and maintain adequate reserves to meet anticipated liabilities under its policies in light of its investments has not been tested. If the Group's expectations with respect to its underwriting or investments are incorrect, or if it is unable to adjust its exposure to the risks associated with either, the Group could be forced to attempt to liquidate some of its investments at a significant loss, or to forego certain investments or certain opportunities to effect changes to its overall strategy in its underwriting operations that it otherwise may have been able to pursue. In addition, the Group will incur transaction costs as it re-shapes its exposures between underwriting and investment risk from time to time. Any such change to the Group's strategy or inability to match its risks and its investments could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

11 ***The Group's operational structure is currently being developed and certain of the Group's functions will initially be outsourced.***

The Group is in the process of developing and implementing its operational structure and enterprise

risk management framework, including exposure management and information technology, with which it will conduct its business activities. Although the Group will at the point of Admission have in place all operational and risk management controls and structures required to comply with its regulatory and legal obligations under applicable laws, there still remains a material risk that the Group's controls and framework may not be adequate to identify or to eliminate all of the potential exposures. There can be no assurance that the development of the Group's operational structure including information technology or the implementation of the Group's enterprise risk management framework will proceed smoothly or on the Group's projected timetable or achieve the aforementioned goals. Consequently, a failure to develop the Group's operational structure and enterprise risk management framework may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Certain of the Group's accounting, actuarial, catastrophe modelling, information technology, and claims settlement functions will be outsourced when the Group expects to commence underwriting activities (which is ahead of 1 January 2021 in respect of risks incepting from 1 January 2021). Some of these functions, such as catastrophe modelling and actuarial functions, are subsequently planned to be in-sourced by the end of the first year of operations. The Group will therefore rely on its third party service providers and be subject to risks around the delivery of certain functions by these third-party service providers. Furthermore, the planned insourcing of certain of these functions could also give rise to risks around the future migration of such services (where relevant) to an insourced model, such as the risk of cost overruns associated with the insourcing or the inability to integrate different systems. Any of the risks relating to the outsourcing and subsequent insourcing of the Group's functions, including those noted above, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

12 ***The Group's proposed loss limitation methods may not be sufficient to avoid or mitigate underwriting loss exposures to expected levels; and retrocession programmes with other reinsurers, designed to mitigate underwriting loss exposure, may not be available to the Group on acceptable terms.***

The Group will seek to mitigate its underwriting loss exposure through a variety of methods including:

- the purchase of appropriate retrocessional programmes;
- the writing of some, but not all, of its contracts on an excess of loss basis in order to avoid lower, more attritional layers in policies; and
- loss limitation features in its contracts, including exclusions from coverage (including geographic zone limitations) and choice of coverage provisions.

However, these loss limitation methods and others considered by the Group may not be effective in all circumstances. Reinsurance may not be available to the Group (or may only be available on terms which are commercially unacceptable). Further, the Group's own reinsurers may suffer insolvency or fail or refuse to make payments under the terms of any of its agreements with the Group.

Although the Group will seek to mitigate its loss exposure through a variety of methods, insurance and reinsurance risk is inherently unpredictable. It is difficult to predict the timing, frequency and severity of loss events with statistical certainty or estimate the amount of loss any given occurrence will generate. It is also not possible to completely eliminate the Group's exposure to unforeseen or unpredictable events and, to the extent that any losses from such risks occur, this could result in a material adverse effect on the Group's business, financial condition, results of operations and prospects.

13 ***It is possible a single or series of unforeseen events could come to pass which have more correlation than might be reasonably envisaged and create substantial losses from operations and investment losses for the Group.***

The Group's business model is designed to diversify risk across its underwriting and investment portfolio and, in that regard, the Group plans to undertake detailed statistical analysis to manage its exposure to losses from known potential loss events. However, a single or series of significant events which are not foreseeable, such as an unprecedented and unmodelled natural disaster or terrorist attack, could create simultaneous, correlated and substantial losses from operations due to claims associated with such event(s) and investment losses resulting in part from disruptions to capital markets, which would materially adversely affect the Group's business, financial condition, results of operations and prospects.

14 ***In the event of a catastrophic event, actual losses of the Group could be substantially different from the losses estimated by the Group using catastrophe models.***

The Group expects to have exposure to, among other things, natural catastrophes such as hurricanes, earthquakes, floods, sea surges, fire and severe weather patterns, human instigated catastrophic events of terrorism, war or nuclear-related events. This list is not exhaustive and there may be other unknown events which could cause losses to the Group. The predictability, severity, frequency and post event estimation of such events is extremely difficult to assess.

Whilst the Group intends to write a broadly diversified reinsurance portfolio across six risk "classes", and over 40 "sub-classes", of risk, with approximately 75% of GWP in the first year of operations anticipated to be derived from Northern Europe and the USA, there can be no assurance that the Group will not suffer losses from one or more catastrophic events in any one given geographic zone. The Group's estimated probable maximum loss will be determined through the use of modelling techniques, but such estimates do not represent the Group's total potential loss for such exposures. There is considerable uncertainty in the data and parameter inputs for insurance industry catastrophe models. This may be as a result of any number of factors, including the inherent uncertainties in estimating the frequency and severity of such events, potential inaccuracies and inadequacies in the data provided by clients and brokers, the limitations and inaccuracies of modelling techniques, the general limitations of historical data used to estimate future losses or as a result of a decision to change the percentage of shareholders' equity exposed to a single modelled catastrophic event.

The accuracy of the models depends heavily on the availability of detailed insured loss data from actual recent large catastrophes. Due to the limited number of events, there is significant potential for substantial differences between the modelled loss estimate and actual company experience for a single large catastrophic event. This potential difference could be even greater for catastrophes with less modelled annual frequency, such as a United States earthquake, or less modelled annual severity, such as a European windstorm.

The Group will also rely upon third party estimates of industry insured exposures and there is significant variation possible around the relationship between the Group's loss and that of the industry following a catastrophic event. As a result of the factors discussed above, the occurrence of a catastrophic event, or series of catastrophic events, could result in greater actual underwriting losses for the Group than the underwriting losses estimated by the Group through catastrophe models, which, in turn, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

15 ***The COVID-19 pandemic, including the related disruptions and the COVID-19-related governmental actions, could materially and adversely affect the Group's business, financial condition, results of operations and prospects.***

In December 2019, a novel strain of coronavirus, COVID-19, was reported to have surfaced in Wuhan, China. Since then, COVID-19 has spread to multiple countries, including the UK and the United States, and was declared a pandemic by the World Health Organization on March 11, 2020. The global outbreak of COVID-19 continues to rapidly evolve and has resulted in quarantines, reductions in business activity, widespread unemployment and overall economic and financial market instability. The global COVID-19 pandemic is a live catastrophe, which has had and is expected to continue to have a significant impact on the global economy and financial markets. It is not possible to estimate how quickly the spread of the virus can be effectively stopped or the length of time or impact of any mitigatory measures imposed, and therefore, the Group is unable to accurately predict what impact the COVID-19 pandemic will ultimately have on the insurance and reinsurance industries, the capital markets and the Group in particular.

Given the Group has no operating history and does not expect to have a liability profile until the end of the first calendar quarter of 2021, it is too early to determine the ultimate effect that the economic slowdown, resulting from the COVID-19 pandemic, will have on the Group's revenues or expected claims and losses. Legislative and regulatory initiatives taken, or which may be taken in response to the COVID-19 pandemic, may adversely affect the Group's operations. Adverse effects could include:

- legislative or regulatory action seeking retroactively to mandate coverage for losses, which the typical insurance policies would not otherwise cover or have been priced to cover (for example, if there were legislative or regulatory actions, which prevented an insurer or reinsurer from excluding losses caused by the COVID-19 pandemic);
- regulatory actions relaxing reporting requirements for claims, which may affect coverage under the claims made and reported policies;

- legislative actions prohibiting the insurers from cancelling policies in accordance with its policy terms or non-renewing policies at their expiration date;
- legislative orders to provide premium refunds, extend premium payment grace periods and allow time extensions for past due premium payments;
- delays in reporting of losses, settlement negotiations and disputed claims resolution above the normal claims resolution trends; and
- interest rates being maintained at low levels or reduced further, which may result in lower investment income being received from the Group's investment portfolio.

The occurrence of any of these events or experiences, individually or collectively, could materially and adversely affect the Group's business, financial condition and results of operations. The Group's employees and agents, as well as the Group's brokers, vendors, service providers and other counterparties, may be adversely affected by the COVID-19 pandemic or any mitigation measures. Any such impacts may have a material adverse effect on the Group's financial condition.

The COVID-19 pandemic may also result in disruption to the global insurance and reinsurance industries, due, in part, to potential increase in regulation and/or political intervention in the industries, for instance to change or limit the scope of exclusions put in place in respect of losses caused by the COVID-19 pandemic. The likelihood or extent of any impacts arising from the COVID-19 pandemic on the wider insurance and reinsurance industries cannot be predicted but may have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

16 *The Group's results may be affected by cyclical trends.*

The insurance and reinsurance industries historically have been, and may continue to be, cyclical. Demand for reinsurance is influenced significantly by underwriting results of primary insurers and prevailing general economic and market conditions, all of which affect liability retention decisions of companies and primary insurers and reinsurance premium rates. The supply of reinsurance is related directly to prevailing prices and levels of surplus available to support assumed business which, in turn, may fluctuate in response to changes in rates of return on investments being realised in the reinsurance industry, the frequency and severity of losses and prevailing general economic and market conditions.

The cyclical trends in the industry and the industry's profitability can also be affected significantly by volatile and unpredictable developments, such as a trend in which courts are granting increasingly larger awards for certain damages, the factors affecting certain loss events, fluctuations in interest rates, changes in the investment environment that affect market prices of investments and inflationary pressures that may tend to affect the size of losses experienced by insureds and primary insurance companies. The COVID-19 pandemic is expected to result in a harder insurance market. However, positive changes in the general economic climate and increased certainty around the COVID-19 pandemic may mean that existing reinsurers re-enter the market, which may result in an increase in capacity in the market and impact the Group's ability to scale up the business. The Group cannot predict future trends in reinsurance market conditions. A deterioration in market conditions may lead to a significant reduction in premium rates, less favourable policy terms or less premium volume. These negative consequences of the general economic climate would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

17 *Global changing climate conditions which increase the frequency and severity of weather events and resulting losses, may adversely affect the Group, particularly to the extent that policies written by the Group are concentrated in geographic areas where such events occur.*

There is a growing consensus today that man-made production of greenhouse gas has had, and will continue to have, an adverse effect on the global climate and that climate change increases the frequency and severity of extreme weather events. In recent years, the frequency of extreme weather events appears to have increased as borne out by the number and size of claims made as a result of climatological phenomena such as hurricanes, drought and wildfires. The Group cannot predict whether or to what extent damage caused by any such natural events will affect the Group's ability to write new reinsurance policies and such reinsurance policies could be concentrated in the geographic areas in which these events occur or occur more frequently, such as the United States and Asia (including Japan and other South Eastern Asia countries).

Climate change may have a disproportionate material adverse effect on the Group's business given the intention for the Group to write a significant amount of insurance in the property excess of loss class

(meaning that the Group will provide insurance against all, or a specified portion of, losses and expenses in respect of property loss claims in excess of a specified monetary amount or other threshold). There can be no assurance that the Group will be able to limit its exposure to potential losses which may arise because of climate change.

In addition, claims from catastrophe events could reduce the Group's earnings and cause substantial volatility in its business, financial condition and results of operations for any period. However, assessing the risk of loss and damage associated with the adverse effects of climate change and the range of approaches to address such loss and, including impacts related to extreme weather events and slow onset events, remains a challenge.

Consequently, the effects of climate change, including due to any of the factors identified above, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

18 *The Group, in certain cases, will depend on its customers' evaluations or disclosures of the exposures associated with their insurance underwriting, which may subject the Group to reinsurance losses.*

The Group does not expect to separately evaluate each of the original individual exposures assumed under some of its reinsurance business (such as quota share contracts in which the Group expects to assume an agreed-upon percentage of each underlying insurance contract being reinsured). In these situations, the Group will be dependent on the original underwriting decisions made by ceding companies. The Group will be subject to the risk that its customers may not have adequately evaluated or disclosed the insured exposures and that the premiums ceded may not adequately compensate the Group for the exposures it will assume. The Group will not be able to evaluate separately each of the individual claims that may be made on the underlying insurance contracts under quota share contracts. Therefore, the Group may be dependent on the original claims decisions made by its customers. To the extent that a customer fails to evaluate adequately the insured exposures or the individual claims made thereunder, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

19 *Exposure to coverage disputes.*

There can be no assurance that various provisions of the Group's reinsurance contracts, such as limitations on, or exclusions from, coverage, will be enforceable in the manner intended. Disputes relating to coverage and choice of legal forum can be expected to arise, as a result of which the Group may incur losses beyond those that it contemplated would be incurred pursuant to its reinsurance contracts policies. By way of example, the Group may seek to put in place exclusions in respect of the COVID-19 pandemic, nuclear and war losses; however there can be no guarantee that such exclusions will be effective and losses that the Group are exposed to may be greater than expected. Losses, and the costs incurred in coverage disputes, may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

20 *The involvement of insurance and reinsurance brokers will subject the Group to their credit risk.*

In accordance with industry practice, the Group expects to frequently pay amounts owed on claims under its policies to brokers that, in turn, will remit those amounts to the parties that are reinsured by the Group. In some jurisdictions, if a broker fails to make such a payment, the Group might remain liable to the customer for the deficiency notwithstanding the broker's obligation to make such payment. Conversely, in certain jurisdictions, when the customer pays premiums for policies to brokers for payment to the Group, these premiums are considered to have been paid and the customer will no longer be liable to the Group for these premiums, whether or not the Group has actually received them. Consequently, the Group expects to assume a degree of credit risk associated with brokers around the world and the failure of such brokers to make payments could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

21 *The failure to obtain or retain letter of credit facilities may significantly and negatively affect the Group's ability to successfully implement its business strategy.*

The Group anticipates that certain of its reinsurance customers will require it to post a letter of credit and the Group expects to seek one or more letter of credit facilities. If the Group is unable to obtain or retain such letter of credit facilities on commercially acceptable terms, the Group's ability to operate its business and to compete effectively with other reinsurance companies may be materially limited.

In order to post a letter of credit, issuing banks usually require collateral. In these cases, the Group would expect to use its investment portfolio (the "**Investment Portfolio**") as collateral against any letter of credit. The inability to renew, maintain or obtain letters of credit collateralised by the Investment Portfolio may significantly limit the amount of reinsurance the Group can write or require the Group to modify its investment strategy. The Group may need additional letter of credit capacity as it grows, and if the Group is unable to renew, maintain or increase its letter of credit facilities or is unable to do so on commercially acceptable terms, it could significantly and negatively affect the Group's ability to implement its business strategy, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

22 ***Technology breaches or failures, including those resulting from a malicious cyber-attack on the Group or its business partners and service providers, could disrupt or otherwise negatively impact its business.***

The Group expects to be significantly reliant on information technology systems to process, transmit, store and protect the electronic information, financial data and proprietary models that will be critical to the Group's business. Furthermore, a significant portion of the communications between the Group's employees and the Group's business, banking and investment partners is expected to depend on information technology and electronic information exchange.

The Group's information technology systems will be vulnerable to data breaches, interruptions or failures due to events that may be beyond the control of the Group, including, but not limited to, natural disasters, theft, terrorist attacks, computer viruses, hackers and general technology failures. As the Group intends to outsource certain of its functions to third-party service providers initially, the Group will also be at risk of failures or breaches affecting those service providers. Although the Group intends to establish and implement appropriate security measures, controls and procedures to safeguard its information technology systems and to prevent unauthorised access to such systems and any data processed or stored in such systems, disruptions to and breaches of the Group's information technology systems may still occur and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

B. RISKS RELATING TO THE GROUP'S INVESTMENT ACTIVITIES

1 ***The Investment Portfolio will be exposed to market risk and market spreads on underlying investments.***

The Group expects to derive returns predominantly from underwriting activities and intends to take a conservative approach to the Investment Portfolio. However, at times, for example upon the launch of the business, a significant part of the Investment Portfolio will be in the process of being invested, giving exposure to rising and falling markets in respect of long and short positions which the asset managers to which Investment Portfolio assets are allocated (the "**Asset Managers**") are attempting to create. There is a material risk that deteriorating market conditions could reduce investment returns or cause volatility to an extent that the Investment Portfolio is not able to provide the stability needed in the Group's balance sheet to enable the growth of its reinsurance business. Any of the increased exposures to market risks mean that adverse market movements may have a material effect on the Group's anticipated investments, business, financial condition, results of operations and prospects.

2 ***The Group will be dependent on the Asset Managers in relation to the management of the Investment Portfolio.***

The Group expects to enter into investment management agreements with one or more specialist fund managers and may appoint an investment adviser to assist in the selection of Asset Managers, who will manage the Investment Portfolio on a "day-to-day" basis. The Group will be dependent upon the advice of the Asset Managers in relation to the management of the Investment Portfolio. While the Group will select and monitor the Asset Managers to which Investment Portfolio assets are allocated, the Group will rely to a great extent on information provided by the Asset Managers and generally will have limited access to other information regarding the Asset Managers' portfolios and operations. The failure of the Asset Managers to perform, or in performing, their obligations to the Group or the negligence, error, action or omission of the Asset Managers in performing their respective obligations to the Group, could cause the Group to suffer, among other things, financial loss, disruption of business, liability to third parties, regulatory intervention and reputational damage, any of which could have a material adverse effect on the Investment Portfolio, and therefore the Group's business, financial condition and results of operations.

The portfolio funds in which the Group expects to invest (the "**Portfolio Funds**") may remove, substitute,

modify or otherwise deviate from their stated investment strategies and sub-strategies or any of the types of investments being utilised by the Portfolio Fund at the time of the Group's investment in the Portfolio Fund. Unexpected changes to an Asset Manager's investment strategies and investments by an Asset Manager in an area in which it has limited experience or knowledge may adversely affect the Investment Portfolio. Any of the above risks to the performance of the Investment Portfolio may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

C. RISKS RELATING TO THE GROUP'S FINANCIAL CONDITION

1 *Currency fluctuations could result in exchange losses and negatively impact the Group's business.*

The Group's functional currency will be the U.S. dollar. However, because the Group's business strategy includes reinsuring financial obligations created or incurred outside of the United States, the Group expects that it will receive premiums in currencies other than the U.S. dollar, in particular, in Pounds Sterling and Euro.

In addition, the currencies of the Group's liabilities may differ from the currencies underlying the Investment Portfolio at any point in time, which will subject the Group to both currency transaction and translation risk. Currency transaction risk arises from the mismatch of cash flows due to currency exchange fluctuations. Translation risk arises because the Group plans to report in U.S. dollars but a portion of its underlying premiums, reserves and operating expenses will be determined in other currencies. This translation risk is caused by changes in foreign exchange rates rather than a change in the assets, liabilities, revenues or costs themselves. Whilst the Board intends to hold investments in currencies in which the Group has material exposures, there can be no guarantee that the Group will be able to match the currencies of its liabilities with the Investment Portfolio at any point in time, or that its investments will be sufficient to fully alleviate or mitigate any foreign currency exposures. The COVID-19 pandemic may also cause volatility in foreign currency rates. Adverse currency movement could therefore have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2 *The Group's actual results of operations and financial results may vary, potentially substantially, from the illustrative key performance indicators ("KPIs") and premium targets.*

The Group has no operating history and the illustrative KPIs and premium targets in this Registration Document are intended only to represent potential outcomes based upon certain preliminary assumptions and limited information available as of its date. For example, the Group has utilised illustrative KPIs and premium targets based on hypothetical data to model the Group's potential underwriting and investment performance, which does not cover any historical results or returns (of which there are none) and it may not accurately predict future returns or results of the Group. The relevant data has been developed based on a variety of estimates and assumptions about future events that cannot be reliably predicted. Premium rate levels are based on estimates of premium rates as well as estimates of losses, claims payments and the mix of business. The actual rates ultimately received and the actual business mix written by Group may differ significantly from the levels and ratios assumed in the illustrative KPIs and premium targets. Furthermore, actual expenses of the Group could vary substantially from the Group's current estimates. Actual cash flows may also deviate significantly from assumptions, and such deviations could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's actual results will vary from the illustrative KPIs and premium targets based on, among other things, the amounts and types of reinsurance that the Group writes, the pricing and other terms of actual policies written, the cost of obtaining letter of credit facilities and/or providing collateral as may be required by counterparties or letter of credit facility providers, the amount of assets available to the Group to invest pursuant to its investment strategy and the Group's actual investment returns. It is unlikely that future events will unfold exactly as modelled, and differences are to be expected between actual results and those depicted in the illustrative financial projections. Such differences may be significant and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3 *Changes in accounting standards and the interpretation thereof could have a significant and negative effect on the Group's financial position and performance.*

New accounting standards or pronouncements that become applicable to the Group and its financial statements from time to time, and changes in the interpretation of existing standards and pronouncements, could have a significant and negative effect on the Group's financial position and performance for the affected periods. In particular, the Group plans to report its results under International Financial Reporting

Standards (IFRS) and will likely be affected by the potential introduction of IFRS 17, Insurance Contracts which has an expected effective date of 1 January 2023. There is a degree of uncertainty on the potential impact of IFRS 17 as at the date of transition and on an on-going basis, the extent of which is unknown as at this point in time. However, it is envisaged that a substantial portion of the Group's reinsurance contracts written and held are expected to have a coverage period of one year or less and, as such, if IFRS 17 is adopted, then it is expected that the majority of the Group's contracts will be accounted for using the "Premium Allocation Approach" (an optional method under IFRS of measuring insurance contract assets and liabilities during a coverage period). The Group is reviewing the complex requirements of this standard and considering its potential impact. The effect of changes required to the Group's accounting policies as a result of implementing the new standard is currently uncertain, but these changes can be expected to, amongst other things, alter the timing of IFRS profit recognition. Any changes or modification of IFRS accounting policies may require a change in the way in which future results will be determined and/or a retrospective adjustment of reported results to ensure consistency. The implementation of this standard is also likely to require significant enhancements to IT, actuarial and finance systems of the Group, which would have an impact on the Group's expenses. For these reasons relating to expenses and the effects of the standards themselves on the accounts, the modification of IFRS accounting policies could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

D. LEGAL AND REGULATORY RISK

1 *Failure to obtain or cancellation of Conduit Reinsurance's Bermuda Class 4 insurance licence would have a material adverse effect on its business.*

Conduit Reinsurance has received a conditional approval from, and is expected to be licensed as a Class 4 insurer in Bermuda by, the Bermuda Monetary Authority ("BMA"). The BMA's issue of the licence is conditional upon, inter alia, Conduit Reinsurance's completion of the BMA's registration process and Conduit Reinsurance's capitalisation by the Company to meet the BMA's minimum capital requirement of \$120,000 (which the Group expects to meet ahead of Admission by an investment of such funds by the Founders to the Company which will in turn capitalise Conduit Reinsurance by paying up shares in Conduit Reinsurance). Even once received, the BMA could cancel Conduit Reinsurance's Class 4 licence in certain circumstances, including where (i) false, misleading or inaccurate information was supplied to the BMA by Conduit Reinsurance for the purposes of the Bermuda Insurance Act 1978 (the "Insurance Act"), and related rules and regulations; (ii) Conduit Reinsurance has not commenced to carry on business within two years of being registered as an insurer or has ceased to carry on business; (iii) Conduit Reinsurance has not paid fees due under the Insurance Act; (iv) Conduit Reinsurance has not complied with a condition of its licence or with an Insurance Act or related regulatory requirement, or is convicted of an offence under the Insurance Act; or (v) the BMA is of the opinion that Conduit Reinsurance is not carrying on business in accordance with sound insurance principles.

The cancellation of Conduit Reinsurance's licence to do business as an insurance company in Bermuda for any reason would mean that the Group was unable to operate as an insurance or reinsurance business and would therefore have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2 *Regulatory challenges or breach of regulatory requirements by the Group or failure to obtain permits or licences could have a material adverse effect on its business.*

There is a risk that insurance regulators in the United States or elsewhere may review the Group's activities and claim that the Group is subject to such jurisdiction's licensing requirements. If the Group needs to meet these requirements or if the Group chooses to attempt to become licensed in a jurisdiction other than Bermuda, it may not be able to do so, and the process of obtaining licences can be time consuming and costly.

Furthermore, a failure to comply with rules and regulations in a jurisdiction in which the Group operates could lead to disciplinary action, the imposition of fines or the revocation of any licence, permission or authorisation necessary to conduct the Group's business in that jurisdiction. For example, effecting or carrying out contracts of insurance or reinsurance in the UK requires authorisation under the FSMA. Although not until a point following Admission, it is intended that the Group will, in part, promote its business in the UK reinsurance market under an appointed representative arrangement which would be entered into between a UK incorporated subsidiary of the Company (that is not yet in place) and a third party intermediary services business that is based in the UK and regulated by the FCA as an authorised person (an "Appointed Representative Arrangement"). However, it is not currently intended that any member of the Group will be authorised to carry out or effect insurance or reinsurance contracts in the UK.

Consequently, in the event that any member of the Group does, whilst not authorised to do so, effect or carry out contracts of insurance or reinsurance in the UK, this may expose members of the Group and their directors to potential civil and criminal liability. Further, any contract made by Conduit Reinsurance whilst not authorised by the FCA, when it should have been, will be unenforceable against the other party unless the relevant English court otherwise allows. Were this to occur, this could have a material adverse effect on the Group's reputation, business, financial condition, results of operations and prospects.

3 *Reinsurance operations are subject to extensive regulation and such regulation could have a material adverse effect on the Group's business.*

Reinsurance operations are subject to extensive regulation across all jurisdictions, including the United States and the United Kingdom. Governmental agencies have broad administrative power to regulate many aspects of the reinsurance business, which may include premium rates, marketing practices, advertising, policy forms and capital adequacy. These governmental agencies are concerned primarily with the protection of policyholders to the exclusion of other stakeholders, including shareholders of insurers and reinsurers. Furthermore, insurance laws and regulations can impose restrictions on the amount and type of investments, prescribe solvency standards that must be met and maintained, and require the maintenance of reserves by market participants in the insurance and reinsurance industries.

In particular, changes in regulatory capital requirements in Bermuda, and other jurisdictions (if the Group becomes subject to their requirements), would impact the level of capital reserves required to be maintained by individual Group entities or by the Group as a whole. For example, European legislation known as "Solvency II" ("**Solvency II**"), which governs the prudential regulation of insurers and reinsurers, requires insurers and reinsurers in Europe to meet risk-based solvency requirements. It also imposes group solvency and governance requirements on groups which contain insurers or reinsurers operating in the European Economic Area. Solvency II equivalence for third countries means a non-EU jurisdiction has an insurance regulatory regime that achieves the same outcomes as those determined under the Solvency II framework. Bermuda was granted Solvency II equivalent status in 2016. This formal recognition means Bermuda's commercial reinsurers and insurance firms have only to comply with Bermuda's rules and regulations and should not thereby be disadvantaged when competing for, and writing, EU business.

In 2020 Bermuda's insurance regulatory regime also achieved Reciprocal Jurisdiction status from the National Association of Insurance Commissioners ("**NAIC**") in the United States.

The evolution of Bermuda's laws, rules and regulations to maintain equivalency and international recognition of its regulatory framework (to maintain for example Solvency II equivalence and NAIC Reciprocal Jurisdiction status) may increase solvency requirements and thereby reduce the funds available for writing insurance and reinsurance contracts and, as a result, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

4 *A change of control of the Company may be difficult to effect under applicable insurance laws.*

A change of control would require consents from regulators in various jurisdictions in which the Group intends to operate.

These laws (and laws having similar effect in other jurisdictions) may discourage potential acquisition proposals and may delay, deter or prevent a change of control of the Company, including through transactions, in particular unsolicited transactions, that some or all of the Shareholders might consider to be desirable. These regulatory restrictions are in addition to the takeover restrictions present in Bermuda law and in the Company's Bye-laws. The failure to execute on any potential favourable acquisition proposals may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

5 *The Group is subject to complex privacy and data protection laws and may be subject to privacy or data protection failures.*

The operations of the Group will be subject to a number of laws relating to privacy and data protection governing its ability to collect and use personal information, including Bermuda's Personal Information Protection Act 2016 which is anticipated to take effect in 2021. These data protection and privacy-related laws and regulations are becoming increasingly restrictive and complex and may result in greater regulatory oversight and increased levels of enforcement and sanctions. For example, the European Union's General Data Protection Regulation ("**GDPR**") came into force on 25 May 2018 and constitutes a major reform of the EU legal framework on the protection of personal data, and provides for fines of up to 4 per cent. of global turnover. While the Group's business is not particularly reliant on processing

of personal data, the risks posed by possible data protection failures and the costs of compliance with applicable laws remain material. The Group will incur significant costs to ensure compliance with applicable data protection laws and regulations. Even the perception of privacy concerns, whether or not valid, may harm the reputation of the Group and inhibit the use of its reinsurance products and services by current and future clients, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6 ***The impact of Bermuda's commitment to the Organization for Economic Cooperation and Development to eliminate harmful tax practices is uncertain and could result in additional taxes being imposed on the Group.***

The Organization for Economic Cooperation and Development, or the OECD, has published reports and launched a global dialogue among member and non-member countries on measures to limit harmful tax competition. These measures are largely directed at counteracting the effects of tax havens and preferential tax regimes in countries around the world. According to the OECD, Bermuda is a jurisdiction that has substantially implemented the internationally agreed tax standard. However, neither the Company nor Conduit Reinsurance is able to predict whether Bermuda will continue to implement internationally agreed tax standards. Changes in Bermuda's tax standards could subject the Company or Conduit Reinsurance to additional taxes, either in Bermuda or in countries in which the Group operates. If the Group is subject to additional taxes, it may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

PART II - PRESENTATION OF INFORMATION

1 GENERAL

No representation or warranty, express or implied, is made and no responsibility or liability is accepted by any person other than the Company, the Directors and the Proposed Director, as to the accuracy, completeness, verification or sufficiency of the information contained herein, and nothing in this Registration Document may be relied upon as a promise or representation in this respect, as to the past or future. No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, the Directors or the Proposed Director. The delivery of this Registration Document does not create any implication that there has been no change in the business or affairs of the Group since the date of this Registration Document or that the information contained herein is correct as at any time subsequent to its date.

A copy of this Registration Document has been filed with, and approved by, the FCA and has been made available to the public in accordance with the Prospectus Regulation Rules. This Registration Document may be combined with a securities note and summary to form a prospectus in accordance with the Prospectus Regulation. A prospectus is required before an issuer can offer transferable securities to the public or request the admission of transferable securities to trading on a regulated market. However, this Registration Document, where not combined with a securities note and summary to form a prospectus, does not constitute an offer or invitation to sell or issue, or a solicitation of an offer or invitation to purchase or subscribe for, any securities in the Company in any jurisdiction, nor shall this Registration Document alone (or any part of it), or the fact of its distribution, form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to any offer or otherwise.

The contents of this Registration Document are not to be construed as legal, regulatory, tax, business or financial advice. This Registration Document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors or the Proposed Director, any of the Company's advisers, or any of their affiliates or representatives regarding the securities of the Company.

2 PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial information

The Group has no historical operations or historical financial information as no member of the Group has commenced business. The financial information of the Company and the Group will be prepared in accordance with IFRS.

None of the financial information used in this Registration Document has been prepared in accordance with U.S. Generally Accepted Accounting Principles ("US GAAP") or audited in accordance with auditing standards generally accepted in the United States of America ("US GAAS") or auditing standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). The financial information included in this Registration Document is not intended to comply with the U.S. Securities and Exchange Commission reporting requirements. Compliance with such requirements would entail the modification, reformulation or exclusion of certain financial measures and changes to the presentation of certain other information. No reconciliation to US GAAP is provided in this Registration Document.

Non-IFRS Measures

This Registration Document presents certain measures that are termed "non-IFRS" measures because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measures calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include:

- Gross written premium ("GWP");
- Loss ratio;
- Acquisition cost ratio;
- Operating costs;

- Return on equity ("ROE"); and
- Probable maximum loss ("PML").

These non-IFRS financial measures are included in this Registration Document as they are important to understanding the Group's business plan, and they are expected to be utilised to evaluate the Group's period performance. Therefore, the Directors and the Proposed Director believe that these measures enhance prospective investors' understanding of the Group's business plan and how it compares with the Group's peers.

These non-IFRS financial measures are not measurements of operating performance under IFRS, and should not be considered a substitute for financial information prepared under IFRS. These measures are not meant to be predictive of potential future results. Other companies may calculate such measures in a different way, and the Group's presentation may not be comparable to similarly entitled measures of other companies.

Other information

The Group presents certain illustrative key performance indicators ("KPIs") and premium targets in this Registration Document. The Directors and the Proposed Director believe that such data is important to understanding the Group's business plan and is expected to be utilised to evaluate the Group's period performance and is expected to facilitate comparison with the Group's peers. However, such data as presented in this Registration Document may not be comparable to similarly titled data presented by other companies in the Group's industry and the method of calculation and presentation may differ across the Group's industry. Such illustrative KPIs and premium targets are not intended to be a substitute for any IFRS measures of performance. They are based on the Group's estimates and will not form part of the Group's financial statements and have not been audited or otherwise reviewed by outside auditors, consultants or experts.

The illustrative KPIs, premium targets and premium target weightings presented in this Registration Document were developed based on:

- current market conditions;
- the Group's plans to build a diversified portfolio of risks to produce reliable risk adjusted returns for investors;
- the Founders' substantial experience and expertise in the reinsurance market, particularly within the chosen risk classes;
- market intelligence;
- the Founders' significant relationships with many reinsurance brokers; and
- the comparable new reinsurance businesses that were established successfully in the wake of large industry or catastrophic events.

The illustrative KPIs and premium targets utilise hypothetical data to model the Group's performance and are not intended to reflect historical returns or predict future returns of the Group. They have been developed based on a variety of estimates and assumptions about future events that cannot be predicted reliably. It is the Group's expectation that future events will not necessarily unfold as assumed and, accordingly, that there will be differences between actual results and the illustrative KPIs and premium targets which are set out in this Registration Document. Such differences may be material and adverse.

Each of the illustrative KPIs that are included in this Registration Document and that the Group expects to utilise to evaluate its business performance are defined below:

- "GWP" is the total premium written during a given period before deductions for reinsurance and ceding commissions and includes additional and/or return premiums.
- "Ultimate loss ratio" is the ratio determined by dividing ultimate underwriting losses and loss adjustment expenses by premiums written.
- "Acquisition cost ratio" is the costs paid to access business (being brokerage and quota share ceding commissions) expressed as a percentage of premium.
- "Operating costs" are the expenses which are related to the operation of the business.
- "ROE" is the net income return on underwriting activities and investment expressed as a percentage of the equity or accrued book value at the start of a given year. The Group's ROE will be a function of a

number of variables, including:

- the level of GWP it writes;
- the actual claims incurred and hence the ultimate loss ratio it achieves;
- the actual acquisition expenses incurred by the Group to write business;
- the actual retrocessional programme the business puts in place and its cost;
- the level of investment return achieved;
- the actual operating expenses of the business; and
- the level of tax paid by the business on its profits.

- "PML" is the anticipated maximum loss that could result from a defined loss event or events, as opposed to the "Maximum Foreseeable Loss" ("MFL"), which would be a similar valuation, but on a worst case basis.

Sensitivity to Key Assumptions

The Group's business plan is predicated on raising a minimum of \$1.1 billion of capital to write a diversified portfolio of reinsurance business. The Group's performance will be sensitive to, among other things, the following key factors:

- The level of premium the Group is able to write: The Company has set out in section 3 of Part V - "Information on the Group" its premium targets, which are based on management's targets and expectations built up based on their knowledge of the market place, their detailed business planning and their many years of experience in the reinsurance industry. As set out in section 7 of Part V - "Information on the Group", the Founders have strong relationships with key industry brokers and believe that, given those strong relationships and the current market conditions, the Group will be provided with the opportunity to write substantial amounts of reinsurance business. The Group will be mindful of protecting its target credit rating and compliance with its regulatory requirements in assessing the level of premium it can write.
- The performance of the Group's underwriting: This will, in particular, be dependent on:
 - the actual acquisition costs incurred by the Group in writing business (see section 3 of Part V - "Information on the Group" for indicative acquisition costs by line of business); and
 - the claims actually incurred by the Group under its reinsurance contracts (see section 3 of Part V - "Information on the Group" for indicative mean ultimate loss ratios by line of business). In particular it should be noted that the Group's business is subject to catastrophe risk and actual ultimate loss ratios will depend on, among other things, both the actual business written, the extent of any catastrophe claims or large losses which may occur in any given year (see section 3 of Part V - "Information on the Group" for the indicative Probable Maximum Loss analysis) and the level of attritional losses which occur under the Group's reinsurance policies.
- The extent and cost of the Group's outward reinsurance policies: As described in section 3 of Part V - "Information on the Group", the Group intends to purchase reinsurance to protect its balance sheet from significant loss events. The amount of premium ceded to such reinsurance policies and the recoveries thereunder will determine the net cost of such policies to the Group.
- The actual performance of the Group's investments: As set out in section 11 of Part V - "Information on the Group", the Group intends to have a conservative investment policy with a significant proportion of its investments invested in assets with a credit rating of AA or better. The actual returns from the Group's investment portfolio will depend on the performance of such investments.
- The actual administrative costs of the business: The Group has prepared a detailed budget of administration expenses which is summarised in section 10 of Part V - "Information on the Group". Variance from this budget will affect the performance of the Group's results.

All information relating to the Group's business plan constitute 'forward-looking' statements. Please refer to section 3 of this Part II - "Presentation of Information" for more information regarding such 'forward-looking' statements.

Market, industry and economic data

Unless the source is otherwise identified, the market, economic and industry data and statistics in this

Registration Document constitute the Directors' and the Proposed Director's estimates, using underlying data from third parties. The Company obtained market and economic data and certain industry statistics from internal reports as well as from third party sources as described in the footnotes to such information.

The Company confirms that all third party information set out in this Registration Document has been accurately reproduced and that, so far as it is aware and has been able to ascertain from information published by the third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company makes no representation or warranty as to the accuracy or completeness of such information as set out in this Registration Document. Such third party information has not been audited or independently verified. Where third-party information has been used in this Registration Document, the source of such information has been identified.

Information not contained in this Registration Document

No person has been authorised to give any information or to make any representations other than those contained in this Registration Document in connection with the Company and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors or the Proposed Director. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Company or the Group.

3 INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

All information contained in this Registration Document, other than statements of historical fact, constitutes 'forward-looking' statements. In certain cases, forward-looking statements may be identified by terminology such as "will", "expect," "anticipate," "potential," "believe," "intend," "seek," "may," "should," "aim," "plan," "estimate," "project," "forecast" or "target," or any combinations or the negatives thereof, variations thereon or other similar terminology. As the Company is a newly-formed entity with no operating or underwriting history, nearly all information relating to it is forward-looking, including statements about its plans, strategies, prospects, expectations and financial performance (including all business and financial models, actuarial models and analyses, illustrative financial information, analyses and valuations, and investor return sensitivity charts and comparisons), in particular appearing in Part V - "Information on the Group".

Forward-looking statements are not guarantees of any future events or results. They involve risks and uncertainties, both known and unknown, including those set forth in Part I – "Risk Factors" and other sections of this Registration Document. Actual results are likely to differ materially as a result of these and other factors. These factors should be considered carefully and undue reliance should not be placed on any forward-looking statement. No representation, warranty or covenant is made as to future performance or any other forward-looking statement. All written and oral forward-looking statements attributable to the Company or any person acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements contained or referenced herein. Certain financial and operational data contained in this Registration Document, including the illustrative KPIs and premium targets, utilise, for illustrative purposes, hypothetical data to model the Group's underwriting and investment performance, which data are not intended to reflect historical returns or predict future returns of the Company. Such data have been developed based on a variety of estimates and assumptions about future events that cannot be predicted reliably. It is not expected that future events will unfold as modelled, and differences are to be expected between actual results and those depicted herein, which differences may be material and adverse.

The illustrative KPIs and premium targets will vary from actual results based on, among other things, the amounts and types of reinsurance that the Group actually writes, the pricing and other terms of actual policies written and the Company's actual investment returns.

The forward-looking statements contained in this Registration Document are made only as of the date of this Registration Document. The Company, the Directors and the Proposed Director expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this Registration Document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law (including but not limited to FSMA and the Market Abuse Regulation, the Prospectus Regulation Rules, the Listing Rules or the Disclosure Guidance and Transparency Rules).

4 NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Company's website, any website mentioned in this Registration Document or any

website directly or indirectly linked to these websites have not been verified and no information contained in any website forms part of this Registration Document unless it is expressly incorporated by reference. Investors should not rely on such information.

5 ROUNDING

Certain data contained in this Registration Document, including financial information, have been subject to rounding adjustments. As a result of this rounding, the totals of data presented in this Registration Document may vary slightly from the actual arithmetic totals of such data. In certain statistical and operating tables contained in this Registration Document, the sum of numbers in a column or a row may not conform to the total figure given for that column or row. Percentages in tables and elsewhere in this Registration Document may have been rounded and accordingly may not add up to 100 per cent.

6 CURRENCIES

The Company's accounts will be denominated in US dollars. All references in this Registration Document to "Pounds Sterling", "£" or "pence" are to the lawful currency of the UK and references to "Euro" or "EUR" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty. All references to "U.S. dollars", "US\$" or "\$" are to the lawful currency of the United States. Unless otherwise indicated, the financial information contained in this Registration Document has been expressed in U.S. dollars.

Certain industry-related information included in this Registration Document is shown translated from U.S. dollars and euros into pounds sterling at specified rates solely for the convenience of the reader. These convenience translations should not be construed as representations that the U.S. dollar and euro amounts actually represent such pound sterling amounts or could have been or could be converted into pounds sterling at the specified rate or at all.

Furthermore, the exchange rate for purposes of the convenience translation is not necessarily the same rate used in preparing the financial information that appears elsewhere in this Registration Document.

7 INTERPRETATION

Certain terms used in this Registration Document, including capitalised terms and certain technical and other items, are defined in the sections entitled "Definitions".

References to the singular in this Registration Document shall include the plural and vice versa where the context requires. Any references to time in this Registration Document are to London times unless otherwise stated.

PART III - DIRECTORS, PROPOSED DIRECTOR, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

DIRECTORS:

Neil Eckert	<i>(Director and proposed Executive Chairman)</i>
Charles Collis	<i>(Director)</i>
Mark Heintzman	<i>(Director and proposed Chief Financial Officer)</i>

PROPOSED DIRECTOR:

Trevor Carvey	<i>(Proposed Director and proposed Chief Executive Officer)</i>
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COMPANY SECRETARY:

Greg Lunn (<i>General Counsel & Company Secretary</i>)
Conyers Corporate Secretary (Bermuda) Limited (<i>Assistant Company Secretary</i>)

HEAD OFFICE:

3rd Floor
Power House
7 Par-La-Ville Road
Hamilton
Bermuda

REGISTERED OFFICE:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

ADVISERS:

Financial Adviser

Kinmont Limited
5 Clifford Street
London W1S 2LG

English and U.S. legal advisers to the Company

Travers Smith LLP
10 Snow Hill
London EC1A 2AL

Bermudian legal advisers to the Company

Conyers Dill & Pearman Limited
Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

Auditors

KPMG Audit Limited

Crown House
4 Par-la-Ville Road
Hamilton
Bermuda

Reporting Accountants

BDO LLP
55 Baker St
London W1U 7EU

PART IV - MARKET OVERVIEW

The following information relating to the Group has been provided for background purposes only. Unless indicated otherwise, the market, economic and industry data set out in this Part IV – "Market Overview" and in this Registration Document constitutes the Company's analysis and best estimates. The Company confirms that all third-party data contained in this Registration Document has been accurately reproduced and, so far as the Company is aware and able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. Investors should read this Part IV – "Market Overview" in conjunction with the more detailed information contained in this Registration Document including in Part I – "Risk Factors".

The Group expects to participate in the global market for reinsurance. The Directors and the Proposed Director believe that the current market backdrop described below presents an opportunity for Conduit as a new reinsurance start-up business. The Directors and the Proposed Director believe that the past several years of high losses have contributed to a reduction in appetite from incumbent market participants for reinsurance underwriting, and that this trend has been exacerbated by the COVID-19 pandemic. The Group intends to capitalise on this perceived opportunity in the market.

1 Reinsurance Industry Overview

Reinsurance is an arrangement in which a reinsurance company agrees to indemnify another insurance or reinsurance company, the "cedant", against all or a portion of the insurance exposures underwritten by the cedant under one or more insurance contracts. Reinsurance does not discharge the cedant from its liability to policyholders; rather, it reimburses the cedant for covered losses.

Reinsurance can provide a cedant with several benefits, including a reduction in its net liability on individual exposures or classes of exposures or a reduction in operating leverage as measured by the ratio of net premiums and reserves to capital. Reinsurance also provides a cedant with additional underwriting capacity by permitting it to accept larger exposures and write more business than otherwise would be acceptable relative to the cedant's financial resources.

There are two basic types of reinsurance arrangements: treaty and facultative policies.

- Treaty reinsurance: obligates the cedant to cede, and the reinsurer to assume, a specified portion of a type or category of exposures insured by the cedant. Treaty reinsurers do not separately evaluate each of the individual exposures assumed under their policies; instead, the reinsurer relies upon the pricing and underwriting decisions made by the cedant.
- Facultative reinsurance: the cedant cedes, and the reinsurer assumes, all or part of the risk under a single insurance contract. Facultative reinsurance is negotiated separately for each insurance contract that is reinsured and is usually intended to cover individual risks not covered by their reinsurance policies because of the limits involved or because the risk is unusual.

Both treaty and facultative reinsurance policies can be written on either a pro rata basis or an excess of loss basis:

- Pro rata reinsurance: the cedant and the reinsurer share the premiums, as well as the losses and expenses in an agreed proportion. "Quota share" reinsurance is a form of pro rata reinsurance in which the reinsurer assumes an agreed percentage of each insurance contract being reinsured and shares all premiums and losses accordingly with the cedant.
- Excess of loss reinsurance: the reinsurer indemnifies the cedant against all or a specified portion of losses and expenses in excess of a specified monetary amount or other threshold, known as the cedant's retention or reinsurer's attachment point, generally subject to a negotiated reinsurance contract limit.

Conduit's business plan (which is described in more detail in section 1 of Part V – "Information on the Group" below) is expected to focus predominantly on treaty reinsurance written on a quota share and excess of loss basis.

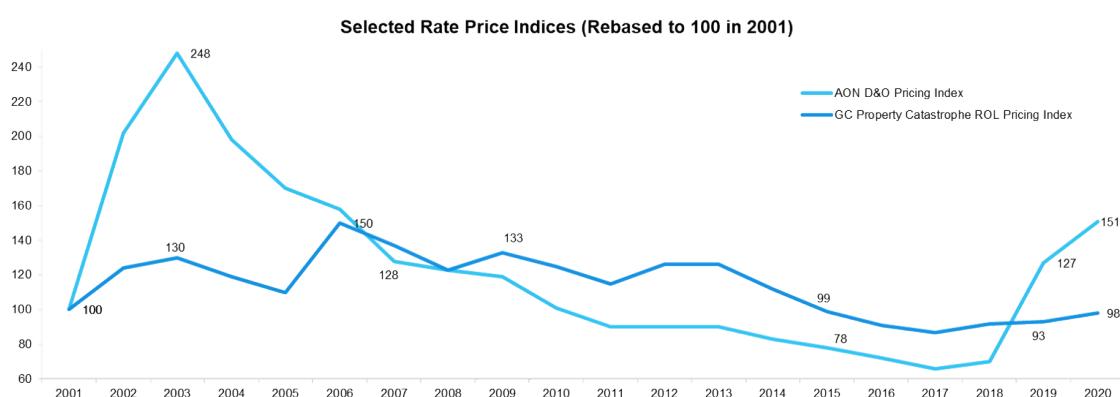
Reinsurers may purchase reinsurance to cover their own risk exposure. Reinsurance of a reinsurer's business is called "retrocession". Reinsurance companies cede exposures under retrocessional agreements to other reinsurers for reasons similar to those that cause insurers to purchase reinsurance: to reduce net liability on individual or classes of exposures, protect against catastrophic losses, reduce operating leverage and obtain additional underwriting capacity. The Group intends to use retrocessional (outwards) reinsurance to manage its own risk exposures (further detail of the Group's intended outwards reinsurance programme is provided in section 1 of Part V – "Information on the Group" below).

Reinsurance is predominantly written through intermediaries, generally licensed reinsurance brokers, or directly with cedants. From a cedant's perspective, the broker and the direct distribution channels have advantages and disadvantages. A cedant's decision to select one distribution channel over the other will be influenced by its perception of such advantages and disadvantages relative to the reinsurance coverage being placed. From the reinsurance company's perspective, operating through reinsurance brokers prevents the need to build out a significant sales force. The Group expects to write the vast majority of its business through brokers, leveraging the Founders' established relationships with key reinsurance brokers which have global operations in the classes of business the Group intends to write (see section 1 of Part V – "Information on the Group" below for an overview of the Group's distribution plan).

The reinsurance market is often considered to be cyclical in that it fluctuates between a hard market and a soft market. In the reinsurance industry, a hard market is the upswing in a market cycle, when premiums increase and capacity for most types of insurance decreases. This can be caused by a number of factors, including falling investment returns for insurers or reinsurers, increases in frequency and/or severity of losses, and regulatory intervention deemed to be against the interests of insurers or reinsurers. In a hard market, there is a restriction of capacity in the marketplace as insurance companies and reinsurers re-evaluate their portfolios of business, and their ongoing capacity for accepting risk. Hard markets tend to occur within classes of risk rather than by geographic region. In hard market conditions, underwriters often apply stricter underwriting standards in an attempt to correct adverse loss ratios experienced during soft market conditions. As a result, insurance premium rates often go up, the amount of limit carriers are willing to provide to cedants decreases, and some insurers withdraw from certain classes of business altogether. This can make it harder for insureds and their agents to find coverage options, which means the carriers that are offering coverage can apply rate increases, restrictions on limits and stricter terms and conditions. The benefit to the reinsurer is therefore potentially two-fold, a lower insured risk and a higher premium.

A soft market on the other hand is characterised by: lower insurance premiums, wider coverage, broadened underwriting criteria, increased capacity and increased competition among insurance and reinsurance carriers.

The duration of hard or soft markets depends on numerous factors and may vary by class. The graph below shows two rate indices as examples, Property Catastrophe and Directors and Officers Liability Insurance (D&O). The D&O market was heavily affected by insurance losses arising from terrorist attacks on the World Trade Centre in 2001 and saw a spike in rates which remained high for a number of years but was not obviously affected by Hurricane Katrina in 2005. However, the Property Catastrophe price index was affected by both events given both generated significant Property Catastrophe losses. The Directors and the Proposed Director believe that the current market conditions, which are described in more detail below, provide the prospect for an enduring hard market across many classes of business.



Sources:

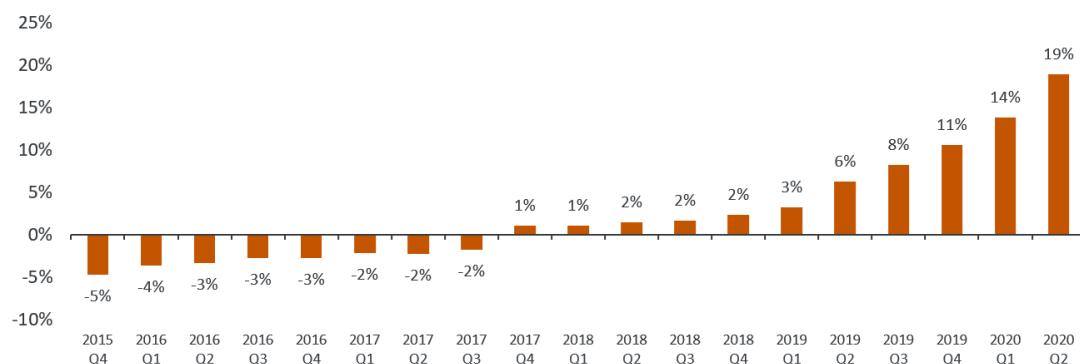
1. Global property catastrophe ROL index, post 1 Jan renewals, rebased to 100 in 2001
2. AON D&O Pricing Index rebased to 2001 levels. 2020 figure shows Q1 2020 level

2 Background to the Current Reinsurance Market

Due in particular to recent years' significant catastrophe losses and the increased expected cost of claims associated with casualty markets, which have each contributed to a reduction in capacity in the global insurance and reinsurance market, there has been an increase in global commercial insurance prices, with

prices rising constantly in each of the last 11 quarters to Q2 2020.

Marsh Global Insurance Pricing Change



Source: Marsh Global Insurance Market Index Quarterly Report August 2020. The additional data for 2015 is from the Marsh Global Insurance Market Index Q3 2019 Report.

The global reinsurance market has historically been highly cyclical and, as a result, the reinsurance industry has generally enjoyed attractive underwriting conditions following major market loss events. For example, the reinsurance industry was highly profitable in the years following Hurricane Andrew in 1992, the United States terror attacks of 2001 and Hurricane Katrina in 2005, all of which the Directors and the Proposed Director believe have contributed to the hard market cycle within the industry.

Start-up reinsurance businesses have in the past successfully been established in the wake of large industry events or catastrophes. The following table provides examples of new reinsurance businesses which have been established in the wake of the terrorist attacks on the World Trade Centre in 2001 and Hurricane Katrina in 2005 and illustrates how they grew GWP and generated ROE in their first five years of operations:

(\$m)	Class	Invested Capital ⁽¹⁾	Metric ⁽²⁾	Year 1	Year 2	Year 3	Year 4	Year 5	Mean	Median
Arch Capital	2001/02	1,040	GWP ⁽³⁾	909	1,625	1,658	1,751	1,704	14.8%	16.0%
			ROE	4.9%	18.0%	16.0%	10.9%	24.1%		
Endurance Specialty Holdings	2001/02	1,162	GWP ⁽³⁾	629	1,302	1,352	1,391	1,372	11.7%	18.4%
			ROE	8.6%	18.4%	20.3%	(12.0%)	23.1%		
Lancashire Holdings	2005/06	1,084	GWP	626	753	638	628	689	21.4%	23.3%
			ROE	17.8%	31.4%	7.8%	26.5%	23.3%		
Montpelier Re	2001/02	1,070	GWP	608	810	837	979	728	5.3%	14.4%
			ROE	14.4%	28.0%	14.1%	(53.6%)	23.7%		
Validus Re	2005/06	1,049	GWP ⁽³⁾	541	702	688	768	1,101	17.8%	17.0%
			ROE	17.0%	26.9%	2.7%	31.8%	10.8%		
Mean GWP				662	1,038	1,034	1,103	1,119		

Sources: Public Filings for Arch Capital Group Limited, Endurance Specialty Holdings Limited, Lancashire Holdings Limited, Montpelier Re Holdings Limited and Validus Holdings Limited (Year 1 reflects first full financial year)

(1) Beginning of Year 1. Includes equity and debt

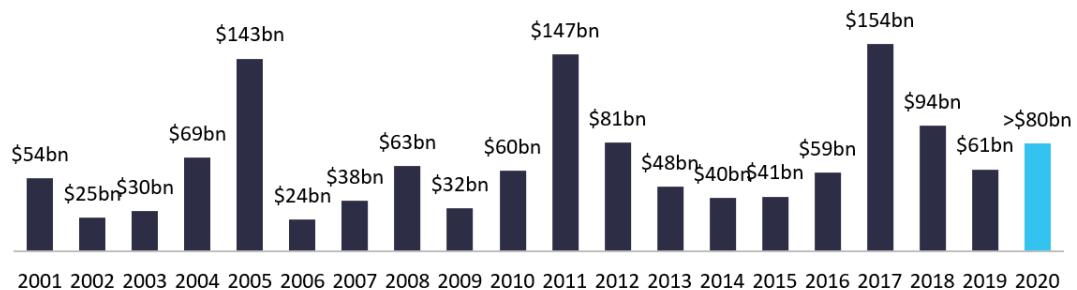
(2) Return on equity calculated as net income over average equity where not reported

(3) Reinsurance segment only

Based on a number of factors listed below, the Directors and the Proposed Director believe that there currently is a general market opportunity similar to the previous hard markets identified above. These factors include:

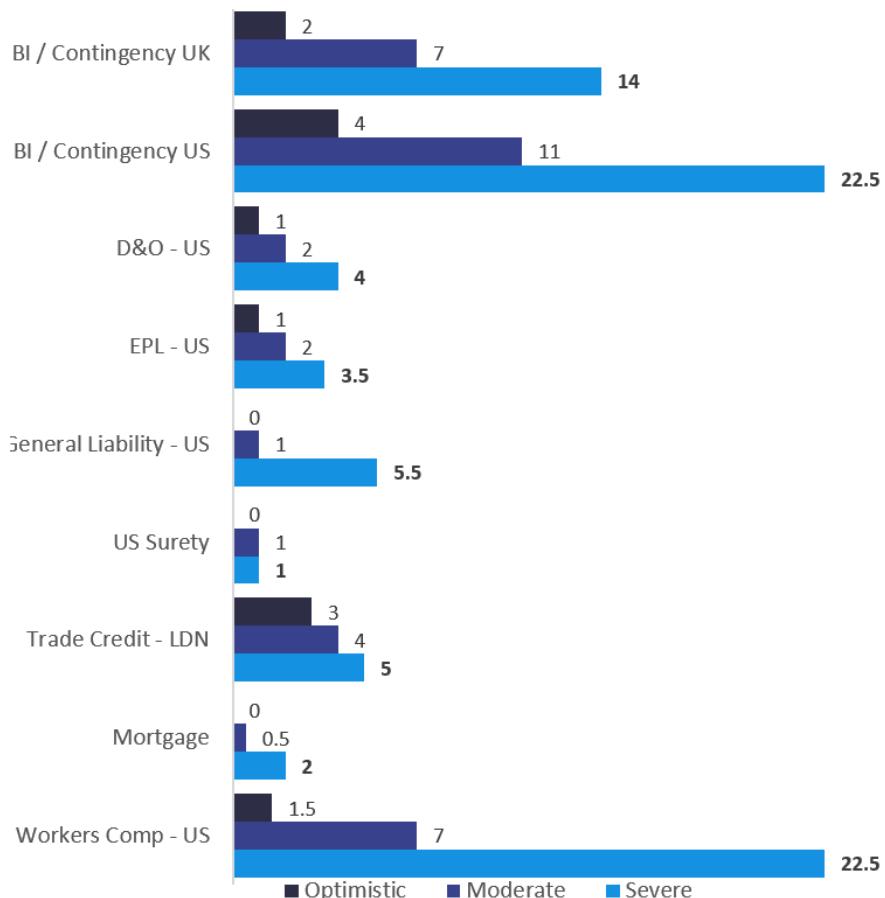
- a sustained period of significant and abnormal catastrophe losses between 2017 and 2019 (\$309 billion), including the largest loss year ever (2017) (a result of Hurricanes Harvey, Irma and Maria which together resulted in combined insured losses of \$92 billion) as demonstrated in the graph below:

Industry Catastrophe Insured Losses \$bn



- a steady reduction of industry casualty reserves (shortfall estimated at \$100 billion to \$200 billion¹);
- steady claims inflation in the casualty classes²;
- insurers have historically made investment profits from assets held as reserves to pay future claims therefore lower investment yields have contributed to lower profitability;
- that a number of existing market participants remain uncertain on their exposures, fuelling a retrenchment of capacity across classes; and
- significant losses and uncertainty resulting from the COVID-19 pandemic with COVID-19 estimated as potentially the largest insured loss event of the last 20 years as presented below³;

Breakdown of COVID-19 Loss Estimates for the period to May 2020



¹ Source: S&P Global Market Intelligence, "Insurers' \$200B casualty reserve hole requires fundamental rethink, says Catlin" 8 November 2019

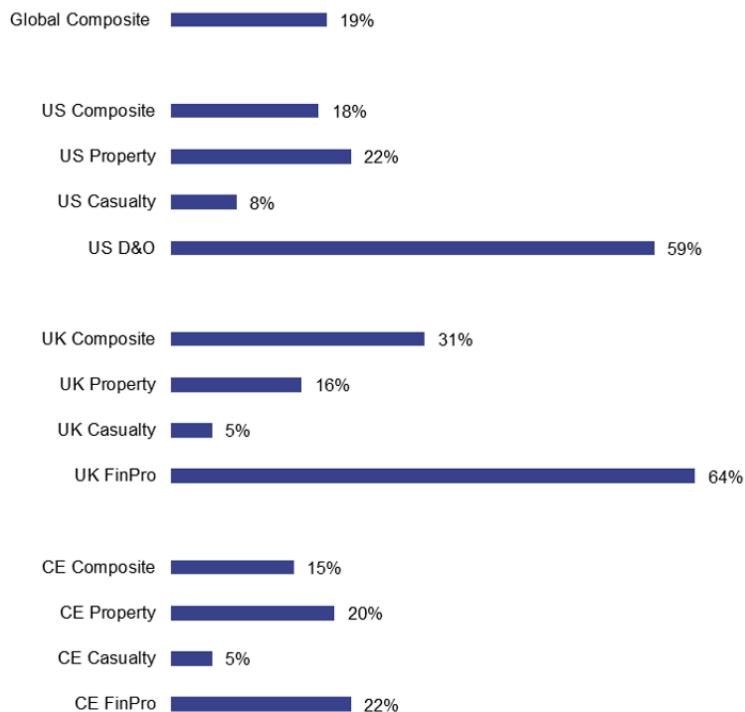
² Source: S&P Global Market Intelligence, "Insurers' \$200B casualty reserve hole requires fundamental rethink, says Catlin" 8 November 2019

³ Willis Towers Watson COVID Insurance Scenario Analysis, 1 May 2020: COVID-19 Loss Estimates range between \$30 billion and \$80 billion based on a moderate-severe range. It is believed that the optimistic scenario of \$10 billion in losses has been exceeded since the source was published.

Source: Willis Towers Watson COVID Insurance Scenario Analysis, 1 May 2020

These industry factors have led to some reinsurance companies either exiting the reinsurance markets and/or reducing the scope of their underwriting activities leading to capacity reductions and consequent price increases across the industry as is illustrated in the graph below which highlights the significant year-on-year rate increases seen in the insurance market in Q2 2020.

Q2 2020 Year on Year Insurance Rate Change



Source: Marsh Insights, August 2020

Some classes of business have been particularly badly affected by these industry factors, such as Property Catastrophe, specialty markets such as Aviation, Energy and Contingency and casualty markets such as D&O, Medical Malpractice, Healthcare and Transactional Liabilities.

Global commercial insurance prices rose 19 per cent. in the second quarter of 2020, the eleventh consecutive quarter of price increases.⁴

In the context of these price rises, the new capital raised so far in 2019 and 2020 in the industry through equity raises (c.\$7 billion) has been insignificant compared to the losses experienced, and the nearly \$600 billion of existing industry capital and the alternative capital of c.\$91 billion.⁵

⁴ Marsh Insights, May 2020.

⁵ AON Reinsurance Market Outlook, June/July 2020.

PART V - INFORMATION ON THE GROUP

This Part V - "Information on the Group" includes illustrative KPIs and premium targets that were developed by the Founders based on their significant experience and expertise in the reinsurance market. The illustrative KPIs and premium targets set out herein utilise hypothetical data to model the Group's performance and are not intended to reflect historical returns or predict future returns of the Group. Such data have been developed based on a variety of estimates and assumptions about future events that cannot be predicted reliably. It is the Group's expectation that future events will not necessarily unfold as assumed and, accordingly, that there will be differences between actual results and the illustrative KPIs and premium targets which are set out in this Part V – "Information on the Group". Such differences may be material and adverse.

Conduit was incorporated and registered in Bermuda on 6 October 2020. The Group has been formed for the purpose of writing reinsurance to capitalise on what the Founders believe to be an exceptional market opportunity.

1 Conduit's Business Plan

The Group intends to participate in the global market for reinsurance and its principal objective is to build a modern world-class reinsurance business with best-in-class technology, pricing and risk management capabilities to deliver returns across the underwriting cycle. In order to deliver this, the Group intends to operate as a Bermuda reinsurance business, with certain support functions relating to marketing located in London. The Group plans to build a small highly experienced underwriting team which will work together as a single unit to deliver its target portfolio. The Group intends to invest in technology to build competitive pricing, analysis and data management tools and highly streamlined transaction processing.

The Group intends to write reinsurance policies across six "classes" of reinsurance, comprising Property Excess of Loss, Short Tail Speciality Excess of Loss, Long Tail Speciality Excess of Loss, Short Tail Quota Share, Casualty Excess of Loss and Casualty Quota Share (in each case, as described in more detail in section 3 of this Part V – "Information on the Group" below). Those six "classes" can then be divided further into specific "sub-classes", which are the specific lines of business in which reinsurance policies are proposed to be written by the Group.

Conduit's wholly owned subsidiary, Conduit Reinsurance (see the structure chart at section 6 of this Part V - "Information on the Group" below), a newly formed reinsurance company is expected to be capitalised with an initial equity capital base of \$1.1 billion. The Company and Conduit Reinsurance will be based in Bermuda, where all of the key underwriting and investment activities will be undertaken. Conduit Reinsurance has received a conditional approval from, and is expected to be licensed as a Class 4 insurer in Bermuda by, the Bermuda Monetary Authority ("BMA"). Issue of the licence by the BMA is conditional upon, inter alia, Conduit Reinsurance's completion of the BMA's registration process and Conduit Reinsurance's capitalisation by the Company to meet the BMA's minimum capital requirement of \$120,000 (which the Group expects to meet ahead of Admission by an investment of such funds by the Founders to the Company which will in turn capitalise Conduit Reinsurance by paying up shares in Conduit Reinsurance). The Group does not intend to solicit, settle claims or conduct other reinsurance activities in any other jurisdiction other than Bermuda. Both the Company and Conduit Reinsurance will maintain their books and records in Bermuda.

The Group is being established in Bermuda given it is a globally recognised hub for the insurance and reinsurance industry and a mature market where key reinsurance brokers already have a significant presence. The Directors and the Proposed Director also believe the Bermuda location provides a lower regulatory overhead and costs when compared to other jurisdictions such as London.

Following Admission, the Group intends to support its access to the UK market by way of basic promotional marketing activities within the terms of an appointed representative arrangement to be entered into between a UK incorporated subsidiary of the Company (that is yet to be put in place) and a third party intermediary services business based in the UK and regulated by the FCA as an authorised person (an **"Appointed Representative Arrangement"**). It is intended that this future UK subsidiary may also provide other services to the Group, including services related to human resources, investor relations and information technology. However, all of the Group's underwriting, claims and other reinsurance related activities will take place in Bermuda. The Group plans to establish and enforce strict operating guidelines to prevent staff from crossing the border into regulated activities in jurisdictions other than Bermuda.

The Group expects to consistently maintain a strong balance sheet and, conditional on Admission taking place, Conduit Reinsurance is targeting an A.M. Best financial strength rating of "A-" (Excellent).

Certain accounting, actuarial, catastrophe modelling, information technology, and claims settlement functions are expected to be outsourced when the Group expects to commence underwriting policies (ahead of 1 January 2021 in respect of risks incepting from 1 January 2021). The Group has identified the main providers for these systems and processes and is currently in the process of setting up the contractual arrangements with them. By the end of the first year of operations, the Group plans to in-source certain of these services that are core to the underwriting process (for example, catastrophe modelling and actuarial services) in order to leverage a flexible model for the optimal mix of performance and efficiency. The Group intends to continue to review its technology systems and processes and may consider in-sourcing other services as the Group develops.

Based on the Board's broker relationships and expertise (and in particular that of Neil Eckert and Trevor Carvey, the **"Founders"**), combined with the reduction in capacity in the market, the Board believes that, once licenced and capitalised in accordance with its business plan, Conduit Reinsurance will be able to commence underwriting a high quality portfolio of business ahead of 1 January 2021 relating to risks incepting from 1 January 2021.

2 Investment Case

The Directors and the Proposed Director believe that the current market backdrop described in Part IV – "Market Overview" presents a compelling opportunity for the Group for the following reasons:

- **No legacy:**

- The Group will have a clean balance sheet with no reserving uncertainty relating to existing underwritten risks and exposures which will enable the Group to focus solely on writing new policies in the hard market.
- The Group expects to be able to focus on the classes and sub-classes of reinsurance it has identified rather than having legacy systems and clients which may be focused on less attractive lines/risk classes.

- **Quick to market:**

- As a newly capitalised business, the Group will seek to leverage the Founders' relationships with key global brokers (in particular, Guy Carpenter, AON, Willis Towers Watson and AJ Gallagher) to access business at a time where new underwriting capacity is at a premium.
- Establishing a reinsurer has more limited technology and infrastructure requirements in contrast to that of a primary insurer.
- The Group expects to utilise outsourced options in a number of areas as it develops its systems and infrastructure. The Group intends to continue to develop, evolve and refine its technology systems and intends to in-source certain systems (such as catastrophe modelling and actuarial systems) by the end of the first year of operations.

- **Broad number of affected reinsurance classes:**

- The vast majority of classes which the Group intends to target are believed to be impacted by the current hard market across the property, specialty and casualty lines, which the Directors and the Proposed Director believe allows a start-up to build a diversified business with lower volatility/risk profile than a business which is focused only on certain classes.

- **Strong returns dynamic:**

- The current hard market is leading to significant improvement in the reinsurance pricing environment across most of the Group's target classes of business⁶ which the Directors and the Proposed Director believe will lead to strong risk adjusted returns. The Group intends to focus on these opportune risk classes rather than having to protect market position or client relationships in less favourable risk classes.

- **Technological development:**

- There have been significant technological advancements in the reinsurance marketplace in recent years (such as electronic trading, cloud server technology, data management processes and modular software development techniques), which in some instances have been accelerated by the

⁶ Source: Willis Towers Watson Insurance Market Place Realities, May 7 2020

COVID-19 pandemic. In establishing its technology platform and infrastructure, including through the use of third party outsourcing, the Group is expected to benefit from the fact that it is not encumbered by legacy technology and data management which can create difficulties for existing business when adopting new systems.

3 Conduit's Underwriting Philosophy

The Founders' plan is focused on building a business which will target returns on equity in the mid-teens, which has a balanced approach to catastrophe risk exposures and generates franchise value through the quality of its underwriting and its diverse portfolio of business. The Group will target a mid-teens ROE. In order to achieve this, the Group will seek to build its reputation on a strict underwriting philosophy of focused excellence and discipline:

- **Pure underwriting business** - Philosophically, the Founders believe that franchise value in a reinsurance business is built around a disciplined underwriting plan and the Group is therefore intended to be a pure underwriting business with limited risk being taken on the investment of its assets in order to protect solvency capital and rating.
- **Both focused and diversified** – With a focus on quality underwriting, the Group's business is expected to be constructed from six main "classes" and more than 40 risk "sub-classes" with balanced line sizes across contracts and classes. Therefore, the Group expects to have a highly diversified portfolio and consequently is expected to have significantly lower relative aggregate exposures and net risk tolerances than some other start-up reinsurers. The Group plans to actively manage the business over the underwriting cycle to focus on sub-classes based on risk adjusted rate. The Group's objective will be to maximise ROE over the underwriting cycle rather than in any one underwriting year.
- **Risk adjusted returns maximisation and portfolio optimisation** - The Group intends to actively monitor its target classes and expects to regularly review and, if necessary, reallocate its capacity by class of business based on market dynamics to target the best returns on a risk-adjusted basis for the portfolio as a whole.
- **Collaborative team with a focus on returns** – The Group intends to build a team of underwriters who will collaborate to deliver a target overall portfolio, with a collaborative approach rather than teams operating in 'silos' of business. The Group's central ethos will be built on discipline, transparency and risk management to deliver a portfolio return over the long-term. The Group will seek to build a team with multiclass skills that works across the various classes of reinsurance and will be rewarded based on the Company's overall returns, rather than the returns of individual classes. To avoid silos and support the portfolio approach of writing desired risks, capital is not expected to be automatically allocated equally to risk classes. Decisions on the allocation of capital to risk classes are expected to be made centrally, predominantly by the Underwriting and Claims Committee (see section 12 of this Part V - "Information on the Group"), based on expected returns within such risk classes.
- **Insurance and reinsurance expertise** - Conduit's team will be comprised of experienced individuals from both insurance and reinsurance backgrounds with the expertise and experience to access and manage risk through the market cycles.
- **Efficient and targeted use of technology** - The business intends to focus particularly on data driven pricing, analytics and exposure management and will seek to maximise its use of technology to ensure the team is positioned to make the best real time capacity allocation and underwriting decisions in a highly efficient operating environment.
- **Strong leadership** - The Founders have highly regarded industry credentials and each has over 30 years' experience in industry leading organisations in all aspects of insurance across distribution, underwriting and technology (including several successful start-up vehicles). The Founders have devoted significant time over the previous months garnering support for the Group's business plan from a number of key reinsurance brokers and the Directors and the Proposed Director believe that the Group will benefit from the Founders' strong personal relationships at high levels.

The charts and tables in this section 3 of Part V - "Information on the Group" are all illustrative projections that utilise hypothetical data to model the Group's reinsurance underwriting performance. The information contained therein does not reflect historical results and is not intended to predict future performance of the Group. Different results are likely and such differences could be material. The financial projections set out herein at Part V - "Information on the Group" assume that a capital base of \$1.1 billion will be available.

Gross Written Premiums

The Group intends to underwrite a diversified and balanced portfolio of reinsurance treaty business across property, specialty and casualty classes, both on an excess of loss basis and a quota share basis. Conduit expects the Group to write a portfolio of approximately \$472 million of GWP in its first year of operations and to grow this portfolio to approximately \$1 billion of GWP by the end of its fifth year:

Premium Estimates (\$m)	2021	2022	2023	2024	2025
(\$m)					
Property Excess of Loss	107	138	159	190	209
Specialty Excess of Loss					
Short Tail	82	109	131	158	173
Long Tail	32	43	54	62	65
Short Tail Quota Share	106	142	170	204	225
Casualty					
Excess of Loss	28	37	46	53	56
Quota Share	117	157	196	226	237
Total	472	626	757	893	966

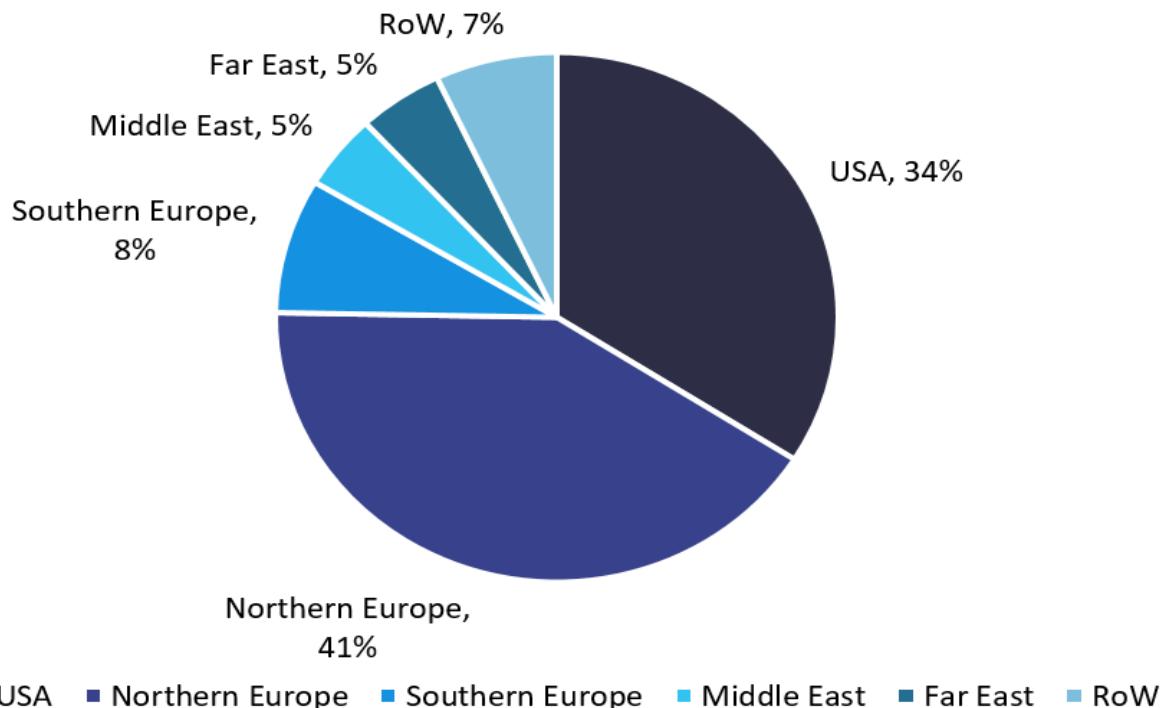
Source: Company estimates

The Group intends to actively assess its reinsurance portfolio to seek to maximise risk adjusted returns and efficient use of its balance sheet. The Group plans to target premium splits in the first five years of operations at approximately:

- 52 per cent. excess of loss treaty business and 48 per cent. quota share business; and
- 62 per cent. shorter tail property and specialty business and 38 per cent. longer tail specialty and casualty business.

The six key "classes" of business which the Group plans to underwrite comprise more than 40 underlying "sub-classes", an approach which the Directors and the Proposed Director believe should provide strong risk diversification and should limit the exposure of the business to any individual peril or loss event.

The diversity of the Group's approach to reinsurance is also expected to provide a well-balanced geographic spread of premiums, although the proportion of business written in the different classes and sub-classes of business is expected to differ between each geographical area, based on what the Directors and the Proposed Director believe to be the appropriate mix of business from time to time. Conduit estimates that the Group's target portfolio of GWP in its first full year of operations will be split as follows:



Source: Company estimates

Each of the below risk classes has its own pricing and market dynamics, but the Directors and the Proposed Director believe that the ongoing hard market conditions are expected to broadly remain for the next two to three years.

Property Excess of Loss

The Group intends to write a balanced and diversified portfolio of property reinsurance excess of loss contracts across a variety of territories including the US, Europe, Far East, Middle East and Latin America.

	Year 1	Year 2	Year 3	Year 4	Year 5
Premium Estimates (\$m)					
GWP ⁷	107	138	159	190	209

Indicative Ultimate Mean Gross Loss Ratio⁸: 44%

Indicative Acquisition Costs Ratio⁹: 10.2%

Excess of loss reinsurance refers to a policy that indemnifies the cedant against all or a portion of losses in excess of a specified dollar or percentage loss ratio amount (given the size of the loss event).

The Group's property portfolio is expected to combine catastrophe excess of loss policies which protect cedants against physical damage losses accumulating from a single natural catastrophe event, such as an earthquake or a major hurricane, and/or 'per risk' policies which protect cedants against physical damage losses arising from a single large loss event such as a major terrorist attack.

The Group intends to avoid 'worldwide' risks and will instead focus on regional clients (for example, the Group may write a policy in respect of the North American 'arm' of a global business, but not in respect of the global business as a whole). This portfolio is expected to include an element of retrocession and industry loss warranty business (whereby coverage is triggered when losses experienced by an industry exceed a specific threshold). In certain select circumstances the Group may write business on a collateralised basis, that is where the Group posts collateral to provide the cedant with additional security

⁷ Target premiums based on \$1.1 billion of capital and an underwriting segment plan as noted on page 33.

⁸ Indicative ultimate mean gross loss ratios refer to the losses (expressed as a percentage of premium) which the Company might ultimately expect the Group to achieve for mean claims outcomes (i.e. claims actually incurred) based on anticipated market conditions. Indicative ultimate mean gross loss ratio is based on anticipated 2021 pricing and terms and conditions.

⁹ Acquisition costs represent the costs paid to access business (and may also include certain taxes such as U.S. Federal Excise Tax) and are expressed as a percentage of premium. For the Group, as a reinsurance business, these costs represent brokerage and, on quota share business, quota share ceding commissions payable to the underlying insurer to whom the Group is providing reinsurance. Indicative acquisition costs ratio is based on anticipated 2021 pricing and terms and conditions. Actual acquisition costs will be negotiated on a contract by contract basis and may exceed the indicative ratio.

over the amounts insured. The Group may consider writing such collateralised business only where it provides an exceptional underwriting opportunity and meets the Group's return on capital requirements.

The pricing of property excess of loss risks is generally highly driven by statistical modelling and the Group intends to seek to participate on contracts that provide the best risk-adjusted returns on a portfolio basis rather than a per risk basis.

Generally, losses arising from property excess of loss business are low frequency, high severity, in nature and the Group expects to be naturally protected from aggregation of catastrophe losses through its diversification strategy.

The Group may still be exposed to aggregations of losses from multiple worldwide events and the Group anticipates that it will buy a retrocessional reinsurance programme to protect the Group's balance sheet from either an exceptional single event loss or a series of events that may affect the overall portfolio.

Specialty Excess of Loss

The Group's specialty portfolio is expected to provide cover for more specific sub-classes of business such as Aviation, Marine, Energy, Personal Accident and Healthcare.

Specialty classes can protect against physical damage losses (short tail) or against legal liability losses (long tail). These classes are less exposed to natural catastrophe losses than the property portfolio and therefore offer a natural diversification.

The specialty reinsurance markets require specific market expertise and experience which the Group's underwriting team is expected to have. The Group intends to target 'single class' contracts rather than a broader 'all risks' approach to ensure the portfolio remains focused and balanced and is always in a position to redeploy capacity by "sub-class" of business when necessary.

Short Tail Specialty Excess of Loss

The Group intends to write a balanced and diversified portfolio of "short tail" specialty excess of loss contracts across a variety of underlying classes and territories. The "short tail" specialty classes written by the Group are expected to include sub-classes such as Contingency, Aviation and Marine and Energy, where loss events are known and quantified relatively quickly, generally within one to two years.

	Year 1	Year 2	Year 3	Year 4	Year 5
Premium Estimates (\$m)					
GWP¹⁰	82	109	131	158	173

Indicative Ultimate Mean Gross Loss Ratio: 47%¹¹

Indicative Acquisition Costs Ratio: 10.5%¹²

Specialty excess of loss business is highly diverse in nature and generally protects cedants against property and physical damage losses arising from a specific class of business from both catastrophe loss events and man-made loss events.

Losses from these "short tail" specialty classes can arise from catastrophe events that may correlate with the property portfolio and these will be included in the Group's catastrophe retrocession programme. However, specialty losses are more likely to be affected by specific large loss events such as accidents, crashes, fires and similar 'man made' events. These large loss events will also be covered in the Group's 'per risk' retrocession programme.

The Group's underwriting team is also expected to have insurance expertise for specific classes of business targeted.

Conduit intends to protect the Group's balance sheet from these "large loss" events by buying a 'per risk' retrocession programme which will protect the Short Tail Specialty portfolio.

Long Tail Specialty Excess of Loss

The Group intends to complement the "short tail" specialty portfolio with a "long tail" specialty excess of loss portfolio which is expected to target sub-classes hardest hit by the current market conditions, including

¹⁰ Target premiums based on \$1.1 billion of capital and an underwriting segment plan as noted on page 33.

¹¹ Indicative Ultimate underwriting year loss ratio expectation based on anticipated 2021 pricing and terms and conditions.

¹² Indicative Acquisition costs ratio expectation based on anticipated 2021 pricing and terms and conditions. Actual acquisition costs will be negotiated on a contract by contract basis and may exceed the indicative ratio

Healthcare, Personal Accident and Medical Malpractice:

	Year 1	Year 2	Year 3	Year 4	Year 5
Premium Estimates (\$m)					
GWP¹³	32	43	54	62	65

Indicative Ultimate Mean Gross Loss Ratio: 54%¹⁴

Indicative Acquisition Costs Ratio: 10.5%¹⁵

The long tail specialty classes generally protect against losses arising from legal liabilities rather than physical damage, and claims arising from these policies often take longer to be realised and settled than physical damage risks as they normally arise as a result of a lawsuit or regulatory investigation. The Group will be required to maintain adequate claims reserves over a longer period than for property and short tail specialty classes where the costs of claims are generally known and paid sooner.

Short Tail Quota Share

The Group intends to build a balanced portfolio of "short tail" quota share reinsurance policies across a diverse range of underlying classes of business and territories, encompassing both property and specialty classes. Expected sub-classes of business include Commercial Property, Contingency, SME Risk, Energy, Marine, US & ex-US D&F, Political Violence/Terror and War.

	Year 1	Year 2	Year 3	Year 4	Year 5
Premium Estimates (\$m)					
GWP¹⁶	106	142	170	204	225

Indicative Ultimate Mean Gross Loss Ratio: 53%¹⁷

Indicative Acquisition Costs Ratio: 17.6%¹⁸

Quota share policies provide capacity to cedants by the reinsurer underwriting a proportion of the risks and returns of an insurer's underlying portfolio of direct insurance policies. These quota share policies also generally protect against physical damage losses which may include natural catastrophes but will generally be more attritional in nature such as accidents, crashes and fires and other man made loss events.

Conduit intends to actively manage the Group's "short tail" quota share portfolio through constant monitoring, data analysis and annual risk audits. Conduit will restrict, or not underwrite in, geographical territories where data quality, transparency and accessibility do not meet Conduit's criteria.

The short tail quota share portfolio is expected to also be protected by the catastrophe and 'per risk' retrocession programme referred to below.

Casualty Excess of Loss and Quota Share

The Group intends to complement its property and specialty portfolios by underwriting a balanced portfolio of casualty policies which will comprise both excess of loss and quota share policies and is expected to focus on sub-classes that have been particularly affected by current market conditions.

Casualty policies, which are "long tail" in nature, generally protect against losses arising from legal liabilities rather than physical damage. Key sub-classes are targeted to include General Liability, Directors & Officers, Professional Indemnity and Transactional Liability.

Generally, there is little or no correlation between the property and specialty portfolios and the casualty classes, which are far less exposed to natural catastrophe events.

Casualty claims often take longer to be realised and settled than physical damage risks as they often arise as a result of a lawsuit or regulatory investigation and so the Group will be required to maintain adequate claims reserves over a longer period than for property and specialty classes where the costs of claims are

¹³ Target premiums based on \$1.1 billion of capital and an underwriting segment plan as noted on page 33.

¹⁴ Indicative Ultimate underwriting year loss ratio expectation based on anticipated 2021 pricing and terms and conditions.

¹⁵ Indicative Acquisition costs ratio expectation based on anticipated 2021 pricing and terms and conditions. Actual acquisition costs will be negotiated on a contract by contract basis and may exceed the indicative ratio

¹⁶ Target premiums based on \$1.1 billion of capital and an underwriting segment plan as noted on page 33.

¹⁷ Indicative Ultimate underwriting year loss ratio expectation based on anticipated 2021 pricing and terms and conditions.

¹⁸ Indicative Acquisition costs ratio expectation based on anticipated 2021 pricing and terms and conditions. Actual acquisition costs will be negotiated on a contract by contract basis and may exceed the indicative ratio

generally known and paid sooner.

The Group intends to buy a specific "clash cover" retrocession programme to protect against any potential 'clash' between losses arising from the Group's property or specialty portfolios and the casualty portfolio, which can result from complex claim events involving both physical damage and liability awards.

The Group expects to apply COVID-19 exclusion clauses in all casualty excess of loss and quota share policies.

Casualty Excess of Loss

The Group's casualty excess of loss portfolio will initially target sub-classes of business that have been affected by recent market changes and have therefore seen price increases and improved terms and conditions. These sub-classes include General Liability, Directors & Officers Liability, Energy Liability and Transactional Liability.

	Year 1	Year 2	Year 3	Year 4	Year 5
Premium Estimates (\$m)					
GWP ¹⁹	28	37	46	53	56

Indicative Ultimate Mean Gross Loss Ratio: 59%²⁰

Indicative Acquisition Costs Ratio: 10.5%²¹

Casualty Quota Share

The Group's casualty pro rata portfolio will also seek to support cedants with sub-classes of business that have been affected by recent market changes and have therefore seen price increases and improved terms and conditions. These sub-classes include Directors & Officers, Professional Indemnity, Healthcare and Transactional Liability.

	Year 1	Year 2	Year 3	Year 4	Year 5
Premium Estimates (\$m)					
GWP ²²	117	157	196	226	237

Indicative Ultimate Mean Gross Loss Ratio: 52%²³

Indicative Acquisition Costs Ratio: 21.0%²⁴

Management of loss exposures and outward reinsurance

Conduit plans to manage the Group's underwriting activities as a "gross underwriter" by seeking to minimise risk in the portfolio it underwrites rather than writing a high-risk premium base and seeking substantial retrocessional reinsurance to mitigate that risk. Conduit intends to manage the Group's exposure to high severity catastrophe events, and large man-made loss events, through the diversity of the Group's classes of business and through the purchase of an appropriate retrocessional reinsurance programme. In managing the Group's underlying exposures, Conduit plans to be mindful of its target mid-teens ROE and its stated dividend policy. These reinsurance and retrocession arrangements are maintained to protect the Group against both the severity of losses on individual claims and unusually serious occurrences caused where a number of claims produce an aggregate extraordinary loss.

The Group's risk appetite will be determined by the Board and managed and executed through the Underwriting and Claims Committee, with input from the Risk and Compliance Committee (covered at section 12 of this Part V - "Information on the Group" below). The amount of coverage purchased will be determined by the Group's risk appetite together with the price, quality and availability of such coverage.

Retrocession programmes are expected to be based on probable maximum loss analyses ("PML"). Conduit's current intention is to buy three separate retrocession programmes, as follows:

¹⁹ Target premiums based on \$1.1 billion of capital and an underwriting segment plan as noted on page 33.

²⁰ Indicative Ultimate underwriting year loss ratio expectation based on anticipated 2021 pricing and terms and conditions.

²¹ Indicative Acquisition costs ratio expectation based on anticipated 2021 pricing and terms and conditions. Actual acquisition costs will be negotiated on a contract by contract basis and may exceed the indicative ratio

²² Target premiums based on \$1.1 billion of capital and an underwriting segment plan as noted on page 33.

²³ Indicative Ultimate underwriting year loss ratio expectation based on anticipated 2021 pricing and terms and conditions.

²⁴ Indicative Acquisition costs ratio expectation based on anticipated 2021 pricing and terms and conditions. Actual acquisition costs will be negotiated on a contract by contract basis and may exceed the indicative ratio

- (1) **a whole account catastrophe programme:** to protect all losses arising from a single event across all of the Group's portfolio in excess of \$37.5 million;
- (2) **a 'per risk' programme:** to protect against large single risk loss events in excess of \$25 million; and
- (3) **a liability "clash" protection cover:** to protect against risk losses impacting more than one class of business (for example, specialty and casualty) in excess of \$25 million.

Although the lack of capacity in the market is also expected to increase the rates at which the Group is able to purchase reinsurance, the Board is confident that the Group will be able to purchase retrocessional reinsurance for these select risks.

Conduit intends to limit the Group's potential net risk from any single 1 in 100 loss event to between 5 per cent. and 15 per cent. of the Group's capital base. The Directors and the Proposed Director believe that such limitation of risk is achievable based on the below PML summary showing exposure to two key peak peril losses (Florida Wind and California Earthquake) which has been prepared based on the Founders' experience in the insurance and reinsurance industries. "Opening TNAV" refers to the estimated tangible net asset value of the Group at the start of a given year.

Indicative PML Analysis²⁵

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross PML as % of Opening TNAV (Pre-Reinstatements)					
Florida Wind 1 in 100	9.5%	12.2%	13.7%	16.1%	18.9%
California Quake 1 in 250	13.5%	17.3%	19.4%	22.6%	26.5%
Net PML (Post-Reinstatements)					
Florida Wind 1 in 100	4.4%	5.3%	5.9%	6.8%	7.5%
California Quake 1 in 250	6.7%	7.8%	9.1%	10.7%	12.6%

In addition to the Founders' experience, the PML analysis set out above is based on the model portfolio corroborated against stochastic modelling. A stochastic model is a statistical analysis tool for estimating probability distributions of potential outcomes by allowing for random variation in one or more inputs over time. Using stochastic techniques it is therefore possible to assess the potential exposure of the Group's business to major loss events in a probabilistic manner. By simulating the gross exposures to the relevant loss events (i.e. claims likely to be incurred by the Group before the impact of outwards reinsurance) together with the impact of the planned outwards reinsurance programme it is possible to estimate the probability distribution of financial outcomes from such events. Using these techniques the Group can therefore estimate the impact of particular loss events at certain likelihoods of occurrence (for example 1 in 100).

Conduit's proposed three-pronged retrocession programme is anticipated to increase retentions and limits in line with growth and is intended to be structured to purchase significant protection (to optimum levels) around key peak perils and zones.

4 Market Competition

The reinsurance industry is well-established and highly competitive. Competition varies significantly on the basis of product and geography. Reinsurance companies compete on the basis of many factors, including premium charges, general reputation and perceived financial strength, the terms and conditions of the products offered, ratings assigned by independent rating agencies, speed of claims payments, reputation and experience in the particular risk to be underwritten, quality of service, the jurisdiction where the reinsurer or insurer is licensed or otherwise authorised, capacity and coverages offered and various other factors. Conduit expects to compete with major United States, UK, Bermuda, European and other international insurers and reinsurers and underwriting syndicates from Lloyd's. Conduit also expects to compete with capital market participants that create alternative products, such as catastrophe bonds, that are intended to compete with traditional reinsurance products. In addition to asset managers and reinsurers who provide collateralised reinsurance and retrocessional coverage, the availability of these non-traditional products could reduce the demand for both traditional insurance and reinsurance products.

The public insurance specialty market has seen a high degree of consolidation over the past 15 years, with

²⁵ Company analysis. Assumes minimum capital of \$1.1 billion.

over 20 acquisitions completing between 2006 and 2020, including Exor N.V.'s acquisition of PartnerRe Limited (2015, \$6.7 billion), Tokio Marine Holdings' acquisition of HCC Insurance Holdings (2015, \$7.5 billion), and Axa SA's acquisition of XL Group Limited (2018, \$15.3 billion).²⁶

Conduit's competitors may include, but are not limited to, American International Group, Inc., Transatlantic Holdings, Inc., Arch Capital Group Limited, Axis Capital Holdings Limited, Chubb Limited, Sompo International, Everest Re Group Limited, Hannover Rück AG, Lancashire Holdings Limited, Munich Re, PartnerRe Limited, QBE Insurance Group Limited, Renaissance Re Holdings Limited, SCOR SA, Swiss Re Limited, Validus Holdings Limited (a subsidiary of AIG), XL Catlin (a subsidiary of AXA XL and AXA SA), MS Amlin plc and various Lloyd's syndicates and government-sponsored insurers and reinsurers.

5 Conduit team

The Founders

The Founders are highly experienced in the reinsurance industry and have been involved in several successful start-ups in previous hard markets.

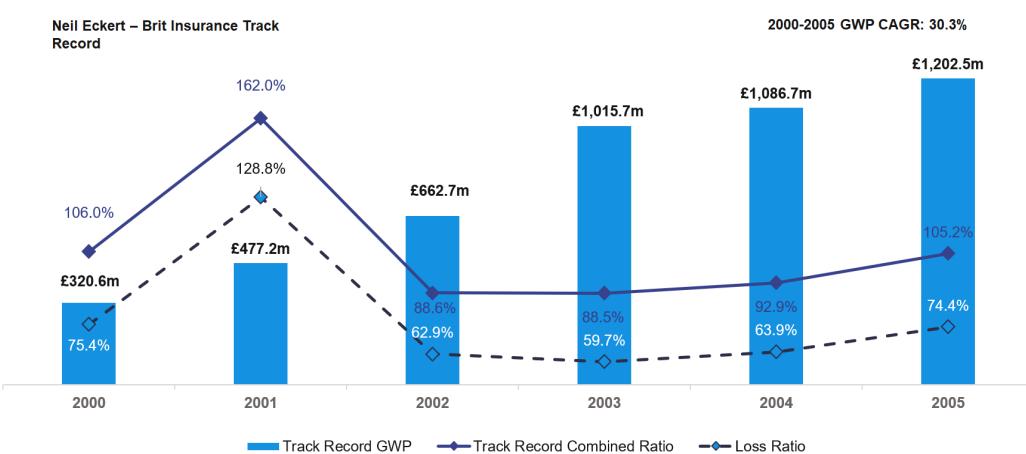
Neil Eckert (Director and proposed Executive Chairman)

Neil Eckert became a reinsurance broker in 1980 before joining Benfield Lovick & Rees & Co in 1986. Neil was involved in the management buy-out of Benfield in 1988 and was a Board member from 1991 until his resignation in 2000.

In 1995, during his time at Benfield, Neil founded Brit Insurance Limited and remained its CEO until 2005, following which he served as a non-executive director of the company until 2008, delivering total shareholder returns of approximately 60% over this period. Brit Insurance raised £60 million of initial capital in 1995 and was eventually sold in 2011 to a consortium of funds managed by Apollo Management VII, L.P. and CVC Capital Partners Limited for £888 million. The track record for Brit Insurance is shown in the chart below.

Neil was the co-founder and CEO of Climate Exchange PLC until its sale to Intercontinental Exchange in 2010 for approximately £400 million. Over the period of Neil's tenure at Climate Exchange, total shareholder returns were 648%. Following the sale of Climate Exchange, Neil founded Aggregated Micropower which was sold in January 2020.

Neil is currently Chairman of Incubex and is also on the board of Ebix, a \$600 million Nasdaq listed company and a leading provider of electronic exchange services to the insurance industry. It has been one of the fastest growing companies in the United States over the last decade (source: Fortune Magazine, September 2017).



NB: Shows restated figures where results were restated in following year. Source: All sourced from Brit Insurance Public Filings.

²⁶ Foreign exchange rates as at respective transaction announcement date, U.S. dollar values represent consideration paid for the acquisition.

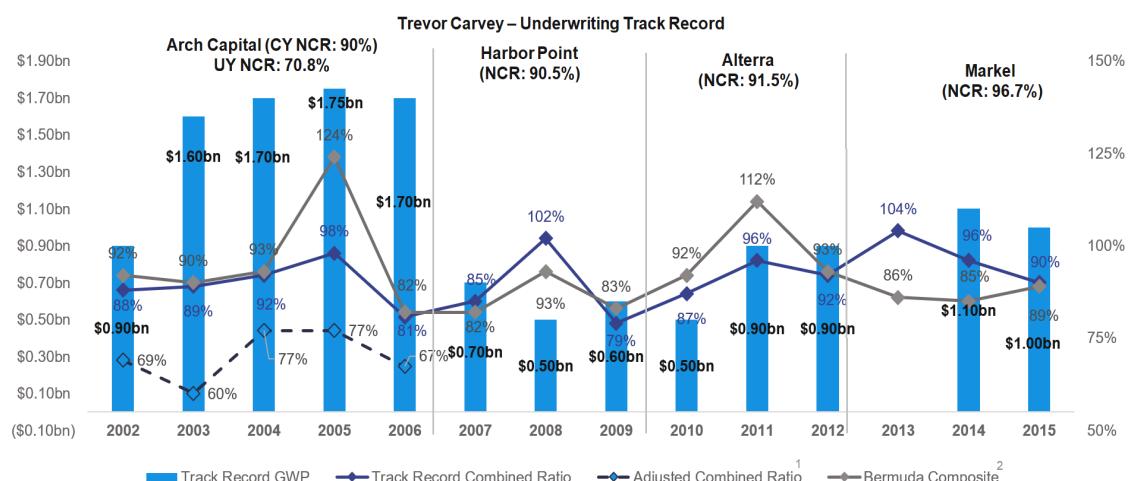
Trevor Carvey (Proposed Director and Chief Executive Officer)

Trevor has a track record of profitable build outs in the reinsurance industry. He led the consolidation and subsequent profitable turnaround of the GE Frankona Marine & Energy Global portfolio from 1999 to 2002.

In 2002 Trevor was recruited as a founding underwriter and leader at Arch Re Bermuda which was one of the class of 2002 reinsurance start-ups and where he was key in the development of the reinsurance business.

In 2007 Trevor joined Harbor Point Re, a Bermuda-based reinsurance company focused on property and casualty reinsurance, in the UK to lead the build out of the reinsurance operation over a 5-year period. Subsequently he held the role of CUO Europe in the Alterra Re business which resulted from the merger of Max Re with Harbor Point in 2010, and also sat on the board of Alterra at Lloyd's Limited. Following Alterra Re's acquisition by Markel in 2013, Trevor was appointed as co-leader of the Global Reinsurance portfolio (c. \$750m). Trevor was part of the team responsible for the successful integration of this Global Reinsurance unit into Markel, delivering an established and profitable business to the enlarged Markel group.

Trevor was approached by Hamilton in 2015, to assist in building out a new treaty reinsurance strategy in the UK and subsequently took on the overall role for leading the successful Lloyd's approval of the syndicate business plan as active underwriter for the three years from 2016 to 2018. The business grew from zero GWP in 2015 as a pure start up to finally growing to 80 employees and a Lloyd's capacity of GWP c \$165m for the 2018 underwriting year.



Source: Bloomberg and company filings.

Net combined ratio ("NCR") and GWP shown for the reinsurance segments of each business. 2013 Markel combined ratio is 9 month combined ratio for the Alterra segment, no GWP available for this period

1. Arch underwriting year ("UY") loss is calculated using data from 2015 Arch Global Loss Triangles report. UY year acquisition cost and expense ratios are assumed to equal the corresponding calendar year ("CY") ratios. Markel 2014 and 2015 CY loss ratio adjusted for fall in 2014/2015 accident year ultimate loss estimate from 2014/2015 year end to 2019 year end estimate (all information from Markel publishes 10-Ks)

2. Composite includes: Allied World, Alterra, Arch, Aspen, Axis, Endurance, Everest Re, Flagstone Re, Greenlight Re, Harbor Point, IPC, Maiden, Montpelier Re, Partner Re, Platinum Underwriters, Renaissance Re, Third Point Re, Validus and XL Group

The wider Conduit team

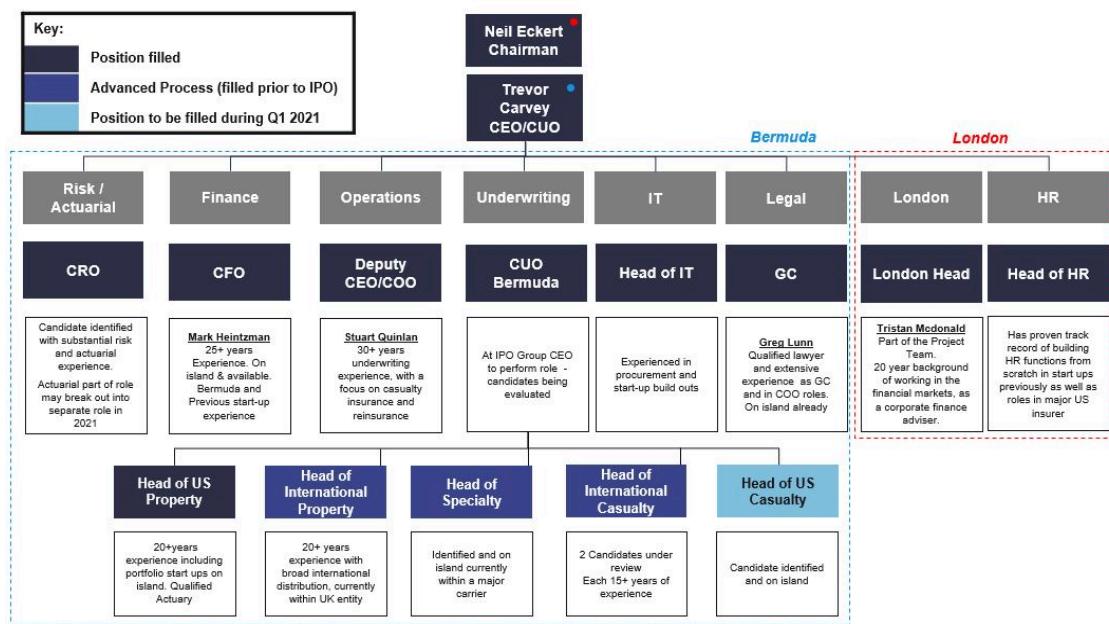
A key driver of Conduit's strategy is to build a highly specialised and collaborative core underwriting team with the requisite skills and experience to deliver the target business plan. The team is expected to include both insurance and reinsurance expertise and experience and to have underwriting experience across a variety of different classes of business and underwriting in different market conditions.

The majority of the key operational, finance and risk and regulatory related employees and managers are expected to be formally engaged as at the point of Admission. These include the roles of Deputy CEO

and Chief Operating Officer, Chief Financial Officer, General Counsel and Head of Strategic Development. A number of further key individuals have been approached following an extensive recruitment process to join the team once the business is fully established and funded after Admission to enable the Group to commence underwriting ahead of 1 January 2021 in respect of risks incepting from 1 January 2021. Details on the identified senior managers of the Group are set out in Part VI – "Directors, Senior Management and Corporate Governance".

The wider Conduit team is anticipated to be made up of around 50 full time equivalents ("FTEs") by the end of the first year of operations and is expected to grow to around 85 FTEs by the end of the fifth year. The underwriting teams, including actuarial, modelling and claims resources are expected to make up approximately 30 FTEs in year one and approximately 55 FTEs in year five. The other team members will be in support functions including finance, legal and operations support.

The initial planned management structure of Conduit is set out in the following diagram*:



* Based on the intention and understanding of Conduit as at the date of this Registration Document. There is no guarantee that positions will be filled or that the identified persons will accept the position shown.

Details on the framework of committees and corporate governance compliance is provided at section 5 of Part VI – "Directors, Senior Management and Corporate Governance" below.

6 Group structure

The diagram below sets out the expected structure of the Group following Admission (note that pursuant to incentive arrangements set out in detail at Section 8.2 of this Part V - "Information on the Group", Conduit MIP Limited, and also therefore Conduit Reinsurance, will be part owned by members of management):



7 Distribution

The Group expects the majority of its insurance and reinsurance business to be introduced by global reinsurance brokers including, AON, Willis Towers Watson, Guy Carpenter and AJ Gallagher. The Founders have significant relationships with these reinsurance brokers who between them represented approximately 64 per cent. of the worldwide reinsurance market premium between 2012 and 2016²⁷. The Group also expects that certain smaller specialist intermediaries based in London and the United States will introduce business to the Group.

Conduit's leadership team has an extensive network of personal contacts at high levels throughout these key distribution networks and intend to leverage these long-term relationships to help support the Group's delivery of its business plan targets.

Conduit expects to pay brokerage fees and commissions to the brokers to access this business which are expected to be generally in line with market rates and range from 10 per cent. to 25 per cent. of the relevant premium, depending on the class of business, the territory and the type of contract.

8 Remuneration strategy

8.1 Overview

Although Conduit intends to seek to attract and retain a high calibre team to manage and develop the Group's reinsurance business, it does not plan to achieve this by paying above market salaries and benefits. The Directors and the Proposed Director believe that as a new business which is well capitalised and unencumbered by legacy underwriting in a hard market, Conduit will be an attractive business for new team members.

Conduit intends to differentiate itself from other market participants in the way that it remunerates its team. Conduit intends to implement success related remuneration schemes based on the business meeting its overall business targets, both long term and short term, which would contain deferred elements in line with results. In addition, senior underwriters are intended to be offered participation in the Management Promote scheme (defined below) and are therefore expected to receive equity based on returns.

²⁷ Financial Conduct Authority, Wholesale Insurance Broker Market Study, February 2019.

8.2 **Management Promote**

Subject to the approval of the Remuneration Committee, arrangements will be put in place to create incentives for the Founders and other senior managers who are expected to make key contributions to the success of the Group from Admission (the "**Management Promote**"). Success will be measured by share price performance and investor returns and the arrangements will therefore reflect these key metrics. The Management Promote will be facilitated by the subscription for shares in Conduit MIP Limited ("**Conduit MIP**") (a direct subsidiary of the Company to be incorporated prior to Admission as an intermediate holding company of Conduit Reinsurance).

Under the Management Promote, the Founders and other senior managers invited to participate will subscribe for shares in Conduit MIP ("**MIP Shares**"). Half of the MIP Shares will be denominated in sterling ("**GBP MIP Shares**") and half in U.S. dollars ("**USD MIP Shares**").

Subject to vesting in the hands of the relevant holder of MIP Shares (as described below), if the Performance Condition (also described below) is satisfied at the relevant time, the MIP Shares will be automatically exchanged for Shares of the Company ("**Exchange**") for an aggregate value equivalent to up to 15 per cent. of the excess of the Market Value of the Company (as defined below) over and above the Invested Equity (the "**Growth**") (7.5 per cent. of the Growth based on calculations in sterling for the GBP MIP Shares and 7.5 per cent. of the Growth based on calculations in US dollars for the USD MIP Shares, in each case as described below).

Market Value means (a) the market capitalisation of the Company calculated by reference to the 6 month average closing share price prior to the date of the relevant Exchange (adjusted to take into account any capital events or distributions during that period); or, (b) in the case of a takeover of the Company, the value of the consideration for the takeover, or (c) in the case of a sale of Conduit MIP, the net sale consideration, or (d) in the case of the liquidation of Conduit MIP, the amount available for distribution in the liquidation, in each case taking into account any prior dividends, returns of capital or other distributions. The Market Value for the USD MIP Shares will be calculated in U.S. dollars based on the prevailing spot rate on the date of the relevant share price and in the case of a takeover of the Company, or sale or liquidation of Conduit MIP the latest reasonably practicable spot rate prior to the date of the Exchange as determined by the Remuneration Committee of the Company.

Invested Equity means the aggregate of initial equity invested in the Company on Admission and equity invested pursuant to any future equity raises by the Company, with the U.S. dollar value of Invested Equity for the USD MIP Shares being calculated at the spot rate at the time the relevant proceeds of the equity raise were received by the Company.

If (a) the Performance Condition is satisfied for either or both of the GBP MIP Shares or the USD MIP Shares on each of the fourth, fifth, sixth and seventh anniversaries of Admission and (b) no takeover of the Company or sale or liquidation of Conduit MIP has taken place before any of those dates, one quarter of the relevant MIP Shares (delivering 1.875 per cent. of the Growth to the relevant shares) (each a "**Tranche**") will be automatically Exchanged for such number of Shares of the Company as have an aggregate value (at the closing share price for the trading day immediately prior to the date of Exchange) equal to 1.875 per cent. of the Growth at the date of the Exchange. Whenever the Performance Condition has not been satisfied on the relevant anniversary date in respect of a Tranche, those MIP Shares which might otherwise have been Exchanged will not be Exchanged and will automatically Exchange at the next anniversary date on which the Performance Condition is satisfied.

If the Performance Condition is satisfied, any MIP Shares that have not automatically been Exchanged before that date will on the effective date of any takeover of the Company or sale or liquidation of Conduit MIP be Exchanged (delivering the remainder of the 7.5% of Growth for each of the USD MIP Shares and the GBP MIP Shares).

Performance condition

The "**Performance Condition**" is that the compound annual growth rate achieved by the Company's shareholders on the date of the relevant Exchange is equal to or greater than eight per cent. per annum. The Performance Condition is measured by reference to (i) any growth in the Company's market capitalisation, (ii) any dividends paid to Shareholders, and (iii) any other returns of value to Shareholders. The Performance Condition is calculated from Admission on the initial capital raised then (and from the date of any future equity investment in the Company on that equity) to the date of the relevant Exchange. It also takes into account the timing of any prior returns to Shareholders. The Performance Condition will be calculated separately in U.S. Dollars for the USD MIP Shares and sterling for the GBP MIP Shares.

If on the seventh anniversary of Admission, the Performance Condition is not satisfied, all MIP Shares to be Exchanged on that date will be redeemed for 1 pence (sterling) in aggregate. Similarly, on a takeover of the Company or sale or liquidation of Conduit MIP, if the Performance Condition is not satisfied, all of the MIP Shares will be redeemed for 1 pence (sterling) in aggregate.

Vesting conditions

The MIP Shares will vest on:

- (a) a takeover of the Company; or
- (b) a sale or liquidation of Conduit MIP; or
- (c) the relevant vesting period has elapsed for that Tranche of the MIP Shares.

For the Founders, 20 per cent. of their MIP shares will vest on Admission. The remainder of the Founders' MIP Shares and those for other senior managers will vest on a per diem basis in the period between Admission and the date of the relevant Tranche's automatic Exchange.

Leaver provisions

MIP Shares will be subject to customary leaver provisions and malus/clawback principles will apply such that the Company can reclaim shares (or the proceeds thereto) from a leaver in the event of certain contractual breaches or fraudulent actions by that person after their departure.

Lock-up arrangements

Shares issued on an Exchange of MIP Shares (other than Shares issued on a takeover of the Company or Shares which are required to be sold to cover any tax charge arising on such Exchange) will be subject to lock-up provisions as follows:

- one-third of the Shares will have no lock-up post-Exchange;
- one-third of the Shares will have a one year lock-up post-Exchange; and
- one-third of the Shares will have a two year lock-up post-Exchange.

Any applicable lock-up period in force at any time will expire automatically and immediately on a subsequent takeover or change of control of the Company.

Other/miscellaneous

The reason for issuing USD MIP Shares and GBP MIP Shares is to provide some hedging for participants in the Management Promote against the impact of fluctuations in the U.S. dollar-sterling exchange rate. The Company's share price and, therefore, its market capitalisation, will be reported in sterling but the majority of the business assets, liabilities and cashflows will be denominated in U.S. dollars. The USD MIP Shares will therefore be more matched to the Company's functional currency than the GBP MIP Shares. The value of the GBP MIP Shares will likely be more impacted by the U.S. dollar - sterling exchange rate (on the basis that the Company's underlying cashflows are largely U.S. dollar denominated), but will track more closely the returns of the Shares themselves on a sterling basis. It is not expected, however, that these MIP currency arrangements will have any impact on decisions taken in respect of the management of the Company's business.

As the USD MIP Shares and the GBP MIP Shares are calculated on different amounts, the Performance Condition may be satisfied for one class of share but not the other. As a hypothetical example, if neither the Performance Condition on the USD MIP Shares nor the Performance Condition on the GBP MIP Shares were satisfied until the sixth anniversary of Admission and in the sixth year the Performance Condition on the USD MIP Shares alone was satisfied, the holders of those shares would receive Shares with a value equal to 5.625 per cent. of the Growth in U.S. dollars to that date. In the following year, if both Performance Conditions were satisfied, the holders of the MIP Shares would receive Shares with a value equal to 1.875 per cent. of the Growth in U.S. dollar to that date (in addition to the amounts received at year 6) and 7.5 per cent. of the Growth in sterling. The aggregate value of the Shares received could be greater than 15 per cent. of the Growth in sterling or the Growth in U.S. dollars on the seventh anniversary.

The issue of Shares upon an Exchange will not impact the Invested Equity calculation for future Tranches. Any issue of Shares will dilute shareholders' returns.

A number of MIP Shares will be warehoused for the benefit of new joiners by issuing them to an employment benefit trust (the "**EBT**"). This will provide flexibility to include in the Management Promote certain senior employees that join after Admission. Such employees will either subscribe for MIP Shares

at fair market value or such employees may be given options over these MIP Shares held by the EBT.

Anti-dilution protections are in place such that a proportion of existing holders of MIP Shares will be required to consent to the issuance of additional MIP Shares but not, for the avoidance of doubt, the allocation of the shares held in the EBT.

9 Dividends

The Company may pay dividends on the Shares at such times (if any) and in such amounts (if any) as the Board determines appropriate and subject to the Board being satisfied that to do so will not prejudice the Group's ability to maintain at least an A.M. Best "A-" (Excellent) financial strength rating and subject to applicable law.

Conduit expects to generate significant returns for its shareholders and to provide an ongoing and progressive dividend. The Company is targeting a dividend as soon as during the 2021 financial year of approximately 5 to 6 per cent. of equity capital, allocated between an interim and final distribution.

Depending on the Group's results and general market conditions, the Group may also from time to time consider the payment of special dividends and returns of capital to Shareholders by way of share buybacks. Special dividends (if any) are likely to vary significantly in amount and timing.

All dividends and returns of capital will be subject to the future financial performance of the Group including results of operations and cash flows, the Group's financial position and capital requirements, rating agency considerations, general business conditions, legal, tax, regulatory and any contractual restrictions on the payment of dividends and any other factors the Directors and Proposed Director deem relevant in their discretion, which will be taken into account at the time.

Please refer to Part I - "Risk Factors" which lists certain risks which should be taken into account. In particular, the insurance and reinsurance industries can be highly cyclical and volatile and are subject to exposure to significant unpredictable losses. Accordingly, there can be no assurance that, in any given year, the Group will generate profits for the Company to distribute.

10 Operating platform and model

Conduit intends to make significant investment in information technology to create a highly efficient underwriting and operating platform. Conduit expects to be able to take advantage of a number of recent technological developments, such as cloud server technology, data management processes and modular software development techniques without the encumbrance of having to transfer legacy systems and data and the ongoing responsibility to manage prior underwriting years in legacy systems. Conduit is targeting a relatively low expense ratio base of less than 6 per cent. of GWP. This ratio has been benchmarked against other start-up reinsurers and the Directors and the Proposed Director believe it is deliverable.

Conduit's vision is to lead the industry in the way it utilises technology to enhance its underwriting capabilities, in particular harnessing market leading outsourced capabilities in managing and analysing its data, and to streamline its operations.

The Group intends, by the end of the first year of operations, to have in place an underwriting platform fitting the business needs. The Group has identified an underwriting platform partner and agreed on a "phase 1" launch platform. All systems are expected to meet Conduit's requirements of cloud integration and agile deployment, meaning there is expected to be little to no reliance on physical hardware, which would allow for the flexible approach essential in the current working environment.

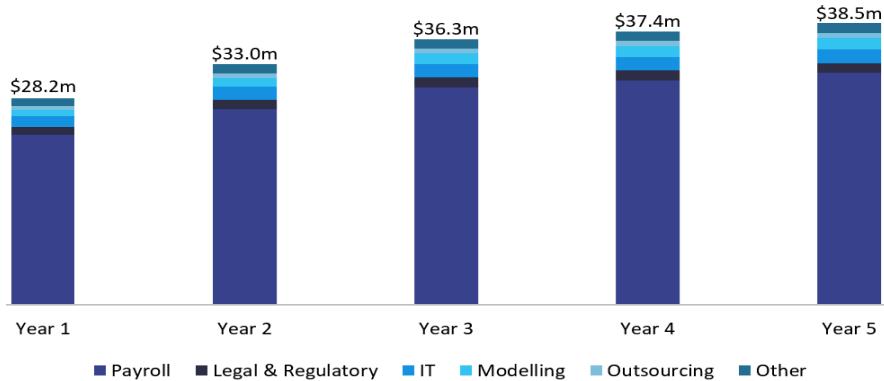
Certain accounting, actuarial, catastrophe modelling, information technology, claims settlement and operational services are expected to be outsourced when the Group commences underwriting activities. As at the date of this Registration Document, the Group has identified providers for these systems and processes and is in discussions or negotiations with each of them. By the end of the first year of operations, the Group plans to have in-sourced certain of these services that are core functions (for example, catastrophe modelling and actuarial services) in order to leverage a flexible model for the right mix of performance and technology. The Group intends to continue to review its technology systems and processes and may consider insourcing other services as the Group's business develops.

Conduit's operating platform is seeking to avoid the following operational considerations and difficulties that a typical start-up might expect to face:

- significant investment into marketing;
- property – branches / HQ / regional centres;

- large staff numbers;
- loss leading new customer offers; or
- 3-5 year "proof of concept" ramp-up costs / large sunk costs on infrastructure.

Conduit's main investment in terms of operating costs will be in its team of underwriters. The following chart shows the Group's illustrative projected operating expenses for the first five years of operations:



Note: These illustrative projections utilise hypothetical data to model the Group's reinsurance underwriting performance, which does not reflect historical results and is not intended to predict future performance of the Group. Different results are likely and such differences could be material.

Expense Ratio (% of GWP)	Year 1	Year 2	Year 3	Year 4	Year 5
Conduit	6.0%	5.3%	4.8%	4.2%	4.0%
Peer Mean ²⁸	5.2%	5.5%	5.8%	5.8%	6.4%
Peer Median ²⁹	5.7%	5.6%	5.7%	5.3%	6.6%

Notes:

These illustrative projections utilise hypothetical data to model the Group's reinsurance underwriting performance, which does not reflect historical results and is not intended to predict future performance of the Group. Different results are likely and such differences could be material.

Based on \$1.1 billion of capital.

The Founders have estimated the Group's cost base utilising a detailed build out plan, basing their assumptions on, among other things:

- market salaries and other employment related costs for the particular roles (which include operating expenses but not any costs associated with the Management Promote);
- known regulatory fees and the estimated costs of engaging legal counsel in respect of regulatory costs; and
- the Founders' past experience and, where relevant, discussions with appropriate service providers to derive other estimates such as outsourcing, IT and infrastructure costs.

By way of specific disclosure of a category of initial costs relating to Admission, the Company has made a series of preparations for Admission and in advance of commencing trading post Admission. Certain costs will be incurred in respect of these preparations and Neil Eckert, Trevor Carvey and certain other parties have agreed to meet these costs in the event that Admission does not proceed.

11 Investment strategy

Conduit intends to build its reputation on the basis of underwriting excellence and discipline. It therefore intends to take a conservative approach to risk on the asset side of the balance sheet. Conduit will enter into investment management agreements with one or more specialist fund managers and may

²⁸ Mean and Median of selected peers includes the following: Allied World Assurance*, Arch Capital Group*, Axis Capital Holdings*, Endurance Speciality Holdings*, Harbor Point Re, Montpelier Re, Third Point Re and Validus Re*. Figures for entities marked * are from the reinsurance segment, with the share of central costs added based on share of GWP if not already included.

²⁹ Source: OECD Long-term interest rates forecast.

appoint an investment adviser to assist in the selection of portfolio managers to manage its asset portfolio ("Investment Portfolio").

Conduit will seek to maintain an Investment Portfolio with a high credit profile in order to protect its solvency capital base to focus purely on underwriting activities. Conduit will seek to match the duration of its asset portfolio with the duration of its claims payouts to maximise investment returns within this framework. Conduit intends to balance the Investment Portfolio between dollar and non-dollar denominated funds to reflect the currencies in which Conduit does business and thereby minimise currency risk across assets and liabilities on the balance sheet. Conduit intends to focus on liquidity and low risk positions and to adopt a conservative approach to investments with a focus on investment grade corporate and sovereign bonds with fixed income returns and credit ratings of A and above prioritised. The Company's investment portfolio is intended to provide liquidity and stability to the balance sheet to support the core underwriting business. The Investment Portfolio is not expected to be a key driver of returns to the business.

The Group's focus on underwriting rather than investment returns should be matched well to the economic environment as there is forecast³⁰ to be a low interest rate environment for the foreseeable future. Casualty reinsurance is "long tail" in nature (i.e. the time between writing the policy and the eventual payment of the claim), and insurers and reinsurers typically price such business on the basis of receiving the premium and making a return on the premium and reserve funds over this tail period. In a higher investment return environment this means that they can write to a higher loss ratio (lower premium pricing) and still make profits. Conversely, in a low investment income environment, as is currently the case, a reinsurer typically needs to increase premium (pricing) to achieve the same levels of profitability. This tends to result in increased prices and fits well with the Group's approach to maximising returns from underwriting over investment.

The Group's finance and investment committee will establish investment guidelines and supervise investment activity. The investment committee will regularly monitor the overall investment results, review compliance with its investment objectives and guidelines, and ultimately report the overall investment results to the Board. These guidelines will specify minimum criteria on the overall credit quality and liquidity characteristics of the portfolio. They will include limitations on the size of certain holdings as well as restrictions on purchasing certain types of securities or investing in certain industries.

The Investment Guidelines will consider environmental, social and governance ("ESG") factors in the selection of investments in order to ensure that each investment has a beneficial track record in assessing their impact on ESG factors. Conduit believes that ESG factors will be important in reducing investment risk, especially those risks that are not adequately priced into the market value of affected securities. Conduit also believes that returns over the long term will be similar or better than those investments that are not aware of ESG factors or fail to manage their ESG risks.

12 Risk Management

Conduit will establish a group-wide Enterprise Risk Management Framework which will identify, monitor and report on all risks in the business. The Risk team will be managed by the Group Chief Risk Officer ("CRO"). The Risk team will report to the Conduit Reinsurance Executive Management Committee on a monthly basis and to the Conduit Reinsurance board Risk and Compliance Committee on a quarterly basis.

Conduit Reinsurance board committees

Conduit Reinsurance also intends to establish three board committees which will be responsible for overseeing and managing operational risk within the Group's business. A description of each of these committees, and their core role, is set out below. For information on the other committees proposed to be established by the Company, see Part VI - "Directors, Senior Management and Corporate Governance" of this Registration Document.

Risk and compliance

Conduit Reinsurance will establish a board Risk and Compliance Committee which will meet quarterly. The Risk and Compliance Committee will oversee the risk management policies and will work with the Conduit Reinsurance Executive Management Committee to manage and identify strategic risks and compliance changes or challenges that may impact the Group's business.

Underwriting controls

Conduit Reinsurance will establish a board Underwriting and Claims Committee which will establish strict

³⁰ Source: OECD Long-term interest rates forecast.

underwriting guidelines, authorities and limits by class and by underwriting team. These will be set out in the Conduit Reinsurance underwriting guidelines and will also be built into the Conduit underwriting platform to ensure compliance.

Any risks that fall outside of individual authorities will require the approval of team leaders, and any risks that fall outside of a team leader's authorities will require the approval of the Chief Underwriting Officer or the Chief Executive Officer.

The Underwriting and Claims Committee will meet quarterly to review these guidelines and authorities and compliance therewith as well as to reallocate Conduit's underwriting capacity based on market developments.

The underwriting teams will monitor aggregate exposures and Probable Maximum Losses by class and by territory which will be reported to the Chief Underwriting Officer on a regular basis and to the Underwriting and Claims Committee and the Risk and Compliance Committee on a quarterly basis.

The Underwriting and Claims Committee and Risk and Compliance Committee will also work together to determine and oversee Conduit's overall risk appetite through its reinsurance programmes.

Financial strength

Conduit Reinsurance will establish a board Finance & Investments Committee which will meet quarterly.

The Finance & Investments Committee will be responsible for ensuring that Conduit Reinsurance maintains a strong balance sheet in order to maintain its targeted A.M. Best financial strength rating of "A-" (Excellent).

The Finance & Investments Committee will be also be responsible for ensuring that Conduit is managing its investments within the Investment Guidelines established by the Board.

Conduit Reinsurance management committees

In addition to the board committees noted above, Conduit Reinsurance also intends to establish a number of operational management committees which will report to the Conduit Reinsurance board via an Executive Management Committee in relation to their respective area of responsibilities. A description of each of these committees, and their core role, is set out below.

Executive management committee

Conduit Reinsurance will establish an Executive Management Committee, to be chaired by the Group Chief Executive Officer. The Executive Management Committee will be responsible for executing the Conduit business plan approved by the Board and the board of Conduit Reinsurance. The Executive Management Committee will meet monthly and report to the Conduit Reinsurance board on a quarterly basis.

Reserving and claims

Conduit Reinsurance will establish a management Reserving Committee, to be chaired by the Group CFO, which will meet on a monthly basis and will oversee Conduit Reinsurance's reserving methodology and review reserves by class of business and report on its findings to the Executive Management Committee.

Reserves will be established independently of the underwriting teams and overseen by the Chief Actuary in conjunction with the Claims Manager.

Conduit Reinsurance will adopt a conservative and prudent approach to reserving, and all reserves will be managed on a gross basis and will be reviewed annually by Conduit Reinsurance's independent third-party loss reserve specialist. It is intended that a representative of Willis Towers Watson, Hamilton Bermuda, will be appointed to this role as soon as possible upon Admission.

Underwriting review

Conduit Reinsurance will establish a management Underwriting Review Committee, to be chaired by the Group Chief Underwriting Officer, which will meet to review the application of underwriting guidelines established by the Conduit Reinsurance board Underwriting and Claims Committee and report on its findings to the Executive Management Committee.

The Underwriting Review Committee will meet regularly to share key performance indicators and market intelligence and will prepare a quarterly review of all underwriting activities for Conduit Reinsurance's

Executive Management Committee on a quarterly basis.

Finance, technology and operations

Conduit Reinsurance will establish a management Finance, Technology & Operations Committee, to be chaired by the Group Deputy Chief Executive Officers, which will be responsible for overseeing the Group's operations and use of technology and will report to the Executive Management Committee. The Finance, Technology & Operations Committee will have responsibility for management of the implementation of the Group's outsourcing and insourcing of key operational functions as outlined in section 10 of this Part V - "Information on the Group".

Operational risk and compliance

Conduit Reinsurance will establish a management Risk & Compliance Committee, to be chaired by the Group Deputy Chief Executive Officer. This management Risk & Compliance Committee will be responsible for overseeing the Group's compliance with applicable laws and regulations and will report to the Executive Management Committee.

13 REGULATORY OVERVIEW

Bermuda Insurance Regulation

The Bermuda Insurance Act provides that no person shall carry on insurance business in or from within Bermuda, unless registered by the BMA. The Insurance Act does not distinguish between insurers and reinsurers: companies are registered (licensed) under the Insurance Act as "insurers" (although in certain circumstances a condition to registration may be imposed to the effect the company may carry on only reinsurance business). The Insurance Act uses the defined term "insurance business" to include reinsurance business.

Conduit Reinsurance has received a conditional approval from, and is expected to be licensed as a Class 4 insurer in Bermuda by, the BMA. Issue of the licence by the BMA is conditional upon, *inter alia*, completion of the BMA's registration process and Conduit Reinsurance's capitalisation by the Company to meet the BMA's minimum capital requirement of \$120,000 (which the Group expects to meet ahead of Admission by an investment of such funds by the Founders to the Company which will in turn capitalise Conduit Reinsurance by paying up shares in Conduit Reinsurance).

A body corporate is registerable as a Class 4 insurer where (i) it has at the time of its application for registration, or will have before it carries on insurance business, a total statutory capital and surplus of not less than U.S. \$100 million; and (ii) it intends to carry on general insurance and/or reinsurance business, including excess liability business or property catastrophe reinsurance business.

The Insurance Act also grants to the BMA powers to supervise, investigate and intervene in the affairs of insurance companies. The BMA may, among other things, direct an insurer not to take on any new insurance business.

A Class 4 insurer, is required to maintain a head and a principal office in Bermuda and to appoint and maintain a principal representative in Bermuda responsible for notifying the BMA of certain key events. The principal office of Conduit Reinsurance will be located at 3rd Floor, Power House, 7 Par-La-Ville Road, Hamilton, Bermuda. Conduit Reinsurance's principal representative will be Mark Heintzman, the Chief Financial Officer of Conduit Reinsurance.

The Insurance Act prescribes rules for the preparation and substance of statutory financial statements on a quarterly and annual basis along with other regulatory filings including loss reserve reports and solvency and capital returns. The statutory financial statements include detailed information and analysis regarding premiums, claims, reinsurance and investments of the insurer or reinsurer.

The Insurance Act imposes solvency and liquidity standards on Bermuda insurance companies, as well as auditing and reporting requirements.

The Insurance Act provides that the value of the statutory assets of an insurer must exceed the value of its statutory liabilities by an amount greater than its prescribed minimum solvency margin, or "MSM" (which is the greater of (i) \$100 million or (ii) 50 per cent. of net premiums written (with a credit for reinsurance ceded not exceeding 25 per cent. of gross premiums) or (iii) 15 per cent. of net loss and loss expense provisions and other insurance reserves or (iv) 25 per cent. of the enhanced capital requirement, or "ECR" which is established by reference to either the Bermuda Solvency and Capital Requirement or an approved internal capital model. The BMA has also established a target capital level, or "TCL", for each Class 4 insurer equal

to 120 per cent. of its ECR. The TCL serves as an early warning tool for the BMA and failure to maintain statutory capital at least equal to the TCL will likely result in increased regulatory oversight.

The Insurance Act provides a minimum liquidity ratio for general business insurers. A Class 4 insurer engaged in general business is required to maintain the value of its relevant assets at not less than 75 per cent. of the amount of its relevant liabilities.

A Class 4 insurer is prohibited from declaring or paying a dividend if it is in breach of its MSM, ECR or minimum liquidity ratio or if the declaration or payment of such dividend would cause such a breach.

Conduit Reinsurance, at least initially, does not plan on obtaining an insurance licence in any jurisdiction other than Bermuda. Many jurisdictions do not permit insurance companies to take credit for reinsurance obtained from reinsurers that are not licensed or admitted in that jurisdiction on that group's statutory financial statements, unless appropriate security measures are in place. Accordingly, the Group expects to seek one or more letter of credit facilities to satisfy these requirements.

The BMA maintains supervision over the controllers of all registered insurers in Bermuda.

A controller includes (i) the managing director of the registered insurer or its parent company; (ii) the chief executive of the registered insurer or of its parent company; (iii) a shareholder controller; and (iv) any person in accordance with whose directions or instructions the directors of the registered insurer or of its parent company are accustomed to act.

The definition of shareholder controller is set out in the Insurance Act but generally refers to (i) a person who holds 10% or more of the shares carrying rights to vote at a shareholders' meeting of the registered insurer or its parent company, or (ii) a person who is entitled to exercise 10% or more of the voting power at any shareholders' meeting of such registered insurer or its parent company, or (iii) a person who is able to exercise significant influence over the management of the registered insurer or its parent company by virtue of its shareholding or its entitlement to exercise, or control the exercise of, the voting power at any shareholders' meeting.

A shareholder controller that owns 10% or more but less than 20% of the shares as described above is defined as a 10% shareholder controller; a shareholder controller that owns 20% or more but less than 33% of the shares as described above is defined as a 20% shareholder controller; a shareholder controller that owns 33% or more but less than 50% of the shares as described above is defined as a 33% shareholder controller; and a shareholder controller that owns 50% or more of the shares as described above is defined as a 50% shareholder controller.

Where the shares of the registered insurer, or the shares of its parent company, are traded on a recognised stock exchange, and a person becomes a 10%, 20%, 33% or 50% shareholder controller of the insurer, that person shall, within 45 days, notify the BMA in writing that he has become such a controller. In addition, a person who is a shareholder controller of a Class 4 insurer whose shares or the shares of its parent company (if any) are traded on a recognised stock exchange must serve on the BMA a notice in writing that he has reduced or disposed of his holding in the insurer where the proportion of voting rights in the insurer held by him will have reached or has fallen below 10%, 20%, 33% or 50% as the case may be, not later than 45 days after such disposal.

Where the shares of an insurer, or the shares of its parent company, are not traded on a recognised stock exchange (i.e. private companies), the Insurance Act prohibits a person from becoming a shareholder controller unless he has first served on the BMA notice in writing stating that he intends to become such a controller and the BMA has either, before the end of 45 days following the date of notification, provided notice to the proposed controller that it does not object to his becoming such a controller or the full 45 days has elapsed without the BMA filing an objection. Where neither the shares of the insurer nor the shares of its parent company (if any) are traded on any stock exchange, the Insurance Act prohibits a person who is a shareholder controller of a Class 4 insurer from reducing or disposing of his holdings where the proportion of voting rights held by the shareholder controller in the insurer will reach or fall below 10%, 20%, 33% or 50%, as the case may be, unless that shareholder controller has served on the BMA a notice in writing stating that he intends to reduce or dispose of such holding.

Any person who contravenes the Insurance Act by failing to give notice or knowingly becoming a controller of any description before the required 45 days has elapsed is guilty of an offence and liable to a fine of \$25,000 on summary conviction.

The BMA may file a notice of objection to any person who has become a controller of any description where it appears that such person is not, or is no longer, a fit and proper person to be a controller of the registered insurer. Before issuing a notice of objection, the BMA is required to serve upon the person concerned a

preliminary written notice stating the BMA's intention to issue a formal notice of objection. Upon receipt of the preliminary written notice, the person served may, within 28 days, file written representations with the BMA which shall be taken into account by the BMA in making its final determination. Any person who continues to be a controller of any description after having received a notice of objection shall be guilty of an offence and shall be liable on summary conviction to a fine of \$25,000 (and a continuing fine of \$500 per day for each day that the offence is continuing) or, if convicted on indictment, to a fine of \$100,000 and/or 2 years in prison.

UK Insurance Regulation applicable to the Group

The Group intends to support its access to the UK market by way of basic promotional marketing activities within the terms of the Appointed Representative Arrangement. However, all of the Group's underwriting, claims and other reinsurance-related activities will take place in Bermuda and therefore will not be subject to UK regulation. Strict operating guidelines will be in place and enforced to prevent staff from crossing the border into regulated activities in the UK.

PART VI - DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1 DIRECTORS

The Directors and their principal positions within the Company, together with a brief description of their business experience and principal business activities outside of the Company, are set out below. The business address of each of the Directors (in such capacity) is Conduit Holdings Limited, 3rd Floor, Power House, 7 Par-La-Ville Road, Hamilton, Bermuda.

Neil Eckert – Director and proposed Executive Chairman

Neil Eckert became a reinsurance broker in 1980, joining Benfield Lovick & Rees & Co in 1986. He was a board member from 1991 until his resignation in 2000.

Neil founded Brit Insurance Limited in 1995 and remained its CEO until 2005, following which he served as a non-executive director of the company until 2008.

Neil was the co-founder and CEO of Climate Exchange PLC until its sale to Intercontinental Exchange in 2010 for approximately £400 million. Following the sale of Climate Exchange, Neil founded Aggregated Micropower which was sold in January 2020.

Neil is currently Chairman of Incubex and is also on the board of Ebix, a \$600 million Nasdaq listed company and the world's leading provider of electronic exchange services to the insurance industry. It has been one of the fastest growing companies in the United States over the last decade.

Mark Heintzman – Director and proposed Chief Financial Officer

Mark Heintzman is a CPA/CFA/ARe qualified accountant with 30 years' experience in the insurance and reinsurance industry, most recently as CFO for Ironshore Insurance Limited, a Bermuda Class 4 licensed company.

Mark has extensive experience in Treasury, Financial Controller and CFO roles in the industry, for businesses across a wide range of different underwriting classes and territories, including start up experience.

Mark will be based in Bermuda and will take responsibility for managing all financial aspects of the Group's business activities including its outsource partner relationships, all aspects of the Group's internal and external financial reporting (including A.M. Best) and the execution and oversight of the Group's Investment Management strategy.

Charles Collis – Director

Charles Collis is a Director in the Corporate department in the Bermuda office of Conyers Dill & Pearman and is Head of the Bermuda Insurance Practice. Charles is a director for the purposes of the incorporation of the Company which occurred on 6 October 2020 and for the purposes of this Registration Document only and will not have an ongoing role on the Board.

2 PROPOSED DIRECTOR

Trevor Carvey – Proposed Director and Group Chief Executive Officer

Trevor Carvey has a track record of profitable build outs in the reinsurance industry. He led the consolidation and subsequent profitable turnaround of the GE Frankona Marine & Energy Global portfolio.

In 2002 he was recruited as a founding underwriter and leader at Arch Re Bermuda which was the poster child of the class of 2002 start-ups and where he was key in the development of the Reinsurance business.

In 2007 Trevor joined Harbor Point Re in the UK to lead the build out of the reinsurance operation over a 5-year period. Subsequently he held the role of CUO Europe in Alterra Re business. Trevor was part of the team responsible for the successful integration of the Alterra Global Re unit into Markel.

Trevor was approached by Hamilton in 2015, to assist in building out a new treaty reinsurance strategy in the UK and subsequently took on the overall role for leading the Lloyd's approval of the syndicate business plan as active underwriter.

3 NON-EXECUTIVE DIRECTORS

Prior to the publication of any prospectus in connection with Admission, the Company will appoint a

number of non-executive directors to the board to ensure that the board has a majority of independent directors. Details of the appointment of such non-executive directors will be disclosed in any prospectus which may be published in connection with Admission.

4 SENIOR MANAGEMENT

The Company's current senior management team, in addition to the Directors, is as follows. The business address of each of the Senior Management (in such capacity) is Conduit Holdings Limited, 3rd Floor, Power House, 7 Par-La-Ville Road, Hamilton, Bermuda.

Stuart Quinlan – Deputy CEO and Group COO

An experienced insurance and reinsurance leader, Stuart has a track record for developing and building successful, enduring and profitable businesses. With a solid background in running all aspects of the business, Stuart has particular expertise in delivering effective IT strategies, recruitment and retention of top talent and monitoring and controlling the business. He has experience of dealing with regulators, rating agencies and investment stakeholders.

Stuart started his 30-year career underwriting casualty lines specialising in financial lines. At Royal & SunAlliance he was responsible for their UK financial lines book when he left in 2004 to join Novae as Underwriting Director.

From 2007 to 2012 at Zurich Insurance, he was head of Financial Lines and then CUO Professional Lines across Europe. He was then Head of Specialty and Deputy Active Underwriter at Barbican Insurance (Syndicate 1955). He joined Hamilton Insurance in 2015 to establish a new Lloyd's business with Trevor Carvey.

Stuart will take on the role of Deputy CEO for Conduit Reinsurance, working with Trevor on all aspects of the business and will take direct responsibility for operations.

Tristan McDonald - London Head and Group Strategic Development

Tristan has a 20-year background of working in the financial markets, primarily in the reinsurance industry, as a corporate finance adviser. He has had a particular focus on start-ups and has advised on and helped to build a wide range of start-up insurance and reinsurance businesses, including Montpelier Re in 2001/2 and Lancashire Insurance in 2005/6.

Tristan started his career working for the UBS Investment Banking Financial Institutions team where he worked on a number of post R&R Lloyd's insurance vehicles. He joined Benfield Advisory, Benfield's corporate finance division, in 1997 and then ran this business from 2000 until 2011.

He has been involved in all aspects of building start up reinsurers, from raising capital, arranging and managing licences in multiple jurisdictions, arranging and managing Financial Strength ratings, building operating infrastructure and business development.

Tristan will initially work closely with Stuart building the operations of Conduit Reinsurance and oversee the Group's London office and provide advice and guidance on the strategic development of the Group.

Greg Lunn – General Counsel and Company Secretary

Greg Lunn is a highly experienced lawyer who has held a number of senior in-house legal positions in the global insurance and reinsurance industry over the last 25 years.

His most recent role in the industry was as Group Legal Counsel for Lancashire Holdings Limited, a Bermuda based London listed insurance/reinsurance group, where he was also initially responsible for establishing Lancashire's internal audit function. Prior to this role, he spent 10 years in senior management roles in the legal team at a major global insurance and reinsurance group.

Greg will be based in Bermuda and will be responsible for all legal aspects of the Group's business activities, including all contracts, regulatory matters and any legal actions or disputes, including claims, company secretarial responsibilities, data protection and regulatory compliance.

5 CORPORATE GOVERNANCE

The Board is committed to the highest standards of corporate governance. As a company with a Standard Listing, the Company will not be required to comply, or otherwise explain non-compliance, with the requirements of the UK Corporate Governance Code. Following Admission, however, the Company intends to voluntarily comply with aspects of the UK Corporate Governance Code and to report on its

compliance or non-compliance with the UK Corporate Governance Code as if it were required to under the Listing Rules.

5.1 The Board

The Board is responsible for leading and controlling the Company and has overall authority for the management and conduct of its business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of the Company.

5.2 Board committees

The Board will before publication of any prospectus released by the Company in connection with Admission establish an audit committee, a remuneration committee and a nomination and corporate governance committee. If the need should arise, the Board may set up additional committees as appropriate. The board of Conduit Reinsurance has also established a number of committees, as set out at section 12 of Part V - "Information on the Group" of this Registration Document.

Part VII - HISTORICAL FINANCIAL INFORMATION RELATING TO THE COMPANY

SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION ON THE COMPANY



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
Conduit Holdings Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

5 November 2020

Dear Sir or Madam

Conduit Holdings Limited (the “Company”)

Introduction

We report on the financial information set out in Section B of Part VII of the registration document dated 5 November 2020 of the Company (the “Registration Document”).

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Registration Document, a true and fair view of the state of affairs of the Company as at 6 October 2020 in accordance with International Financial Reporting Standards as adopted by the European Union.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under item 1.2 of Annex 1 of the Prospectus Delegated Regulation to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 of the Prospectus Delegated Regulation, consenting to its inclusion in the Registration Document.

Basis of preparation

This financial information has been prepared for inclusion in the Registration Document on the basis of the accounting policies set out in note 2 to the financial information. This report is required by item 18.3.1 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council (the “Prospectus Delegated Regulation”) and is given for the purpose of complying with that item and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company in accordance with the Financial Reporting Council’s Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions relating to going concern

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Company to continue as a going concern for a period of at least twelve months from the date of the Registration Document. Accordingly the use by the directors of the Company of the going concern basis of accounting in the preparation of the financial information is appropriate.

Declaration

We are responsible for this report as part of the Registration Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Registration Document in compliance with item 1.2 of Annex 1 of the Prospectus Delegated Regulation.

Yours faithfully

BDO LLP

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

SECTION B: HISTORICAL FINANCIAL INFORMATION ON THE COMPANY

Statement of financial position

As at 6 October 2020

	U.S. dollars
ASSETS	
Total assets	-
EQUITY AND LIABILITIES	
<i>Equity</i>	
Called up share capital	-
Total equity and liabilities	-

No statement of comprehensive income, statement of cash flows or statement of changes in equity is presented as the Company did not enter into any transactions on the date of its incorporation.

Notes to the Historical Financial Information

1 General information

Conduit Holdings Limited (the “Company”) is a newly incorporated company which is domiciled in Bermuda. The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

2 Basis of preparation and accounting policies

2.1 Basis of preparation

The Company was incorporated on 6 October 2020. The Company was formed as the holding company of newly incorporated commercial entities and does not have any current operations or principal activities, no audited financial statements have been prepared, no payments have been made to Directors and no dividends have been declared or paid since the date of incorporation.

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards and its interpretations as issued by the International Accounting Standards Board as adopted by the European Union (“IFRS”).

The Historical Financial Information is presented in U.S. dollars, which is the Company’s functional and presentation currency, and has been prepared under the historical cost convention.

This Historical Financial Information represents the first set of financial statements under IFRS for the Company prepared as at the date of incorporation which is the beginning of the first period presented.

The Company had no operations and therefore no segmental information is presented and that the basic and diluted EPS is nil.

The Company’s accounts and annual report will be drawn up in accordance with IFRS and the Company will adopt further accounting policies under IFRS as applicable as trading operations commence.

2.2 Going concern

This historical financial information relating to the Company has been prepared on a going concern basis, which assumes that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future. The use of the going concern basis relies on the receipt of the net proceeds from the offer of shares in the Company.

3 Post balance sheet events

Conduit Reinsurance Limited was incorporated on 6 October 2020 and organised on 7 October 2020 in Bermuda. The first share in Conduit Reinsurance Limited was issued to the Company on 7 October 2020.

On 7 October 2020, one share in Conduit Holdings Limited of a nominal value of \$0.01 was issued to Neil Eckert.

PART VIII - ADDITIONAL INFORMATION

1 RESPONSIBILITY STATEMENT

The Company, each of the Directors and the Proposed Director, whose names appear in the section of this Registration Document headed Part III - "Directors, Proposed Director, Secretary, Registered and Head Office and Advisers", accept responsibility for the information contained in this Registration Document. To the best of the knowledge of the Company, the Directors and the Proposed Director, the information contained in this Registration Document is in accordance with the facts and this Registration Document makes no omission likely to affect the import of such information.

2 THE COMPANY

The Company was incorporated and registered in Bermuda on 6 October 2020 under the Bermuda Companies Act with registration number 55936 as an exempted company limited by shares with the name Conduit Holdings Limited. The principal legislation under which the Company operates and under which the Shares will be issued is the Bermuda Companies Act. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The telephone number of the Company is +1 441 276 1000. The Company's website is <https://conduitreinsurance.com>. The contents of this website do not form part of this Registration Document.

The Company's accounting reference date is 31 December. The Company's auditors are KPMG Audit Limited of Crown House, 4 Par-la-Ville Road, Hamilton, Bermuda. KPMG Audit Limited are registered to carry out audit work by the Bermuda Public Accountability Board and the Financial Reporting Council. The Company's first audited accounts will cover the full year period to 31 December 2021.

3 SHARE AND LOAN CAPITAL HISTORY

Issued share capital of the Company

The issued share capital of the Company as at the date of this Registration Document is as follows:

<u>Share Issued and fully paid</u>		
<i>Nominal Value</i>		<i>Number</i>
\$0.01		1

History of the share capital

<i>Date of Issue</i>	<i>Number of Shares</i>	<i>Issued</i>	<i>Price (\$)</i>	<i>Nature of issue</i>
7 October 2020	1		\$0.01	Initial Subscription

4 MEMORANDUM OF ASSOCIATION AND BYE-LAWS OF THE COMPANY

4.1 The following description of certain provisions of the Company's memorandum of association and Bye-laws does not purport to be complete and is subject to, and qualified by reference to, all of the provisions of the memorandum of association and Bye-laws.

Restrictions on objects

4.2 The memorandum of association and Bye-laws contain no restrictions on the Company's principal objects or type of business that may be carried out by the Company.

Share Capital

4.3 The Company's authorised share capital consists of 10,000,000,000 Shares, par value \$0.01 per Share. Pursuant to the Bye-laws, subject to the requirements of the London Stock Exchange, the Board is authorised to issue any of the Company's authorised but unissued Shares.

Shares

4.4 Save as set out in section 4.5 of this Part VIII - "Additional Information" below, Shareholders are entitled to one vote per share on all matters submitted to a vote of Shareholders. Subject to preferences that may be applicable to any issued and outstanding preferences shares, Shareholders are entitled such dividends, if any, as may be declared from time to time by the Board out of funds legally available for the dividend payments. The Board is authorised to determine Shareholders' redemption, sinking fund, conversion, exchange, pre-emption and other subscription rights when creating and issuing Shares. In the event of the Company's liquidation, dissolution or winding up, the Shareholders are entitled to share equally and rateably in the Company's assets, if any, remaining after the payment of all debts and liabilities, subject to any liquidation preference on any outstanding preference shares.

Voting rights

4.5 In general, and except as provided below, Shareholders have one vote for each Share held by them and are entitled to vote at all meetings of Shareholders. However, if, and so long as, the Shares of a Shareholder in the Company are treated as "controlled shares" (as determined pursuant to section 958 of the Internal Revenue Code of 1986, as amended, of the United States of America ("the **Code**")) and Treasury Regulations promulgated thereunder and under section 957 of the Code) of any United States person (as defined in the Code) and such controlled shares constitute 9.5 per cent. or more of the votes conferred by the issued shares of the Company, the voting rights with respect to the controlled shares owned by such United States person (a "**9.5 per cent. US Shareholder**") shall be limited, in the aggregate, to a voting power of less than 9.5 per cent., under a formula specified in the Bye-laws. The formula is applied repeatedly until the voting power of all 9.5 per cent. US Shareholders has been reduced to less than 9.5 per cent. In addition, the Board may limit a Shareholder's voting rights when it deems it appropriate to do so to (i) avoid the existence of any 9.5 per cent. US Shareholder; and (ii) avoid certain adverse tax, legal or regulatory consequences to the Company or any of its subsidiaries or any Shareholder or its affiliates. "Controlled shares" includes, among other things, all shares of the Company that such US Person is deemed to own directly, indirectly or constructively (within the meaning of section 958 of the Code and Treasury Regulations promulgated thereunder and under section 957 of the Code). The amount of any reduction of votes that occurs by operation of the above limitations will generally be reallocated proportionately among all other Shareholders of the Company whose shares were not "controlled shares" of the 9.5 per cent. US Shareholder so long as such reallocation does not cause any person to become a 9.5 per cent. US Shareholder. Under these provisions, certain Shareholders may have their voting rights limited, while other Shareholders may have voting rights in excess of one vote per Share. Moreover, these provisions could have the effect of reducing the votes of certain Shareholders who would not otherwise be subject to the 9.5 per cent. limitation by virtue of their direct share ownership. No Shareholder will be in breach of, or have any sanctions imposed on them under, Bye-law 87 as a result of any adjustment in voting power.

4.6 The Company can require any Shareholder to provide such information as the Board may reasonably request for the purpose of determining whether a Shareholder's voting rights are to be adjusted. If any Shareholder fails to respond to this request or submits incomplete or inaccurate information in response to such request, the Board may, in its sole discretion, determine that the Shareholder's shares shall carry no voting rights until otherwise determined by the Board.

Preference Shares

4.7 The Board is authorised to provide for the issuance of one or more series of preference shares having such number of shares, designations, dividend rates, voting rights, conversion or exchange rights, redemption rights, liquidation rights and other powers, preferences and rights as may be determined by the Board without any further Shareholder approval. Preference shares, if issued, would have priority over the Shares with respect to dividends and other distributions, including the distribution of the Company's assets upon liquidation.

Variation of rights attaching to shares

4.8 The Bye-laws provide that the rights attaching to any class of shares in the Company may be varied by approval of the Board and holders owning a majority of the issued shares of that class at a separate general meeting of the holders of that class of share.

Transfers of Shares

4.9 Transfers of shares may be effected by an instrument of transfer in writing in the form

contemplated by section 11.1 of the Bye-laws, or as near thereto as the circumstances admit, or in such other form as the Board may accept. An instrument of transfer shall be signed by or on behalf of the transferor and (where any share is not fully paid) the transferee. The Directors may, in their absolute discretion and without assigning any reason therefore, decline to register any transfer of any share which is not a fully-paid share. Shares may be transferred without a written instrument if transferred by an appointed agent or otherwise in accordance with the Bermuda Companies Act. Subject to applicable laws and regulations, the Board may implement and/or approve such arrangements as they think fit in relation to the evidencing of title to and transfer of shares in the Company in the form of depositary interests or similar interests. To the extent such arrangements are implemented, no provision of the Bye-laws will apply or have effect to the extent such provision is inconsistent with such arrangements.

The Bye-laws do not contain any restrictions other than those described above on the transferability of fully paid shares provided that the Company has no lien over such shares, is duly stamped (if so required) and the Directors are satisfied that all applicable approvals under Bermuda law required to be obtained prior to such transfer has been obtained.

Board of directors

4.10 The Bye-laws provide that the Board determines the size of the Board, provided that it shall be at least two and no more than 15 individuals.

Election and removal of Directors

4.11 The election of the Directors will be determined by a majority of the votes cast at the general meeting of Shareholders at which the relevant Directors are to be elected (unless the election would result in more than 15 Directors, in which case the Directors receiving the most votes shall be deemed elected). The Bye-laws require advance notice for Shareholders to nominate a director or present proposals for shareholder action at an annual general meeting of the Shareholders.

4.12 Under the Bye-laws, a Director may be removed only for cause by the affirmative vote of a majority of the issued shares entitled to vote. Any vacancy created by the removal of a Director at a special general meeting may be filled at that meeting by the election of another Director in his or her place or, in the absence of any such election, by the Board. Any other vacancy, including newly created directorships, may be filled by the Board.

Proceedings of the Board

4.13 The Bye-laws provide that the Company's business shall be managed by or under the direction of the Board. The Board may act by the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present. Two of the Directors then in office shall constitute a quorum. The Board may also act by unanimous written consent.

Interested Directors

4.14 Under Bermuda law and the Bye-laws, as long as a Director discloses a direct or indirect interest in any contract or arrangement with the Company as required by law, such Director is entitled to vote in respect of any such contract or arrangement in which he or she is interested, unless disqualified from doing so by the chairman of the meeting, and such a contract or arrangement will not be voidable solely as a result of the interested Director's participation in its approval.

Director remuneration

4.15 The amount of Director remuneration (excluding any remuneration under or in connection with an executive service contract) shall be determined by the Board, provided that the aggregate amount of Director remuneration shall not exceed the amount per annum, which is set out in the Director remuneration policy adopted by the Board and approved by Shareholders (provided that, from the date of the adoption of the Bye-laws until such policy is approved by Shareholders, aggregate Director remuneration payable by way of fee shall not exceed \$1.3 million per annum.).

Indemnification of Directors and officers

4.16 The Bye-laws provide that the Company shall indemnify its officers and Directors in respect of their actions and omissions, except in respect of their fraud or dishonesty, and that the Company shall advance funds to its officers and Directors for expenses incurred in their defence upon receipt of an undertaking to repay the funds if any allegation of fraud or dishonesty is proved. The Bye-laws provide that the Company and the Shareholders waive all claims or rights of action that

they might have, individually or in right of the company, against any of the Directors or officers for any act or failure to act in the performance of such Director's or officer's duties, except in respect of any fraud or dishonesty.

Meetings of Shareholders

- 4.17 Under the Bye-laws, a special general meeting of Shareholders may be called by the Board or the chairman and must be called upon the request of the Shareholders holding not less than 10% of the paid-up capital of the Company carrying the right to vote at general meetings of the Shareholders.
- 4.18 At any general meeting of the Shareholders two or more persons (being Shareholders or proxy holders) present in person at the start of and throughout the meeting shall constitute a quorum for the transaction of business. Unless otherwise required by law or the Bye-laws, shareholder action requires the affirmative vote of the majority of the votes cast at a meeting at which a quorum is present.

Amendment of Memorandum of Association and Bye-laws

- 4.19 The Bye-laws provide that the Bye-laws may not be rescinded, altered or amended except with the approval of the Board and Shareholders holding a majority of the issued shares entitled to vote. Certain Bye-laws (relating to the appointment and removal of Directors and disclosures of interests in the Company) may also only be amended if approved by 66% of the Board and by Shareholders holding not less than 66% of the issued shares entitled to vote.

Dividends and repurchase of shares

- 4.20 Pursuant to the Bye-laws, the Board has the authority to declare dividends and authorise the repurchase of shares subject to applicable law. Under Bermuda law, a company may not declare or pay a dividend if there are reasonable grounds for believing that the company is, or would after the payment be, unable to pay its liabilities as they become due or the realisable value of its assets would thereby be less than its liabilities. Under Bermuda law, a company cannot purchase its own shares if there are reasonable grounds for believing that the company is, or after the repurchase would be, unable to pay its liabilities as they become due.

Takeovers and compulsory acquisition rules relating to the Shares

- 4.21 A Bermuda company may engage in a business combination pursuant to a tender offer, scheme of arrangement, amalgamation, merger or sale of assets. The Company is subject to Bermuda law and the Takeover Code does not apply. Any party intending to acquire all or a substantial part of the issued share capital of the Company will not be obliged to comply with the provisions of the Takeover Code as to announcements, equality of treatment for shareholders as to the value and type of consideration offered, and will not be subjected to the scrutiny and sanctions of the Panel on Takeovers and Mergers. The Bye-laws contain certain takeover protections, although these will not provide the full protections afforded by the Takeover Code.
- 4.22 The amalgamation or merger of a Bermuda company with another company requires the amalgamation or merger agreement to be approved by the company's board of directors and by its shareholders. Pursuant to the Bermuda Companies Act, unless the Company's Bye-laws provide otherwise, the approval of 75% of the shareholders voting at a meeting is required to approve the amalgamation or merger agreement, and the quorum for such meeting must be two persons holding or representing more than one-third of the issued shares of the company or the class, as the case may be. The Bermuda Companies Act provides that an amalgamation and/or merger must be approved by the Board and by the Shareholders owning a majority of the issued shares. Shareholders who did not vote in favour of the amalgamation or merger may apply to court for an appraisal within one month of notice of the shareholders meeting.
- 4.23 Under the Bermuda Companies Act, the Company is not required to seek the approval of the Shareholders for the sale of all or substantially all of its assets.
- 4.24 Under Bermuda law, where an offer is made for shares of a company, and within four months of the offer, the holders of not less than 90% of the shares not owned by the offeror, its subsidiaries or their nominees accept the offer, the offeror may by notice require the non-tendering shareholders to transfer their shares on the terms of the offer. Dissenting shareholders do not have express appraisal rights but are entitled to seek relief (within one month of the compulsory acquisition notice) from the court, which has the power to make such orders as it thinks fit. Additionally, where one or more parties hold not less than 95% of the shares of a

company, such parties may, pursuant to a notice given to the remaining shareholders, acquire the shares of such remaining shareholders. Dissenting shareholders have the right to apply to the court for appraisal of the value of their shares within one month of the compulsory acquisition notice. If a dissenting shareholder is successful in obtaining a higher valuation, that valuation must be paid to all shareholders being squeezed out.

An acquiring party is generally able to acquire compulsorily the common shares of minority holders by a procedure under the Bermuda Companies Act known as a "scheme of arrangement". A scheme of arrangement could be effected by obtaining the agreement of the Company and of holders of common shares, representing in aggregate a majority in number and at least 75% in value of the common shareholders present and voting at a court ordered meeting held to consider the scheme of arrangement. The scheme of arrangement must then be sanctioned by the Bermuda Supreme Court. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Registrar of Companies in Bermuda, all holders of common shares could be compelled to sell their shares under the terms of the scheme of arrangement.

5 MANDATORY BIDS AND COMPULSORY ACQUISITION RULES RELATING TO THE SHARES

Takeover provisions

5.1 To the extent permitted under the Bermuda Companies Act, the Bye-laws adopt certain of the provisions of the Takeover Code, including provisions dealing with compulsory takeover offers and shareholder treatment along the lines of the General Principles (including, "**Equal Treatment**") and the rules governing substantial acquisitions of shares (each to the extent permitted by Bermuda law), which are to be administered by the Board. Bye-law 87 is to have effect only during such times as the Takeover Code does not apply to the Company. Pursuant to Bye-law 87, a person must not: (i) acting by himself or with persons determined by the Board to be acting in concert, seek to acquire shares in the Company which carry 30 per cent. or more of the voting rights attributable to the shares in the Company; or (ii) acting by himself or with persons determined by the Board to be acting in concert, hold 30 per cent. but not more than 50 per cent. of the voting rights, and seek to acquire, by himself or with persons determined by the Board to be acting in concert, additional Shares which, taken together with the shares held by the persons determined by the Board to be acting in concert with him, increase his voting rights, except as a result of a "permitted acquisition" (meaning an acquisition either consented to by the Board, or made in compliance with Rule 9 of the Takeover Code as if it applied to the Company (subject to any conditions as the Board may think fit including without limitation compliance with the disclosure requirements contained in the Takeover Code as if it applied to the acquisition), or arising from the repayment of a stock borrowing arrangement); or (iii) effect or purport to effect an acquisition which would breach or not comply with Rules 4, 5, 6 or 11 of the Takeover Code (as amended from time to time), if the Company were subject to the Takeover Code.

5.2 Where the Board has reason to believe that any of such circumstances has taken place, it may take all or any of certain measures: (i) require the person(s) appearing to be interested in the shares of the Company to provide such information as the Board considers appropriate; (ii) have regard to such public filings as may be necessary to determine any of the matters under Bye-law 87; (iii) make any determination under Bye-law 87 as it thinks fit, either after calling for submissions by the relevant person(s) or without calling for any; (iv) determine that the voting rights attached to such shares in breach of the Bye-laws, the "**Excess Shares**", are from a particular time incapable of being exercised for a definite or indefinite period; (v) determine that some or all of the Excess Shares are to be sold; (vi) determine that some or all of the Excess Shares will not carry any right to any dividends or other distributions from a particular time for a definite or indefinite period; and (vii) taking such actions as it thinks fit for the purposes of Bye-law 87, including prescribing rules not inconsistent with Bye-law 87, setting deadlines for the provision of information, drawing adverse inferences where information requested is not provided, making determination or interim determinations, executing documents on behalf of a shareholder, converting any Excess Shares held in uncertificated form into certificated form and vice-versa, paying costs and expenses out of proceeds of sale, and changing any decision or determination or rule previously made.

5.3 The Board has the full authority to determine the application of Bye-law 87, including the deemed application of the whole or any part of the Takeover Code, and such authority shall include all the discretion that the Panel on Takeovers and Mergers in the UK would exercise if the whole or part of

the Takeover Code applied. Any resolution or determination made by the Board, any Director or the chairman of any meeting acting in good faith is final and conclusive and is not open to challenge as to its validity or as to any other ground. The Board is not required to give any reason for any decision or determination it makes.

6 DIRECTORS, PROPOSED DIRECTOR AND SENIOR MANAGEMENT

Details of the relevant expertise, experience and length of service of the Directors, Proposed Director and senior management are set out in sections 1, 2 and 4 (respectively) of Part VI - "Directors, Senior Management and Corporate Governance".

7 INFORMATION ON THE DIRECTORS AND PROPOSED DIRECTOR

(a) Details of the names of companies and partnerships (excluding directorships of the Company or of its subsidiaries) of which the Directors, the Proposed Director and Senior Managers are or have been members of the administrative, management or supervisory bodies or partners at any time in the five years preceding the date of this Registration Document:

<i>Name</i>	<i>Current directorships partnerships</i>	<i>Past directorships partnerships</i>
Directors		
Neil Eckert	Incubex Ltd Ebix Inc Boutique Modern Limited Chalvington Management Limited Chalvington Batteries Limited Bellaroma Investments Limited Bishopsgate Solar 1 Limited Seago Yachting Limited Ripe Village Stores Ripe Foods Limited Natural Capital Exchange Limited Wingrove House Limited Whetstone Properties Limited Titan (South West) Limited Cricket Management Limited	AMP Energy Services Limited AMP Low Plains Limited Aggregated Micro Power Limited Aggregated Micro Power Holdings Limited Behind The Meter Limited Hull Reserve Power Limited Design Technology and Innovation Limited
Charles Collis	Conyers, Dill & Pearman LLP	-
Mark Heintzman	-	Ironshore INC.
Proposed Director		
Trevor Carvey	Triple R Industries Limited Beneficial House (Birmingham) Regeneration LLP Stanley Dock (All Suite) Regeneration LLP	Hamilton Corporate Member Limited Hamilton UK Holdings Limited
Senior Managers		
Stuart Quinlan	-	-
Greg Lunn	Scribestar Ltd FLCBDA Consultancy Limited Marshall Diel & Myers Limited Marshall Services Limited	-
Tristan McDonald	Stakes & Ladders Ltd i-pools (Host) Limited i-pools Limited Squeezepay Associates LLP Squeezepay Investments Ltd	-

None of the Directors, the Proposed Director or Senior Managers:

- (i) has any convictions in relation to fraudulent offences for at least the previous five years; or
- (ii) has been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company or a senior manager of a company at the time of any receivership, administration or liquidation for at least the previous five years; or
- (iii) has been subject to any official public incrimination and/or sanctions by any statutory or

regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for at least the previous five years.

8 DIRECTORS', PROPOSED DIRECTOR'S, SENIOR MANAGERS' AND OTHERS' INTERESTS

- (a) It is expected that the Board, upon the approval of the remuneration committee, will consider the grant of options in Conduit MIP which may be redeemed into Shares under the terms of the Management Promote set out below at section 11 to the following Directors, the Proposed Director and Senior Managers prior to Admission.
- (b) The interests (all of which are or will be beneficial unless otherwise stated) of the Directors, the Proposed Director and Senior Managers in the share capital of the Company are as follows:

<i>Director/Proposed Director/Senior Manager</i>	<i>Number of Shares</i>	<i>Percentage of issued ordinary share capital</i>
Neil Eckert	1	100%

- (c) The Company is not aware of any existing shareholders of the Company who will be interested, directly or indirectly, in 5 per cent. or more of the issued share capital of the Company immediately following Admission.
- (d) The Company is not aware of any person who will, immediately following Admission, hold 5 per cent. or more of the voting rights in the Company as a shareholder or through a direct or indirect holding of financial instruments (in each case for the purposes of Chapter 5 of the Disclosure Guidance and Transparency Rules of the FCA). The Company is not aware of any person who, directly or indirectly owns or controls the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.
- (e) There are no potential conflicts of interest between any duties owed by the Directors, the Proposed Director or the Senior Managers to the Company and their private interests and/or other duties.

9 DIRECTORS' AND PROPOSED DIRECTOR'S SERVICE AGREEMENTS

- (a) On 4 November 2020, Neil Eckert entered into an agreement with the Company pursuant to which he agreed to enter into a service agreement with the Company in relation to his appointment as Executive Chairman, on terms to be agreed with the Company, prior to the date of publication of any prospectus which may be published in connection with Admission.
- (b) On 4 November 2020, Trevor Carvey entered into an agreement with the Company pursuant to which he agreed to enter into a service agreement with the Company in relation to his proposed appointment as Executive Director and Group Chief Executive Officer, on terms to be agreed with the Company, prior to the date of publication of any prospectus which may be published in connection with Admission.
- (c) On 4 November 2020, Mark Heintzman entered into an agreement with the Company pursuant to which he agreed to enter into a service agreement with the Company in relation to his appointment as an Executive Director and Group Chief Financial Officer, on terms to be agreed with the Company, prior to the date of publication of any prospectus which may be published in connection with Admission.
- (d) Save as set out in paragraphs 9(a) to (c) above, or as may be updated in any prospectus which may be published in connection with Admission, on Admission there will be no existing or proposed service agreements between the executive Directors and any member of the Group.
- (e) Prior to the publication of any prospectus in connection with Admission, the Company will appoint a number of non-executive directors to the board to ensure that the board has a majority of independent directors. The details of such appointments and terms of appointment letters for these non-executive directors will be disclosed in any prospectus which may be published in connection with Admission.

10 EMPLOYEES

As a start-up the Group has no employment history. The Group anticipates operating with a team of professionals with the requisite skills to write the classes of business the Group intends to target. This team will be made up of the senior management and an underwriting and operational team together with support staff and the Board. The following table sets out the forecast headcount for the end of 2021 by function and location:

		31 December 2021 Number
<i>Bermuda</i>		
	<i>Executive</i>	5
	<i>Underwriting</i>	20
	<i>Risk/Actuarial</i>	5
	<i>HR</i>	1
	<i>Finance</i>	3
	<i>IT</i>	3
	<i>Ops/Legal</i>	4
	<i>Other support</i>	5
<i>London</i>		
	<i>Executive</i>	1
	<i>HR</i>	1
	<i>Marketing and other support</i>	3
TOTAL		51

11 SHARE PLANS

Management Promote

Subject to the approval of the Remuneration Committee, arrangements will be put in place to create incentives for the Founders and other senior managers who are expected to make key contributions to the success of the Group from Admission (the "**Management Promote**"). Success will be measured by share price performance and investor returns and the arrangements will therefore reflect these key metrics. The Management Promote will be facilitated by the subscription for shares in Conduit MIP Limited ("**Conduit MIP**") (a direct subsidiary of the Company to be incorporated prior to Admission as an intermediate holding company of Conduit Reinsurance).

Under the Management Promote, the Founders and other senior managers invited to participate will subscribe for shares in Conduit MIP ("**MIP Shares**"). Half of the MIP Shares will be denominated in sterling ("**GBP MIP Shares**") and half in U.S. dollars ("**USD MIP Shares**").

Subject to vesting in the hands of the relevant holder of MIP Shares (as described below), if the Performance Condition (also described below) is satisfied at the relevant time, the MIP Shares will be automatically exchanged for Shares of the Company ("**Exchange**") for an aggregate value equivalent to up to 15 per cent. of the excess of the Market Value of the Company (as defined below) over and above the Invested Equity (the "**Growth**") (7.5 per cent. of the Growth based on calculations in sterling for the GBP MIP Shares and 7.5 per cent. of the Growth based on calculations in US dollars for the USD MIP Shares, in each case as described below).

Market Value means (a) the market capitalisation of the Company calculated by reference to the 6 month average closing share price prior to the date of the relevant Exchange (adjusted to take into account any capital events or distributions during that period); or, (b) in the case of a takeover of the Company, the value of the consideration for the takeover, or (c) in the case of a sale of Conduit MIP, the net sale consideration, or (d) in the case of the liquidation of Conduit MIP, the amount available for distribution in the liquidation, in each case taking into account any prior dividends, returns of capital or other distributions. The Market Value for the USD MIP Shares will be calculated in U.S. dollars based on the prevailing spot rate on the date of the relevant share price and in the case of a takeover of the Company, or sale or liquidation of Conduit MIP the latest reasonably practicable spot rate prior to the date of the Exchange as determined by the Remuneration Committee of the Company.

Invested Equity means the aggregate of initial equity invested in the Company on Admission and equity invested pursuant to any future equity raises by the Company, with the U.S. dollar value of Invested Equity for the USD MIP Shares being calculated at the spot rate at the time the relevant proceeds of the equity raise were received by the Company.

If (a) the Performance Condition is satisfied for either or both of the GBP MIP Shares or the USD MIP Shares on each of the fourth, fifth, sixth and seventh anniversaries of Admission and (b) no takeover of the Company or sale or liquidation of Conduit MIP has taken place before any of those dates, one quarter of the relevant MIP Shares (delivering 1.875 per cent. of the Growth to the relevant shares) (each a "Tranche") will be automatically Exchanged for such number of Shares of the Company as have an aggregate value (at the closing share price for the trading day immediately prior to the date of Exchange) equal to 1.875 per cent. of the Growth at the date of the Exchange. Whenever the Performance Condition has not been satisfied on the relevant anniversary date in respect of a Tranche, those MIP Shares which might otherwise have been Exchanged will not be Exchanged and will automatically Exchange at the next anniversary date on which the Performance Condition is satisfied.

If the Performance Condition is satisfied, any MIP Shares that have not automatically been Exchanged before that date will on the effective date of any takeover of the Company or sale or liquidation of ConduitMIP be Exchanged (delivering the remainder of the 7.5% of Growth for each of the USD MIP Shares and the GBP MIP Shares).

Performance Condition

The Performance Condition is that the compound annual growth rate achieved by the Company's shareholders on the date of the relevant Exchange is equal to or greater than eight per cent. per annum. The Performance Condition is measured by reference to (i) any growth in the Company's market capitalisation, (ii) any dividends paid to Shareholders, and (iii) any other returns of value to Shareholders. The Performance Condition is calculated from Admission on the initial capital raised then (and from the date of any future equity investment in the Company on that equity) to the date of the relevant Exchange. It also takes into account the timing of any prior returns to Shareholders. The Performance Condition will be calculated separately in U.S. Dollars for the USD MIP Shares and sterling for the GBP MIP Shares.

If on the seventh anniversary of Admission, the Performance Condition is not satisfied, all MIP Shares to be Exchanged on that date will be redeemed for 1 pence (sterling) in aggregate. Similarly, on a takeover of the Company or sale or liquidation of Conduit MIP, if the Performance Condition is not satisfied, all of the MIP Shares will be redeemed for 1 pence (sterling) in aggregate.

Vesting conditions

The MIP Shares will vest on:

- (a) a takeover of the Company; or
- (b) a sale or liquidation of Conduit MIP; or
- (c) the relevant vesting period has elapsed for that Tranche of the MIP Shares.

For the Founders, 20 per cent. of their MIP shares will vest on Admission. The remainder of the Founders' MIP Shares and those for other senior managers will vest on a per diem basis in the period between Admission and the date of the relevant Tranche's automatic Exchange.

Leaver provisions

MIP Shares will be subject to customary leaver provisions and malus/clawback principles will apply such that the Company can reclaim shares (or the proceeds thereto) from a leaver in the event of certain contractual breaches or fraudulent actions by that person after their departure.

Lock-up arrangements

Shares issued on an Exchange of MIP Shares (other than Shares issued on a takeover of the Company or Shares which are required to be sold to cover any tax charge arising on such Exchange) will be subject to lock-up provisions as follows:

- one-third of the Shares will have no lock-up post-Exchange;
- one-third of the Shares will have a one year lock-up post-Exchange; and
- one-third of the Shares will have a two year lock-up post-Exchange.

Any applicable lock-up period in force at any time will expire automatically and immediately on a subsequent takeover or change of control of the Company.

Other/miscellaneous

The reason for issuing USD MIP Shares and GBP MIP Shares is to provide some hedging for participants in the Management Promote against the impact of fluctuations in the U.S. dollar-sterling exchange rate. The Company's share price and, therefore, its market capitalisation, will be reported in sterling but the majority of the businesses assets, liabilities and cashflows will be denominated in U.S. dollars. The USD MIP Shares will therefore be more matched to the Company's functional currency than the GBP MIP Shares. The value of the GBP MIP Shares will likely be more impacted by the U.S. dollar - sterling exchange rate (on the basis that the Company's underlying cashflows are largely U.S. dollar denominated), but will track more closely the returns of the Shares themselves on a sterling basis. It is not expected, however, that these MIP currency arrangements will have any impact on decisions taken in respect of the management of the Company's business.

As the USD MIP Shares and the GBP MIP Shares are calculated on different amounts, the Performance Condition may be satisfied for one class of share but not the other. As a hypothetical example, if neither the Performance Condition on the USD MIP Shares nor the Performance Condition on the GBP MIP Shares were satisfied until the sixth anniversary of Admission and in the sixth year the Performance Condition on the USD MIP Shares alone was satisfied, the holders of those shares would receive Shares with a value equal to 5.625 per cent. of the Growth in U.S. dollars to that date. In the following year, if both Performance Conditions were satisfied, the holders of the MIP Shares would receive Shares with a value equal to 1.875 per cent. of the Growth in U.S. dollar to that date (in addition to the amounts received at year 6) and 7.5 per cent. of the Growth in sterling. The aggregate value of the Shares received could be greater than 15 per cent. of the Growth in sterling or the Growth in U.S. dollars on the seventh anniversary.

The issue of Shares upon an Exchange will not impact the Invested Equity calculation for future Tranches. Any issue of Shares will dilute shareholders' returns.

A number of MIP Shares will be warehoused for the benefit of new joiners by issuing them to an employment benefit trust (the "EBT"). This will provide flexibility to include in the Management Promote certain senior employees that join after Admission. Such employees will either subscribe for MIP Shares at fair market value or such employees may be given options over these MIP Shares held by the EBT.

Anti-dilution protections are in place such that a proportion of existing holders of MIP Shares will be required to consent to the issuance of additional MIP Shares but not, for the avoidance of doubt, the allocation of the shares held in the EBT.

12 PENSIONS

The Group will operate defined contribution arrangements for the benefit of its employees to the extent required by applicable law and regulation.

13 THE COMPANY AND ITS SUBSIDIARIES

The Company is the holding company of the Group and has the following significant direct or indirect subsidiaries, subsidiary undertakings and other undertakings in which it has an interest held on a long-term basis and which the Company considers are likely to have a significant effect on the assessment of the Company's assets and liabilities, financial position or profits and losses:

Name	Nature of business	Registered office and country of incorporation/residence	Proportion of share capital held	Issued and fully paid share capital
Conduit Reinsurance Limited	Reinsurance	Bermuda Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	100 per cent. (although note that this percentage is expected to be less than 100 per cent. once the Management Promote arrangements are in place (as described above at section 11 of this Part VIII))	1,000,000 shares of a nominal value of \$1 each (unpaid ³¹)

³¹ A minimum of 120,000 such shares will be paid up prior to Admission pursuant to the application process for the BMA Licence - see section 1 of Part V - "Information on the Group" for further detail

14 MATERIAL CONTRACTS AND RELATED PARTY TRANSACTIONS

- (a) There are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the publication of this Registration Document and which are or may be material to the Group or have been entered into by any member of the Group at any time and contain a provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this Registration Document.
- (b) Save for the issuance of one share in the Company to Neil Eckert on 7 October 2020 for \$0.01 (which was undertaken to ensure that the Company would have a shareholder that could make decisions in preparation for Admission following incorporation of the Company), the Group and Company has not been a party to any related party transaction for the period between incorporation and 4 November 2020 (being the latest practicable date before publication of this Registration Document).

15 SIGNIFICANT CHANGE

There has been no significant change in the financial performance or financial position of the Group since 6 October 2020 being the date to which the historical financial information in Part VII - "Historical Financial Information relating to the Company" was prepared.

16 LITIGATION

There are no, nor have there been any, governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened or of which the Company is aware) during the last 12 months prior to the date of this Registration Document which may have, or have had in the recent past, a significant effect on the Company's and/or the Group's financial position or profitability.

17 CONSENT

BDO LLP, a member firm of the Institute of Chartered Accountants in England and Wales, has given, and has not withdrawn, its written consent to the inclusion in this document of its accountant's report set out in section A of Part VII - "Historical Financial Information Relating to the Company" and has authorised the contents of this report as part of this document for the purposes of item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980.

18 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the Company's offices at 3rd Floor Power House, 7 Par-La-Ville Road, Hamilton Bermuda and on the company's website at <https://conduitreinsurance.com>:

- (a) the memorandum of association of the Company and the bye-laws of the Company to be adopted conditionally on Admission;
- (b) BDO LLP's accountant's report set out in section A of Part VII - "Historical Financial Information Relating to the Company"; and
- (c) the letters of consent referred to in section 17 above.

Dated: 5 November 2020

PART IX - DEFINITIONS

Part I

The following definitions apply throughout this Registration Document, unless the context requires otherwise:

"9.5 per cent. US Shareholder"	any "United States person" (as defined in the Code) whose "controlled shares" (as determined pursuant to the Code and the Treasury Regulations promulgated thereunder) constitute 9.5 per cent. or more of the votes conferred by the Company's issued shares
"Admission"	the proposed admission of the Shares to the standard segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities
"Auditors"	KPMG Audit Limited of Crown House, 4 Par-la-Ville Road, Hamilton, Bermuda
"Appointed Representative Arrangement"	following Admission the Group intends to support its access to the UK market by way of basic promotional marketing activities within the terms of an appointed representative arrangement to be entered into between a UK incorporated subsidiary (that is yet to be put in place) and a third party intermediary services business based in the UK and regulated by the FCA as an authorised person
"Bermuda Companies Act"	the Companies Act 1981 (Bermuda) (as amended)
"BMA"	the Bermuda Monetary Authority
"Board" or "Directors"	the directors of the Company whose names are set out at Part III - "Directors, Proposed Director, Secretary, Registered and Head Office and Advisers" of this Registration Document
"Bye-laws"	the bye-laws of the Company (as to be adopted conditionally on Admission)
"Code"	the Internal Revenue Code of 1986, as amended, of the United States of America
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland is the operator (as defined in the Uncertificated Securities Regulations 2001)
"Companies Act"	the Companies Act 2006 (as amended)
"Company" or "Conduit"	Conduit Holdings Limited
"Conduit Reinsurance"	Conduit Reinsurance Limited
"Euroclear UK & Ireland"	Euroclear UK & Ireland Limited, the operator of CREST
"Founders"	Neil Eckert and Trevor Carvey
"FSMA"	the Financial Services and Markets Act 2000
"Group"	the Company and its subsidiaries
"KPIs"	key performance indicators
"Listing Rules"	the Listing Rules made by the Financial Conduct Authority under Part VI of the FSMA

"London Stock Exchange"	London Stock Exchange plc
"Management Promote"	the planned share plan of the Company, further details of which are set out in section 12 of Part VIII – "Additional Information" of this Registration Document
"MAR"	the EU Market Abuse Regulation (2014/596/EU)
"Munich Re"	Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München
"Official List"	the Official List of the FCA
"Proposed Director"	the proposed director of the Company whose name is set out as such at Part III - "Directors, Proposed Director, Secretary, Registered and Head Office and Advisers" of this Registration Document
"Prospectus Regulation"	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
"Prospectus Regulation Rules"	the Prospectus Regulation Rules made by the Financial Conduct Authority under Part VI of the FSMA
"Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
"Reporting Accountants"	BDO LLP of 55 Baker St, London W1U 7EU
"Shares"	common shares of \$0.01 each in the share capital of the Company
"subsidiary"	as defined in sections 1159 and Schedule 6 of the Companies Act
"Takeover Code"	the City Code on Takeovers and Mergers
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Corporate Governance Code"	the UK Corporate Governance Code published by the Financial Reporting Council in July 2018, as amended from time to time
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended
"VAT"	value added tax or any similar, replacement or additional tax chargeable in the United Kingdom.

Part II Glossary of selected insurance, reinsurance and investment terms

"1-in-100"	a catastrophe event with a 1-in-100 probability of occurring in any given year
"1-in-250"	a catastrophe event with a 1-in-250 probability of occurring in any given year
"A.M. Best rating"	an evaluation published by A.M. Best often used to determine the claims-paying ability, suitability, service record, and financial stability of insurance and reinsurance companies
"Broker"	an intermediary who negotiates contracts of insurance or reinsurance, receiving a commission for placement and other services rendered, between (1) a policyholder and a primary insurer, on behalf of the policyholder, (2) a primary insurer and a reinsurer, on behalf of the primary insurer, or (3) a reinsurer and a retrocessionnaire, on behalf of the reinsurer

"BSCR"	Bermuda Solvency Capital Requirement
"California Quake"	a Californian earthquake catastrophe event
"Capacity"	the percentage of surplus that an insurer or reinsurer is willing or able to place at risk or the dollar amount of exposure it is willing to assume. Capacity may apply to a single risk, a program, a line of business or an entire book of insurance or reinsurance business. Capacity may be constrained by legal restrictions, corporate restrictions, or indirect financial restrictions such as capital adequacy requirements
"Casualty reinsurance"	primarily concerned with the losses caused by injuries to third persons (persons other than the policyholder) and the legal liability imposed on the policyholder resulting therefrom. This includes, but is not limited to, workers' compensation, automobile liability, and general liability
"Cedant"	a ceding insurer or a reinsurer. A ceding insurer is an insurer that writes and issues an original, primary policy to an insured and contractually transfers (cedes) a portion of the risk to a reinsurer. A ceding reinsurer is a reinsurer that transfers (cedes) a portion of the underlying reinsurance to a retrocessionnaire
"Cede"	when a party reinsures its liability to another party, it "cedes" business to the reinsurer and is referred to as the "customer," "ceding party" or "cedant"
"Claim"	a request by an insured or reinsured for indemnification by an insurance or reinsurance company for loss incurred from an insured peril or event
"Combined Ratio"	the ratio of underwriting losses and loss adjustment expenses, acquisition costs and general and administrative expenses to net premiums earned, or equivalently, the sum of the loss ratio, and expense ratio
"Customer"	a party whose liability is reinsured by a reinsurer. Also known as a "cedant" or "ceding company"
"ECR"	enhanced capital requirement. Under the BSCR Model, the reinsurer's minimum required statutory capital and surplus is referred to as the enhanced capital requirement ("ECR"). The ECR is the greater of the calculated BSCR and the minimum solvency margin ("MSM")
"Excess of loss reinsurance"	reinsurance that indemnifies the reinsured against all or a specified portion of losses in excess of a specified dollar or percentage loss ratio amount
"Expense ratio"	a ratio calculated by dividing the sum of general and administrative expenses and ceding commissions, brokerage fees, premium taxes and other direct expenses relating directly to the production of premiums by net premiums earned
"Facultative reinsurance"	in pro rata reinsurance, the reinsurance of part or all of the insurance provided by a single policy, with separate negotiation for each policy cession of insurance—for sharing liability, premium and loss. In excess of loss reinsurance, the reinsurance of each policy, with separate negotiation for each—for indemnity of loss in excess of the reinsured's loss retention. The word "facultative" connotes that both the primary insurer and the reinsurer usually have the faculty or option of accepting or rejecting the individual submission (as distinguished from the obligation to cede and accept, to which the parties agree in most treaty reinsurance)
"Financial strength rating"	the opinion of rating agencies regarding the financial ability of an insurance or reinsurance company to meet its financial obligations under its policies
"Florida Wind"	a Florida hurricane catastrophe event
"GWP or Gross Written Premiums"	the total premium written during a given period before deductions for reinsurance and ceding commissions. Includes additional and/or return premiums
"Incurred but not reported (IBNR)"	reserves for estimated loss and loss adjustment expenses that have been incurred by insureds and reinsureds, but not yet reported to the insurer or reinsurer, including unknown future developments on loss and loss adjustment expenses which are known to the insurer or reinsurer
"Loss adjustment expenses"	the expenses of settling claims, including legal and other fees and the portion of general expenses allocated to claim settlement costs. Also known as claim adjustment expenses
"Loss ratio"	a ratio calculated by dividing underwriting losses incurred and loss adjustment expenses by net premiums earned

"Loss reserve development"	the difference between the amount of reserves for losses and loss adjustment expenses initially estimated by an insurer or reinsurer and the amount re-estimated in an evaluation at a later date
"Margin (reinsurance)"	as a pricing factor (along with expenses and losses), the profit the reinsurer expects to earn
"Minimum solvency margin"	the minimum excess unimpaired surplus as a percent of outstanding loss reserve as set by regulators
"MSM"	minimum solvency margin
"Non-admitted insurers"	an insurer not licensed to do business in the jurisdiction in question. Also known as an unauthorised insurer and unlicensed insurer
"peak peril zones"	inured geographic regions with significant risk experiencing a catastrophe event
"Premiums; written, earned, unearned and net"	an insurer not licensed to do business in the jurisdiction in question. Also known as an unauthorised insurer and unlicensed insurer
"Probable maximum loss (PML)"	the anticipated maximum loss that could result from a single given event, as opposed to MFL (Maximum Foreseeable Loss), which would be a similar valuation, but on a worst case basis. Underwriting decisions would typically be influenced by PML evaluations, and the amount of reinsurance ceded on a risk would normally be predicated on the PML valuation
"Property reinsurance"	reinsurance exposures that are exposed to losses from damage or theft to buildings and their contents—money and securities, records, inventory, furniture, machinery, supplies and even intangible assets such as trademarks
"Property terrorism reinsurance"	reinsurance exposures that are exposed to property damage losses, including physical damage, business interruption claims and potentially other sources of loss related to the property damage, arising from acts of terrorism
"Pro-rata reinsurance"	all forms of reinsurance in which the reinsurer shares a proportional part of the original premiums and losses of the reinsured. In proportional reinsurance, the reinsurer generally pays the client a ceding commission. The ceding commission generally is based on the customer's cost of acquiring the business being reinsured (including commissions, premium taxes, assessments and miscellaneous administrative expenses) and also may include a profit component. Frequently referred to as quota share reinsurance
"Quota share reinsurance"	a form of proportional reinsurance in which the reinsurer assumes an agreed percentage of each underlying insurance contract being reinsured
"Reinstatement"	a premium charged for the reinstatement of reinsurance coverage to its full amount following a reinsurance loss payment
"Reserves; claim reserves; loss reserves; loss adjustment expense reserves"	liabilities established by insurers and reinsurers to reflect the estimated cost of claims payments and the related expenses that the insurer or reinsurer will ultimately be required to pay in respect of insurance or reinsurance contracts it has written. Reserves are established for claims, losses and for loss adjustment expenses, and consist of reserves established with respect to individual reported claims and incurred, but not reported losses
"Retrocession; retrocessional coverage"	a transaction whereby a reinsurer cedes to another reinsurer, commonly referred to as the retrocessionaire, all or part of the reinsurance that the first reinsurer has assumed. Retrocessional reinsurance does not legally discharge the ceding reinsurer from its liability with respect to its obligations to the reinsured
"Return on equity (ROE)"	net income returns on underwriting activities as a percentage of the equity or accrued book value at the start of a given year
"Risk transfer"	the shifting of all or a part of a risk to another party
"Risk-adjusted return"	a concept that refines an investment's return by measuring how much risk is involved in producing that return, which is generally expressed as a number or rating
"Surplus"	the amount by which an insurer's assets exceed its liabilities. It is the equivalent of "owners' equity" in standard accounting terms. The ratio of an insurer's premiums written to its surplus is one of the key measures of its solvency

"Treaty reinsurance"	a form of reinsurance in which the ceding company makes an agreement to cede certain classes of business to a reinsurer. The reinsurer, in turn, agrees to accept all business qualifying under the agreement, known as the "treaty." Under a reinsurance treaty, the ceding company is assured that all of its risks falling within the terms of the treaty will be reinsured in accordance with treaty terms
"Underwriting cycle"	market-wide fluctuations in the prevailing level of insurance and reinsurance premiums. A soft market, i.e., a period of increased competition, depressed premiums and excess capacity, is followed by a hard market—a period of rising premiums and decreased capacity