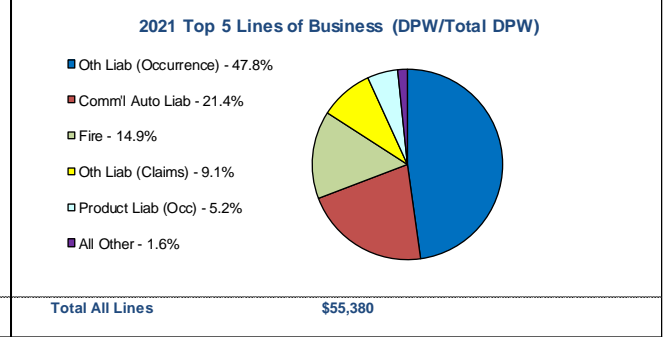
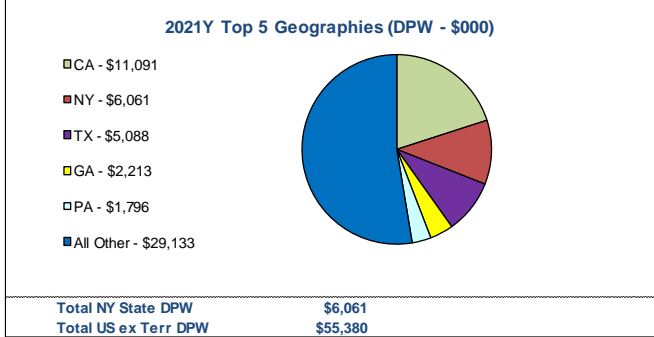
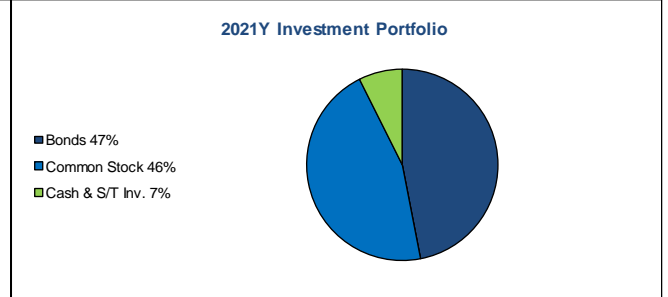
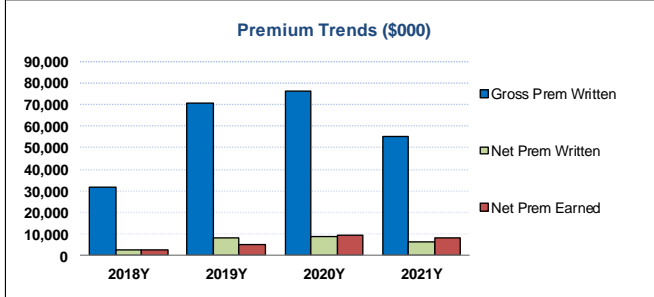
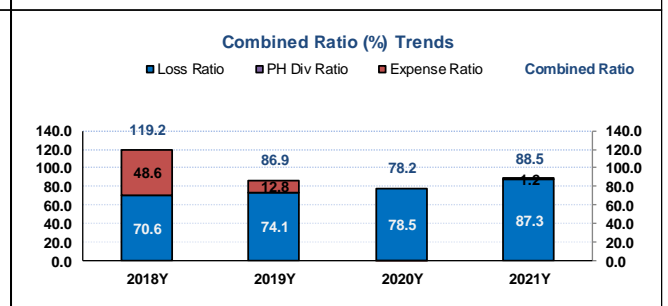
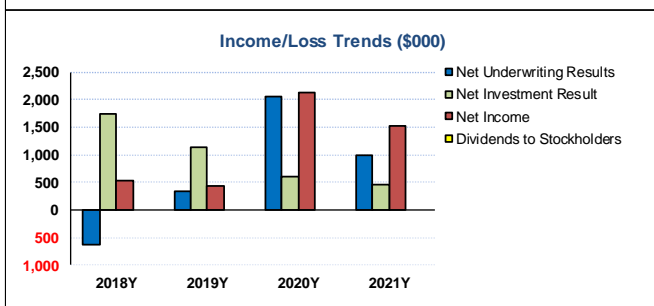




**WATFORD SPECIALTY INSURANCE COMPANY, NAIC #15824
WATFORD HOLDINGS, LTD**

Dollars in 000

	2018Y	2019Y	2020Y	2021Y		2018Y	2019Y	2020Y	2021Y
Total Assets	74,447	91,146	95,014	89,373	RBC Ratio (%)	1,760.2	1,233.8	719.6	829.0
Total Liabilities	13,482	31,383	37,378	28,741	2yr Res Development	95	123	476	1,915
Policyholder Surplus	60,964	59,763	57,636	60,632	2yr Dev/ Surplus	14.6%	19.1%	78.1%	320.4%
Cash & Invested Assets	69,281	79,269	73,954	68,640	Affiliated Common Stock	23,067	34,940	32,548	31,349
Cash & Invested Assets/ Total Assets	93.1%	87.0%	77.8%	76.8%	Affiliated CS / Surplus	37.8%	58.5%	56.5%	51.7%
Net Cash from Operations	5,122	13,423	-2,825	-3,686	Net Reins Recoverable	30,211	65,280	101,932	116,433
Loss & LAE Reserves	2,541	5,565	10,417	14,217	Net Reins Rec / Surplus	49.6%	109.2%	176.9%	192.0%
Loss & LAE Reserves/Surplus	4.2%	9.3%	18.1%	23.4%	AMB / S&P Ratings	A- / NR	A- / NR	A-u / NR	A- / NR



**Top 5 Reinsurers for Watford Specialty Insurance Co by Gross Recoverables
Period: 2021Y**

Dollars in 000

Reinsurer	Reinsurance Class	Reins Authorized Status	Gross Recov	Over 120 Days Overdue
1 - Allied World Insurance Company	US Affiliated Pooling	Authorized	711,600	0
2 - Allied World Assurance Company, Ltd.	Non-US Affiliated Non-captive	Mixed Filing	449,273	0
3 - Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München	Non-US Unaffiliated	Unauthorized	73,465	0
4 - Swiss Reinsurance America Corporation	US Unaffiliated	Authorized	73,361	0
5 - AXIS Reinsurance Company	US Unaffiliated	Authorized	45,041	0

S&P Disclaimer Notice:

Reproduction of any information, data or material, including ratings ("content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("content providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. In no event shall content providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the content. A reference to a particular investment or security, a rating or any observation concerning an investment that is part of the content is not a recommendation to buy, sell or hold such investment or security, does not address the suitability of an investment or security and should not be relied on as investment advice. Credit ratings are statements of opinions and are not statements of fact.

HISTORY

Watford Specialty Insurance Company (Waterford Specialty) was licensed on September 29, 2015, in New Jersey, as a subsidiary of Watford Holdings US, itself owned by Watford Re, Ltd (Watford Re) (Bermuda). Watford Re is owned by Watford Holding, Ltd (Watford Holdings) (Bermuda). ARCH Capital Group holds an 11% investment interest in Watford Holdings. Financial and operations control of the company remains with Watford Holdings and ARCH Capital Group through various management, investment, employee services and underwriting agreements. The company has been eligible to write business in New York since May 18, 2016. As of December 31, 2021, Watford Specialty is a New Jersey domestic surplus lines insurer and operated on a non-admitted basis in forty-nine (49) states and the District of Columbia.

REINSURANCE

Watford Specialty cedes business under an 85% quota share agreement with its upstream parent, Watford Re. As such, the financial strength of the company is heavily dependent on the credit risk of Waterford, as well as investment risk of its own investment portfolio, managed in common through an investment management agreement with HPS Investment Partners, LLC, a subsidiary of ARCH Capital Group. For the years 2018 through 2021, respectively, Watford Specialty net reinsurance recoverable was shown as \$30M, \$65M, \$102M and \$116M, representing 50%, 109%, 177% and 192% of company surplus.

HOLDING COMPANY

Established in 2014 with headquarters in Bermuda, Watford Holdings, Ltd. is a global property and casualty insurance and reinsurance company. The Watford companies write admitted lines commercial, and specialty property and casualty insurance and program business through Managing General Agents (MGA's), Program Managers and Brokers in the United States and Europe. Watford also writes global reinsurance through its affiliate Watford Re, Ltd. and partners with owned reinsurers of its parent, Arch, Ltd. (Bermuda). AM Best collectively rates five (5) insurance subsidiaries of the Waterford Holdings, Ltd Group, including Watford Specialty Insurance Company. For the years 2018 through 2020 the group was rated by AM Best as 'A-'. For 2021 the group was rated by AM Best as 'A'.

SUBSEQUENT NOTEWORTHY OBSERVATIONS

On July 6, 2021 Arch Capital Group Ltd, with approximately \$15.8 billion in capital has completed the purchase of Watford Holdings Ltd. The companies signed a definitive merger agreement on November 2, 2020 through an affiliated entity of which Arch owns approximately 40%, and funds managed by Kelso & Co. LP and Warburg Pincus LLC.