



CANOPIUS

## **PRESS RELEASE**

25 April 2012

### **Canopus to acquire Omega; forms strategic partnership with Tower Group**

Canopus Group Limited (“Canopus”), a leading specialist (re)insurance underwriting business, confirmed today that it has made a formal offer to acquire Omega Insurance Holdings Limited (“Omega”) at a price of 67 pence per share which values Omega at approximately £164 million. The acquisition, which is subject to necessary regulatory consents and acceptance of the offer by Omega shareholders<sup>1</sup>, will be funded by a combination of new shares in Canopus representing a 30% increase in shareholders’ equity, existing cash resources of Canopus, and an increase in the group’s LOC facility.

This transformational acquisition will enable Canopus to significantly increase its underwriting operations at Lloyd’s and establish a platform in the United States. It will also deliver substantial scale benefits.

At the same time, Canopus has entered into a strategic partnership with Tower Group, Inc. (“Tower”), a leading provider of niche-oriented commercial and personal lines property and casualty insurance products in the United States. Conditional on the Omega acquisition, Tower will become a 10.7% owner of Canopus, alongside Bregal Capital (“Bregal”), the long-term private equity owners of Canopus. Bregal will be making a further investment in Canopus, taking its total investments to date to £146 million. Bregal’s share of the company will remain at approximately 85%, with the balance of shares being held by Canopus management.

Canopus and Tower intend to expand their existing business relationships by increasing the share of Syndicate 4444 underwritten by Tower and through developing new sources of business for Canopus via Tower’s extensive distribution network in the United States.

Canopus also expects to advise and assist Tower with its goal of establishing a presence at Lloyd’s and facilitate a possible amalgamation of its existing Bermuda reinsurance company with Tower.

Michael Watson, Executive Chairman of Canopus said: “Our long-held interest in acquiring Omega is well-known and we are pleased to have secured the recommendation for our bid from Omega’s Board. We hope for a speedy completion of this acquisition which will help us realise our ambition of building a leading Lloyd’s business in terms of both quality and scale.

Less well-known is our long-standing relationship with senior executives at Tower which led to a formal business association in July 2011. I have a high regard for Michael Lee and Tower’s very experienced team. They have built a successful customer-focused franchise and created

significant value for shareholders. I believe that Canopus will benefit from Tower's insights as a shareholder and through the opportunity to access US specialty business via Tower's extensive distribution network".

Michael Lee, Chairman, President and CEO of Tower said "We are pleased to make a significant investment in Canopus and expand further our business relationship, which commenced in July 2011 as a quota share reinsurer of Canopus. This investment significantly accelerates our involvement with the Lloyd's market and provides Tower with various options to enhance our overall profitability."

<sup>1</sup> Omega shareholders should consider the formal announcement released earlier today in considering and deciding upon any course of action to take. This announcement is the sole responsibility of Canopus Group.

- Ends -

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**Notes to Editors:**

1. Canopus Group Limited is a privately-owned international insurance and reinsurance group with operations in the UK, Bermuda, Singapore, Ireland, Switzerland and Australia. Canopus is owned by management and Bregal Capital LLP, a private equity company.
2. Incorporated in Guernsey, Canopus Group Limited is the parent of Canopus Managing Agents Limited (CMA) at Lloyd's and Canopus Bermuda Limited, a class 3A reinsurance company. CMA manages Syndicates 4444 and 260 on behalf of the Group and third parties, with total gross premiums written of c. £650 million for 2011. Canopus Bermuda Limited writes structured reinsurance products and provides capital support to Canopus Group's underwriting operations at Lloyd's.
3. Canopus Group comprises the following strategic business units:

**Global Property**

- Direct and facultative commercial property
- Property treaty reinsurance

- North American excess and surplus lines binding authorities

### **Global Specialty**

- Marine and energy insurance
- Marine treaty reinsurance
- Casualty, including professional indemnity, financial institutions and excess casualty
- Casualty treaty reinsurance
- Construction and engineering
- International accident & health
- Crisis management, including product contamination, war, sabotage & terrorism, aviation war and kidnap & ransom
- Political risks, including expropriation, contract frustration, aircraft repossession and structured trade credit

### **UK Retail Insurance**

- UK household
- UK specialist property/ niche personal lines
- UK commercial combined for the SME sector
- UK casualty, including accident & health and professional indemnity
- UK motor including personal, commercial and specialist vehicles

## **4. Tower Group Inc**

Tower is one of the top 50 insurance companies in the United States writing commercial, specialty and personal lines products with total gross premiums written and managed of \$1.8 billion. Through its insurance company subsidiaries, it provides personal and commercial insurance for small to medium-sized businesses through its network of retail and wholesale agents across the country. Tower also offers speciality insurance products through a national network of program underwriting agents.