BLUE CAPITAL REINSURANCE HOLDINGS LTD.
Waterloo House, 100 Pitts Bay Road, Pembroke HM08, Bermuda
Telephone: (441) 278-0400

NOTICE OF SPECIAL GENERAL MEETING OF MEMBERS
(herein referred to as "Shareholders")
To Be Held on July 28, 2020 at 10:00 a.m. Atlantic Daylight Time

To Our Shareholders:

We cordially invite you to a Special General Meeting of Shareholders (the "Special General Meeting") of Blue Capital Reinsurance Holdings Ltd. (the "Company" or "Blue Capital") to be held at the Company's Principal Executive Offices at Waterloo House, 100 Pitts Bay Road, Pembroke HM08, Bermuda on July 28, 2020, at 10:00 a.m. Atlantic Daylight Time. At this meeting, you will be asked to consider and vote on the following proposals:

1) To approve that the Company be wound up voluntarily pursuant to the provisions of the Companies Act 1981, as amended (the "Companies Act") and that (a) Mike Morrison and Mark Allitt of KPMG Advisory Limited ("KPMG"), Crown House, 4 Par-la-Ville Road, Hamilton HM08, Bermuda be and hereby are appointed as "Joint Liquidators" of the Company with the power to act jointly or severally for the purpose of such winding up with all powers conferred on them by the Companies Act, the Bye-Laws or by this "Winding Up Resolution", such appointment becoming effective on the passing of this Winding Up Resolution; and (b) the Joint Liquidators be remunerated, such remuneration being drawn in accordance with the letter of engagement, dated May 18, 2020, by and between the Company and KPMG, together with the reimbursement of all reasonable out-of-pocket expenses and disbursements properly incurred in connection with the Winding Up of the Company out of the assets of the Company, and

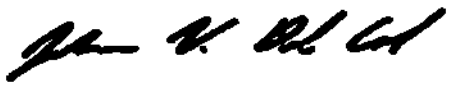
2) To approve that, conditional on the approval of the Winding Up Resolution, the Joint Liquidators are hereby authorized to: (a) divide among the Shareholders in specie or in kind the whole or any part of the assets of the Company; and (b) vest the whole or any part of the assets of the Company in trust for the benefit of the Shareholders, in each case in accordance with the Bye-Laws and as the Joint Liquidators determine; provided that, in each case, such authorization shall be exercised in accordance with the Companies Act and any other Bermuda statute or law which applies to the Winding Up of the Company ("Bermuda Winding Up Law") and provided further that, in the event of conflict between the authorization provided under this Resolution and Bermuda Winding Up Law, the requirements under the Bermuda Winding Up Law shall prevail.

June 8, 2020 has been fixed as the record date for determining the Shareholders entitled to notice of, and to vote at, the Special General Meeting or any adjournments thereof. For a period of at least ten days prior to the Special General Meeting, a complete list of Shareholders entitled to vote at the Special General Meeting will be open for examination by any Shareholder during ordinary business hours at the offices of the Company at Waterloo House, 100 Pitts Bay Road, Pembroke HM08, Bermuda, if the offices are permitted to be open. If the offices are not permitted to be open due to the global health crisis, a copy of the list of Shareholders may be requested by any Shareholder by email to info@bluecapital.bm. This Notice of the Special General Meeting of Shareholders and the accompanying proxy statement and form of proxy are being first mailed to Shareholders on or about June 23, 2020.

Shareholders are urged to complete, date, sign and return the enclosed proxy card to the Company in the accompanying envelope, which does not require postage if mailed in the United States. Signing and

returning a proxy card will not prohibit you from attending the Special General Meeting. However, given that physical attendance may not be possible due to the current global health crisis, we strongly suggest that Shareholders complete and return proxies in advance of the Special General Meeting. Please note that the person designated as your proxy need not be a Shareholder. Persons who hold their voting shares in a brokerage account or through a nominee will likely have the added flexibility of directing the voting of their shares by telephone or over the internet.

By Order of the Board of Directors of the Company,



John V. Del Col
Secretary

Pembroke, Bermuda
June 23, 2020

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BLUE CAPITAL REINSURANCE HOLDINGS LTD.
Waterloo House, 100 Pitts Bay Road, Pembroke HM08, Bermuda
Telephone: (441) 278-0400

PROXY STATEMENT
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July 28, 2020

General Information

This proxy statement is being furnished in connection with the solicitation of proxies on behalf of the Board of Directors of the Company (the "Board") to be voted at the Special General Meeting to be held at the Company's Principal Executive Offices at Waterloo House, 100 Pitts Bay Road, Pembroke HM08, Bermuda on July 28, 2020 at 10:00 a.m. Atlantic Daylight Time, or any postponement or adjournment thereof. This proxy statement, the Notice of Special General Meeting and the accompanying form of proxy are being first mailed to Shareholders on or about June 23, 2020.

As of June 8, 2020, the record date for the determination of persons entitled to receive notice of, and to vote at, the Special General Meeting, there were 8,774,782 common shares of the Company ("Common Shares") outstanding. Common Shares are the only class of our share capital entitled to vote at the Special General Meeting. Common Shares are quoted on the OTC Pink Open Market under the symbol "BCRHF" and the Bermuda Stock Exchange under the symbol "BCRH.BH."

Holders of Common Shares are entitled to one vote on each matter to be voted upon by the Shareholders for each Common Share held.

The presence of two or more persons present and representing in person or by proxy in excess of 50% of the total combined voting power (that is, the number of maximum possible votes entitled to attend and vote at a general meeting) of all of the issued and outstanding Common Shares throughout the meeting shall form a quorum for the transaction of business at the Special General Meeting.

All proposals presented herein will be decided by the affirmative vote of a majority of the Common Shares voted at the Special General Meeting, provided a quorum is present. The Company intends to conduct all voting at the Special General Meeting by poll to be requested by the Chairman of the meeting, in accordance with the Company's Bye-Laws.

Information about the security holdings of certain beneficial owners and management is available in Item 12 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed on February 28, 2020.

Solicitation and Revocation

PROXIES IN THE FORM ENCLOSED ARE BEING SOLICITED BY, OR ON BEHALF OF, THE BOARD. THE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY HAVE BEEN DESIGNATED AS PROXIES BY THE BOARD.

Such persons designated as proxies serve as officers of the Company. Any Shareholder desiring to appoint another person to represent him or her at the Special General Meeting may do so by completing another form of proxy and delivering an executed proxy to the Secretary of the Company at the address indicated herein before the time of the Special General Meeting. It is the responsibility of the Shareholder appointing such other person to represent him or her as proxy to inform such person of this appointment.

All Common Shares represented by properly executed proxies which are returned and not revoked will be voted in accordance with the instructions given thereon. If no instructions are provided in a properly executed proxy, it will be voted in accordance with the Board's recommendations as set forth on the accompanying form of proxy, and in accordance with the proxyholder's best judgment as to any other business as may properly come before the Special General Meeting. If a Shareholder appoints a person other than the person named in the enclosed form of proxy to represent him or her, such person will vote the Common Shares in respect of which he or she is appointed proxyholder in accordance with the directions of the Shareholder appointing him or her. Any Shareholder who executes a proxy may revoke it at any time before the commencement of the Special General Meeting by delivering to the Secretary of the Company at Waterloo House, 100 Pitts Bay Road, Pembroke HM08, Bermuda, a written statement revoking such proxy, by executing and delivering a later dated proxy, or by voting in person at the Special General Meeting. Attendance at the Special General Meeting by a Shareholder who has executed and delivered a proxy to us shall not constitute a revocation of such proxy.

The proposals to be voted upon at the Special General Meeting are considered to be non-routine matters upon which a broker will not have discretionary authority to vote if no instructions are given by the beneficial owner of the Common Shares. Broker non-votes occur when Common Shares held for a beneficial owner are not voted. If a Shareholder abstains from voting, or if a Shareholder's Common Shares are treated as a broker non-vote, those Common Shares will not be considered as votes cast "For" or "Against" the proposal, but will be included in the number of Common Shares represented for the purpose of determining whether a quorum is present.

The Company will bear the cost of solicitation of proxies. We have engaged the firm of Georgeson LLC to assist us in the solicitation of proxies for a fee of $1,500, plus the reimbursement of reasonable out-of-pocket expenses. Solicitation may be made by our directors and officers personally, by telephone, by internet or otherwise, but such persons will not be specifically compensated for such services. We may also make, through bankers, brokers or other persons, a solicitation of proxies of beneficial holders of the Common Shares. Upon request, we will reimburse brokers, dealers, banks or similar entities acting as nominees for reasonable expenses incurred in forwarding copies of the proxy materials relating to the Special General Meeting to the beneficial owners of Common Shares which such persons hold of record.

The Winding Up and the Joint Liquidators Authorization

On July 25, 2019, after considering strategic alternatives, the Board announced a plan to cease active operations and pursue an orderly run-off of its liabilities and in-force portfolio and return capital to Shareholders. No new business has been written on behalf of the Company since the Company's announcement.

Shareholder approval is required for the winding up of the Company (the "Winding Up") and such approval (including the approval of related matters) is being sought at the Special General Meeting to be held at 10:00 a.m. Atlantic Daylight Time on July 28, 2020.

Shareholders should make their own investigation of the proposals described herein, including the merits and risk involved. Nothing in this document constitutes legal, tax, financial or other advice. Shareholders should consult their own professional advisors.

The Winding Up

It is proposed that the Company be wound up voluntarily in accordance with the Bermuda Companies Act 1981, as amended (the "Companies Act") and the Company's Bye-Laws. The Company's Winding Up will commence immediately upon the passing of the Shareholder resolutions and will be implemented as follows:

Appointment and Remuneration of the Joint Liquidators

Mike Morrison and Mark Allitt of KPMG Advisory Limited, Crown House, 4 Par-la-Ville Road, Hamilton HM08, Bermuda will be appointed as joint liquidators (the "Joint Liquidators") of the Company immediately upon the passing of the Winding Up Resolution at the Special General Meeting.

Upon the appointment of the Joint Liquidators, all powers of the Board and officers will cease immediately and the existing directors will immediately resign as directors of the Company. The Joint Liquidators will then be responsible for winding up the affairs of the Company which will entail realizing the assets of the Company, paying all creditors and making distributions of any surplus to the Shareholders ("Liquidating Distributions").

The remuneration of the Joint Liquidators will be fixed on the basis of the time spent by the Joint Liquidators and members of their staff in attending to matters arising prior to and during the Winding Up. The costs of the Joint Liquidators are preliminarily estimated to amount to approximately $40,000-$50,000 per annum. The Joint Liquidators will also be reimbursed for all reasonable out-of-pocket expenses and disbursements properly incurred in connection with the Winding Up out of the assets of the Company.

Suspension and Cancellation of Trading of Common Shares

The Company voluntarily withdrew its Common Shares from listing on the New York Stock Exchange ("NYSE") with effect on March 30, 2020. Upon the appointment of the Joint Liquidators, the Common Shares will no longer be freely transferable without the approval of the Joint Liquidators. The Company will voluntarily withdraw its listing with the Bermuda Stock Exchange upon Shareholder approval of the Winding Up. The Company believes that the Common Shares will continue to be quoted on the OTC Pink Open Market ("OTC Pink"), a centralized electronic quotation service operated by the OTC Markets for over-the-counter securities. However, the Company can give no assurance that trading in the Common Shares will continue in the future on the OTC Pink, on any securities exchange, or in any other quotation medium.

Implementation of the Winding Up

As and when sufficient capital becomes available after settlement of existing liabilities and expenses, it is expected that the Joint Liquidators will declare Liquidating Distributions to Shareholders. The amount and timing of Liquidating Distributions will be at the Joint Liquidators' discretion. Shareholders should note that the Joint Liquidators may delay a Liquidating Distribution until a material amount is available for distribution to

avoid the cost and administrative burden of distributing small amounts. The Company will rely primarily on cash dividends or distributions from its subsidiaries to pay its operating expenses and make Liquidating Distributions. As a result, the exact timing and quantum of Liquidating Distributions cannot be forecast at this stage.

Blue Capital Re Ltd. ("Blue Capital Re"), the Company's wholly-owned reinsurance subsidiary, is regulated as a Class 3A insurer under the Insurance Act 1978, as amended, and its related regulations of Bermuda by the Bermuda Monetary Authority ("BMA"), and its ability to pay dividends or distributions to the Company is limited under Bermuda law and regulations. In light of the Company's decision to enter run-off and return capital to its shareholders, on October 25, 2019, the BMA amended the license of Blue Capital Re to require Blue Capital Re to obtain the written approval of the BMA prior to the declaration and/or payment of any dividends and/or the making of any capital contributions to Blue Capital Re's parent, shareholders or affiliates. It is anticipated that Blue Capital Re will be wound up voluntarily pursuant to the Companies Act, and its winding up will be commenced either concurrently with or shortly after the Winding Up.

Accordingly, Blue Capital Re may be obligated to seek the BMA's advance approval in order to pay dividends or distributions to the Company which would provide the Company with the funds required for each Liquidating Distribution to the Company's Shareholders. To the extent Blue Capital Re is unable to obtain the BMA's approval, Liquidating Distributions to the Company's Shareholders may be prevented or delayed until such time as Blue Capital Re receives the BMA's approval and is able to make a dividend or distribution to the Company.

Arrangements With the Company's Service Providers

Assuming the Winding Up Resolution is passed, the Company's service providers, including the Company's manager, Blue Capital Management Ltd., are expected to continue to provide services to the Company until such time as such services are no longer required. However, the Company expects fees will reduce in line with the declining size of the Company.

Reporting and Further Announcements

The Company currently intends to provide limited financial information on its website, primarily related to its liquidation process and remaining cash resources, although there can be no assurances that the Company will undertake to provide, or continue to provide, such limited information.

In accordance with the Companies Act, the Joint Liquidators shall convene an Annual General Meeting of the Company at, or within three months of the end of the first anniversary of the commencement of the Winding Up, and of each succeeding year until dissolution of the Company at the final general meeting set out below. The Joint Liquidators will prepare, and lay before each Annual General Meeting, an account of the Winding Up during the preceding year in accordance with the Companies Act.

Final Meeting Prior to Dissolution

As soon as the Company's affairs are fully wound up, the Joint Liquidators will prepare an account of the Winding Up in accordance with the Companies Act, and will call a general meeting of the Company at which the account will be presented and resolutions will be proposed (i) to determine the manner in which the books and records of the Company are to be disposed of and (ii) to dissolve the Company.

Within one week after this meeting, the Joint Liquidators will provide notice to the Registrar of Companies in Bermuda that the final general meeting has been held and the Company has been dissolved. The Registrar of Companies will record the dissolution of the Company as at the date of such meeting and will issue a certificate of dissolution approximately three to six weeks after such date. If no quorum is present at the final general meeting, the Company may be dissolved on the date for which the meeting was convened by the Joint Liquidators giving notice of the same to the Registrar of Companies in Bermuda pursuant to the Companies Act.

Risk Factors Related to the Winding Up and Joint Liquidators Authorization

We cannot assure you that any Liquidating Distribution will hereinafter be made to Shareholders in the Winding Up or, if made, the exact amount or timing of Liquidating Distributions.

The Company's Winding Up process will be subject to uncertainties. Additional Liquidating Distributions will not be made to Shareholders until the expenses of the liquidation, and creditors, have been paid in full or reserved for. Therefore, it is possible that there will be no Liquidating Distribution hereinafter made to Shareholders. The amount and timing of any Liquidating Distribution to Shareholders is in the discretion of the Joint Liquidators and will depend on the following factors, among others:

- whether any potential claimants against the Company could present claims relating to the Company's prior operations that it may ultimately have to satisfy;
- the payment of expenses to be incurred for the operation of the business during the Winding Up;
- the costs the Joint Liquidators may have to incur to defend claims, including possible claims against the Company relating to the Winding Up;
- the amounts that the Joint Liquidators will need to pay for general administrative and overhead costs and expenses during the course of the Winding Up;
- the revenues that the Company will receive from investment income earned on collateral supporting its insurance liabilities and premiums from reinsurance treaties;
- how much of the Company's funds will be required to be reserved to provide for contingent liabilities, and how long it may take to finally determine whether and how much of those liabilities may have to be paid; and
- the Company's dependence on regulatory approvals for distributions from Blue Capital Re.

The Company will continue to incur expenses that will reduce any amounts available for distribution to Shareholders.

Claims, liabilities and expenses from operations will continue to be incurred during the course of the Winding Up. While we have estimated future expenses and wind up costs as part of adopting the liquidation basis of accounting, these estimates are subject to significant uncertainty and actual costs may exceed these estimates. These expenses will reduce the amount of funds available for distribution to Shareholders.

The Company may be subject to litigation, which is expensive.

The Company may be subject to litigation during the course of the Winding Up. Litigation against the Company could result in substantial costs, which could decrease the amount available for distribution to Shareholders.

The Board may abandon implementation of the plan for Winding Up of the Company.

The Board has the right to abandon the plan for Winding Up prior to the holding of the SGM. While the Board does not currently intend to do so, it may abandon the plan for the Winding Up if it determines, based on intervening circumstances, that it is not in the best interest of the Company and its Shareholders to proceed with the Winding Up.

As a result of the plan for an orderly run-off and liquidation, certain institutional shareholders may be required to sell their Common Shares.

Upon the adoption of the plan for an orderly run-off and liquidation, which was announced on July 25, 2019, the governing documents of certain of our institutional investors may prohibit them from holding Common Shares. If that were to be the case, such institutional investors would be required to divest themselves of their Common Shares which would create downward pressure on the trading price of Common Shares. If this were to occur, Shareholders who sell Common Shares prior to the completion of the liquidation may receive less than Shareholders who receive all liquidating distributions ultimately made in the Winding Up.

U.S. Federal Income Tax Consequences

The following is a summary of U.S. federal income tax consequences generally applicable to a U.S. Holder (as defined below) of our Common Shares who receives liquidating distributions. This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations promulgated thereunder, administrative rulings and judicial decisions in effect as of the date of this proxy statement, all of which are subject to change at any time, possibly with retroactive effect. Any such change could affect the accuracy of the statements and conclusions set forth in this discussion. We have not sought and do not intend to seek a ruling from the Internal Revenue Service ("IRS") concerning the U.S. federal income tax consequences of our Winding Up and liquidation. The tax consequences described in the following discussion are not binding on the IRS or the courts, and no assurance can be given that contrary positions will not be successfully asserted by the IRS or adopted by a court. This discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift, alternative minimum tax, or Medicare contribution tax considerations.

The following discussion applies only to holders of our Common Shares who hold such Common Shares as capital assets within the meaning of the Code (generally, property held for investment). Further, this discussion does not purport to consider all aspects of U.S. federal income taxation that might be relevant to Shareholders in light of their particular circumstances and does not apply to Shareholders subject to special treatment under the U.S. federal income tax laws (such as, for example, dealers or brokers in securities, commodities or foreign currencies, traders in securities that elect to apply a mark-to-market method of accounting, banks and certain other financial institutions, insurance companies, mutual funds, tax-exempt organizations, holders subject to the alternative minimum tax provisions of the Code, partnerships, S corporations or other pass-through entities or investors in partnerships, regulated investment companies, real estate investment trusts, former citizens or residents of the United States, holders who own, directly, indirectly or constructively, 10% or more of the total combined voting power or value of our Common Shares, holders whose functional currency is not the U.S. dollar, holders who hold Common Shares as part of a hedge, straddle, constructive sale or conversion transaction or other integrated investment, or holders who acquired Common Shares pursuant to the exercise of employee stock options, through a tax qualified retirement plan or otherwise as compensation.).

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of Common Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate, the income of which is includible in gross income for U.S. federal income tax purposes, regardless of its source, or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the trust's administration and one or more U.S. persons have the authority to control all of the trust's substantial decisions or (b) such trust has made a valid election to be treated as a U.S. person for U.S. federal income tax purposes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Common Shares, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Any entity treated as a partnership for U.S. federal income tax purposes that holds Common Shares, and any partners in such partnership, should consult their tax advisors regarding the tax consequences of the Winding Up and liquidation to their specific circumstances.

U.S. Federal Income Tax Consequences of the Winding Up and Liquidation

On July 25, 2019, the Board announced a plan to cease active operations and pursue an orderly run-off of the Company's liabilities and in-force portfolio and return capital to Shareholders. No new business has been written on behalf of the Company since the Company's announcement. The Company had declared and paid special distributions to Shareholders during 2019, and as and when sufficient capital becomes available after settlement of existing liabilities and expenses and receipt of any necessary regulatory approvals, the Company expects to declare additional special distributions to Shareholders. We intend to accomplish the Winding Up and

liquidation in a manner that will qualify as a "complete liquidation" of the Company within the meaning of Section 346(a) of the Code, and expect that the special distributions paid during 2019, together with any future special distributions we pay, will be treated for U.S. federal income tax purposes as distributions in complete liquidation of the Company.

There can be no assurance, however, that our efforts to do so will be successful or that contrary positions will not be successfully asserted by the IRS or adopted by a court. If any such distribution does not so qualify, subject to the "passive foreign investment company" ("PFIC") rules discussed below, it would generally be treated as a dividend to U.S. Holders to the extent of the Company's current and accumulated earnings and profits. To the extent the distribution exceeds such earnings and profits, the distribution would generally be applied to reduce a U.S. Holder's tax basis in the Common Shares, and any amount in excess of tax basis would be treated as gain from the sale or exchange of such Company Shares. In addition, dividends paid in respect of stock of a foreign corporation that is not classified as a PFIC for the taxable year in which the dividend is paid, or the preceding taxable year, are eligible for the preferential tax rate applicable to "qualified dividend income" received by certain non-corporate U.S. shareholders if such stock is readily tradable on an established securities market in the United States. Since our Common Shares are no longer readily tradable on the New York Stock Exchange, any dividends paid in respect thereof would no longer be eligible for such preferential tax rate. Dividends paid to U.S. corporate holders of our Common Shares will not be eligible for the dividends-received deduction generally allowed to U.S. corporations under the Code. Shareholders should consult their tax advisors regarding the treatment of the Winding Up and liquidation as a complete liquidation and the potential consequences of a failure to qualify for such treatment.

U.S. Federal Income Tax Consequences to U.S. Holders.

Subject to the PFIC rules discussed below for U.S. federal income tax purposes:

Amounts received by U.S. Holders pursuant to our Winding Up and liquidation will generally be treated as full payment in exchange for their Common Shares. It is expected that U.S. Holders of our Common Shares generally will recognize gain or loss equal to the difference between (i) the sum of the amount of cash and the fair market value (determined at the time of the distribution) of property, if any, distributed to them pursuant to our Winding Up and liquidation and (ii) their adjusted tax basis in our Common Shares.

Such gain or loss generally will be computed on a per-share basis. If a U.S. Holder holds different blocks of our Common Shares (generally as a result of having acquired Common Shares at different times or at different prices), the amount that such Shareholder receives on each liquidating distribution will be allocated to each different block of our Common Shares based on the number of shares in each block. Within each block, a cost recovery approach will generally be applied. When a distribution is one in a series of distributions in complete liquidation, as is expected, these basis recovery rules will apply to the aggregate basis of all of the U.S. Holder's Common Shares. Consequently, a U.S. Holder's full tax basis of a block will generally be recovered before any gain is recognized with respect to it, and any loss generally will be recognized by a U.S. Holder only in the tax year in which such holder receives our final liquidating distribution and then only if the aggregate value of all liquidating distributions with respect to a Common Share is less than the U.S. Holder's tax basis in the Common Share. Gain or loss recognized by a U.S. Holder with respect to a Common Share will be long-term capital gain or loss if the Common Share has been held for more than one year. Individuals and certain other non-corporate U.S. Holders may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

Consequences If We Are a Passive Foreign Investment Company.

For U.S. federal income tax purposes, a foreign corporation will generally be considered a PFIC during a given year if (i) 75% or more of its gross income constitutes "passive income" or (ii) 50% or more of its assets produce passive income. For purposes of the PFIC determination, passive income generally includes interest,

dividends, capital gains, annuities and other investment income. The PFIC statutory provisions contain an express exception for income derived in the active conduct of an insurance business. The PFIC statutory provisions also contain a look-through rule stating that, for purposes of determining whether a foreign corporation is a PFIC, such foreign corporation shall be treated as if it received directly its proportionate share of the income and as if it held its proportionate share of the assets of any other corporation in which it owns at least 25% by value of the shares. While no explicit guidance is provided by the statutory language, under this look-through rule the Company should be deemed to own the assets and to have received the income of Blue Capital Re directly for purposes of determining whether it qualifies for the insurance business exception.

To qualify for the exception applicable to corporations engaged in the active conduct of an insurance business, the applicable insurance liabilities of such corporation must exceed 25 percent of its total assets. It is unclear how liability reserves are measured and taken into account for purposes of determining the applicable insurance liabilities. Based on our insurance liability reserves as at December 31, 2019, we believe we satisfied the 25% test and that we should not be considered a PFIC for U.S. federal income tax purposes for the year then ended. Due to the uncertainties and ambiguities in the application of the PFIC provisions, however, there can be no assurance that the IRS will agree with our belief regarding PFIC status. Moreover, in the future if we experience a period with a lower incidence of loss events impacting our portfolio of business and in which our current estimates for insurance liabilities are settled, it is possible that we will no longer meet the 25% test. If a corporation fails the 25% test, U.S. tax law provides an alternative test which permits a U.S. person that owns stock in such corporation to elect to treat such stock as stock of a qualifying insurance corporation if (A) the corporation's applicable insurance liabilities are at least equal to 10% of its total assets and (B) under U.S. Treasury Regulations to be issued, based on the applicable facts and circumstances, (i) the corporation is predominantly engaged in an insurance business and (ii) the failure to satisfy the 25% test is due solely to runoff-related or rating-related circumstances involving such insurance business. Proposed U.S. Treasury Regulations have recently been issued that are intended to provide additional guidance regarding the determination of whether a foreign corporation will constitute a "qualifying insurance corporation" and clarify the circumstances under which investment income earned by a qualifying insurance corporation is derived in the active conduct of an insurance business. It is uncertain if, when and in what form the proposed regulations will be finalized and if, when or in what form any additional guidance will be provided by the IRS regarding the application of the PFIC provisions to foreign insurance companies, or if enacted, whether such guidance would have retroactive effect. Under certain circumstances, however, U.S. persons that are shareholders in certain foreign corporations may rely upon the proposed regulations. Due to the ambiguities in the application of the PFIC provisions and because we cannot determine whether we would be a PFIC for the current taxable year until the end of the year, it is possible that we could be considered a PFIC for the current and any future taxable years.

If we are classified as a PFIC, a U.S. Holder of our Common Shares that does not make a QEF election described below would be required to report any gain on the disposition of our Common Shares, including any gain realized upon receipt of Liquidating Distributions in connection with our Winding Up and liquidation, as ordinary income, rather than as capital gain, and to compute the tax liability on the gain and any "Excess Distribution" (as defined below) received in respect of our Common Shares as if such items had been earned ratably over each day in such holder's holding period (or a portion thereof) for the Common Shares. For these purposes, the amounts allocated to the taxable year during which the gain is realized or distribution is made, and to any taxable years in such U.S. Holder's holding period that are before the first taxable year in which we are treated as a PFIC with respect to the U.S. Holder, would be included in the U.S. Holder's gross income as ordinary income for the taxable year of the gain or distribution. The amount allocated to each other taxable year would be taxed as ordinary income in the taxable year during which the gain is realized or distribution is made at the highest tax rate in effect for the U.S. Holder in that other taxable year and would be subject to an interest charge as if the income tax liabilities had been due with respect to each such prior year. An "Excess Distribution" is the amount by which distributions during a taxable year in respect of a Common Share exceed 125% of the average amount of distributions in respect thereof during the three preceding taxable years (or, if shorter, the U.S. Holder's holding period for the Common Shares). In addition, if we were considered a PFIC, dividends paid in

respect of our Common Shares would not be eligible for the preferential tax rate applicable to "qualified dividend income" received by certain non-corporate U.S. Holders.

Certain additional adverse U.S. federal tax rules will apply to a U.S. Holder of our Common Shares for any taxable year in which the Company is treated as a PFIC with respect to such U.S. Holder and any of our subsidiaries is also treated as a PFIC (a "Subsidiary PFIC"). In such a case, such U.S. Holder will generally be deemed to own its proportionate interest (by value) in any Subsidiary PFIC and be subject to the PFIC rules described above with respect to the Subsidiary PFIC regardless of such U.S. Holder's percentage ownership in the Company.

The adverse tax consequences described above may be mitigated if a U.S. Holder of our Common Shares is able to make a timely qualified electing fund election (a "QEF election"). A QEF election made with respect to the Company, however, will not apply to any Subsidiary PFIC; a QEF election must be made separately for each Subsidiary PFIC. A QEF election may only be made by a holder of our Common Shares if, among other things, the Company provides such holder with certain information. It is uncertain whether the Company would be able to provide investors with the information necessary to make a QEF election.

During any taxable year in which the Company or any Subsidiary PFIC is treated as a PFIC with respect to a U.S. Holder of our Common Shares, that holder generally must file IRS Form 8621.

The rules regarding PFICs are complex. Shareholders of our Common Shares should consult their tax advisors regarding the application of the PFIC rules to their particular circumstances.

The Proposals

Proposal 1—The Winding Up Resolution:

RESOLVED THAT, the Company be wound up voluntarily pursuant to the provisions of the Companies Act 1981, as amended (the "Companies Act") and that (a) Mike Morrison and Mark Allitt of KPMG Advisory Limited, Crown House, 4 Par-la-Ville Road, Hamilton HM08, Bermuda be and hereby are appointed as "Joint Liquidators" of the Company with the power to act jointly or severally for the purpose of such winding up with all powers conferred on them by the Companies Act, the Bye-Laws or by this "Winding Up Resolution", such appointment becoming effective on the passing of this Winding Up Resolution; and (b) the Joint Liquidators be remunerated, such remuneration being drawn in accordance with the letter of engagement, dated May 18, 2020, by and between the Company and KPMG, together with the reimbursement of all reasonable out-of-pocket expenses and disbursements properly incurred in connection with the Winding Up of the Company out of the assets of the Company, and

Proposal 2—The Joint Liquidators Authorization:

RESOLVED THAT, conditional on the approval of the Winding Up Resolution, the Joint Liquidators are hereby authorized to: (a) divide among the Shareholders in specie or in kind the whole or any part of the assets of the Company; and (b) vest the whole or any part of the assets of the Company in trustees upon such trust for the benefit of the Shareholders, in each case in accordance with the Bye-Laws and as the Joint Liquidators think fit, provided that, in each case, such authorization shall be exercised in accordance with the Companies Act, and any other Bermuda statute or law which applies to the Winding Up of the Company ("Bermuda Winding Up Law") and provided further that, in the event of conflict between the authorization provided under this Proposal 2 and the Bermuda Winding Up Law, the requirements under Bermuda Winding Up Law shall prevail.

THE BOARD RECOMMENDS VOTING "FOR" *PROPOSAL 1 AND PROPOSAL 2*.

Safe Harbor for Forward-Looking Statements

Some of the statements in this proxy statement may include, and the Company may make related oral forward-looking statements which reflect, our current views with respect to future Liquidating Distributions and financial performance. Such statements may include forward-looking statements with respect to future Liquidating Distributions, our run-off financial performance and the insurance and reinsurance sectors generally. Statements that include the words "should," "would," "expect," "estimates," "intend," "plan," "believe," "project," "target," "anticipate," "seek," "will," "deliver," and similar statements of a future or forward-looking nature identify forward-looking statements in this proxy statement.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or may be important factors that could cause the Company's run-off performance and the timing and amount of Liquidating Distributions to differ materially from those indicated in the forward-looking statements. These factors include, but are not limited to, greater frequency or severity of claims and loss activity, uncertainties in our reserving process, changes to our tax status, credit risk related to our broker counterparties, assessments for high risk or otherwise uninsured individuals, possible terrorism or the outbreak of war, a loss of key personnel, political conditions, changes in insurance regulation, operational risk, including the risk of fraud and errors and omissions, as well as technology breaches or failure, changes in accounting policies, our investment performance, the valuation of our invested assets, a breach of our investment guidelines, potential treatment of us as an investment company or a passive foreign investment company for purposes of U.S. securities laws or U.S. federal taxation, respectively, our dependence as a holding company upon dividends or distributions from our operating subsidiaries, the unavailability of capital in the future, developments in the world's financial and capital markets, government intervention in the insurance and reinsurance industry, illiquidity in the credit markets, changes in general economic conditions, including changes arising out of the outbreak of the novel coronavirus or COVID-19, and other factors.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included herein and elsewhere, including the risk factors included in our annual and quarterly financial statements and other documents of the Company on the Company's website. Any forward-looking statements made in this material are qualified by these cautionary statements, and there can be no assurance that the actual Liquidating Distributions, results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company or its business or operations. Except as required by law, the Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

OTHER MATTERS

Neither the Board nor management of the Company intends to bring before the Special General Meeting any business other than the matters referred to herein. If any other business should come properly before the Special General Meeting, or any adjournment or postponement thereof, the proxyholders will vote on such matters at their discretion.

Householding

Unless it has received contrary instructions, the Company may send a single copy of these meeting materials to any household at which two or more Shareholders reside if the Company believes the Shareholders are members of the same family. Each Shareholder in the household will continue to receive a separate proxy card. This process, known as "householding," reduces the volume of duplicate information received at your household and helps to reduce the Company's expenses.

If you would like to receive your own proxy, follow the instructions described below. Similarly, if you share an address with another Shareholder and together both of you would like to receive only a single proxy, follow these instructions:

If your Common Shares are registered in your own name, please contact our transfer agent, Computershare Trust Company, N.A. at (781) 575-2879 or toll free at (877) 373-6374, P.O. Box 505000, Louisville, KY 40233 (by mail) or 462 South 4th Street, Suite 1600, Louisville, KY 40202 (by courier, overnight mail or registered mail). For more information, go to http://www.computershare.com. If a bank, broker or other nominee holds your Common Shares, please contact your bank, broker or other nominee directly.